



GREAT YARMOUTH
BOROUGH COUNCIL

Audit and Risk Committee

Date: Monday, 06 December 2021

Time: 10:00

Venue: Supper Room

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.

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|-----------|---|----------------|
| 3 | <u>MINUTES</u> | 3 - 13 |
| | Report attached. | |
| 4 | <u>CORPORATE RISK REGISTER</u> | 14 - 24 |
| | Report attached. | |
| 5 | <u>REPORT ON THE STATUS OF AUDIT RECOMMENDATIONS</u> | 25 - 33 |
| | Report attached. | |
| 6 | <u>PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY</u> | 34 - 41 |
| | Report attached. | |
| 7 | <u>AUDIT RESULTS REPORT 2019/20</u> | |
| | To be discussed at the meeting. | |
| 8 | <u>FINAL STATEMENT OF ACCOUNTS 2019/20</u> | |
| | Report to follow. | |
| 9 | <u>APPOINTMENT OF EXTERNAL AUDITORS</u> | 42 - 49 |
| | Report attached. | |
| 10 | <u>ANY OTHER BUSINESS</u> | |
| | To consider any other business as may be determined by the Chairman of the meeting as being of sufficient urgency to warrant consideration. | |



GREAT YARMOUTH
BOROUGH COUNCIL

Audit and Risk Committee

Minutes

Monday, 14 June 2021 at 10:00

1 APOLOGIES FOR ABSENCE

There were no apologies for absence given at the meeting.

2 DECLARATIONS OF INTEREST

There were no declarations of interest given at the meeting.

3 MINUTES

The minutes of the meeting held on 15 February 2021 were confirmed.

4 UPDATE ON THE STATUS OF THE 2019/20 ACCOUNTS AUDIT AND TIMETABLE FOR THE 2020/21 ACCOUNTS

The Committee received a verbal update on the status of the 2019/20 accounts audit and the timetable for the 2021/22 accounts from the Finance Director and Debbie Hanson, EY Associate Partner, External Audit.

The Finance Director reported that the deadline to submit the statement of accounts for 2020/21 was 31 July 2021 and the Council was on target to meet this. The timescales for the audit would be known later in the year. The 2019/20 audit had

been underway since March 2020 and was nearing completion and a date had still yet to be agreed when the statement of accounts would be brought to the Committee. Unfortunately, both audits had experienced significant delays; part of the delay was due to the pandemic and part was due to delays in information exchange between the Council and External Auditors.

Debbie Hanson confirmed that EY had started the audit in October 2020 and had restarted work in January/February 2021. Valuation information was outstanding which was required by the internal valuers retained by EY which could highlight a potential error in the accounts. This was a potential duplication of one of the Council's assets and if it required amendment, this could also impact on previous years. The Going Concern assessment would be completed as soon as possible but it must be taken into consideration that this assessment be need to be valid until the end of September 2022.

Debbie Hanson reported that although the pandemic had hampered the accounting procedures, capacity issues had also impacted which were not helpful for EY or the Council resulting in disjointed working and would affect the audit fee.

RESOLVED:-

That the Committee note the update in regard to the status of the 2019/20 Accounts Audit & the timetable for the 2020/21 Accounts.

5 REPORT ON THE STATUS OF AUDIT RECOMMENDATIONS

The Committee received and considered the report from the Internal Audit Manager.

The Internal Audit Manager reported that the report informed Members on the latest progress made in relation to management implementation of agreed audit recommendations falling due by 31 March 2021.

The Internal Audit Manager highlighted GY1801 on page 14 of the agenda report, which was a variance to the GYN Health & Safety update and which had received a revised completion date of 31 July 2021 from the Head of Property & Asset Management. The delay was caused due to nplaw drawing up a new agreement as housing assets were transferring back to the Council.

The Chairman reported that the Committee would keep a close eye on GY1801 to ensure the new deadline was met.

RESOLVED:-

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

6 HEAD OF INTERNAL AUDIT ANNUAL REPORT AND OPINION 2020-21

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

The Internal Audit Manager reported that the report concluded the internal audit activity undertaken during 2020/21 and provided an Annual Opinion concerning the Council's framework of governance, risk management and control. The report also concluded the effectiveness of internal audit and provided key information for the Annual Governance Statement.

The Internal Audit Manager reported that in line with the Public Sector Internal Audit Standards (PSIAS), an annual opinion should be provided which concluded 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.

The Internal Audit Manager further reported the conclusions of the review of the effectiveness of internal audit, which included:

- 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.

The Internal Audit Manager reported that the Annual Report and Opinion and the Review of the Effectiveness of Internal Audit were shown in the attached report. The internal audit service was delivered in line with the agreed budget for 2020/21 and failure to implement or improve internal controls might lead to risks associated with those controls materialising.

The Internal Audit Manager reported that on the basis of the internal audit work performed in 2020/21 the Head of Internal Audit for Gt Yarmouth Borough Council was 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 concluded that reliance could be placed on the opinions expressed within this report.

Councillor A Wright asked for clarification as to how long it would take the Council to achieve substantial assurances across the board. The Internal Audit Manager reported that she took comfort from the table overall which operated within the framework and that the Council was in the right direction of travel.

RESOLVED:-

That the Committee:

- (i) Receive and consider the contents of the Annual Report and Opinion of the Head of Internal Audit for 2020/21,
- (ii) 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,
- (iii) 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; and
- (iv) Note the conclusion of the review of the effectiveness of internal audit.

7 STRATEGIC AND ANNUAL INTERNAL AUDIT PLANS 2021-22

The Committee received and considered the report from the Internal Audit Manager.

The Internal Audit Manager reported that the report provided an overview of the stages followed prior to the formulation of the Strategic Internal Audit Plan for 2021/22 to 2024/25 and the Annual Internal Audit Plan for 2021/22. The Annual Internal Audit Plan would then serve as the work programme for the Council's Internal Audit Services Contractor; TIAA Ltd. It would also provide the basis for the Annual Audit Opinion on the overall adequacy and effectiveness of Great Yarmouth Borough Council's framework of governance and risk management and control.

The Accounts and Audit Regulations 2015 required 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. These standards were set out in the Public Sector Internal Audit Standards (PSIAS) which came into effect in April 2013.

The Internal Audit Manager reported that the report contained details of the following:-

- o The Internal Audit Charter, outlining Internal Audit Purpose, Authority, and Responsibilities.
- o The Internal Audit Strategy, which was a strategic high-level statement on how the internal audit service would be delivered and developed in accordance with the Charter and how it linked to the organisational objectives and priorities;
- o The Strategic Internal Audit Plan, which detailed the plan of work for the next three financial years; and
- o The Annual Internal Audit Plan, which detailed the timing and the purpose of each audit agreed for inclusion in 2021/22.

The Internal Audit Service was provided by way of a Partnership Agreement with South Norfolk Council, whereby South Norfolk Council provided 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, was provided through a contract with TIAA Ltd.

The Internal Audit Manager reported that the Risk Based Internal Audit approach would ensure that the Council's key risks were accurately reviewed and updated and therefore, the Internal Audit Service was adding value and auditing the key risk areas. The attached report provided the Council with Internal Audit Plans that would ensure key business risks would be addressed by Internal Audit, thus ensuring that appropriate controls were in place to mitigate such risks and also ensure that the appropriate and proportionate level of action was taken.

RESOLVED:-

That the Committee notes and approves:

- a) the Internal Audit Charter,
- b) the Internal Audit Strategy,
- b) the Strategic Internal Audit Plans 2021/22 to 2024/25; and
- c) the Annual Internal Audit Plan 2021/22.

8 PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

The Committee received and considered the report from the Internal Audit Manager. The Internal Audit Manager reported that the report examined progress made between the 5 February 2021 to the 8 June 2021 in relation to the delivery of the revised Annual Internal Audit Plan for 2020/21 and included executive summaries in respect of the reviews which had been completed during this period. This report reflected the completion of the audit reviews which are part of the annual internal audit plan of work for 2020/21.

The Internal Audit Manager reported that the Internal Audit planning started with the Council's key risks, which then directed the audit plan for the financial year. Internal Audit reports then identified risk and control weaknesses within the Council, which were highlighted in this report, with appropriate management action being agreed to mitigate these risks within agreed time-frames. The report contained the results of reports in draft and finalised within this period.

RESOLVED:-

That the Committee receive and note the outcome of the audits completed during this period and the progress to date.

9 ANNUAL REPORT ON RISK MANAGEMENT ARRANGEMENTS 2020-2021

The Committee received and considered the report from the Corporate Risk Officer.

The Corporate Risk Officer reported that the report provided details of the key risk management developments during 2020/2021 for the Committees' review. This report would provide a significant source of evidence to enable the Committee to approve the Annual Governance Statement.

The Corporate Risk Officer reported that over the last year, the Corporate Risk

Officer and the Management Team had undertaken further steps towards establishing the Risk Management Framework which together with the Council's culture, ensured effective and consistent risk management as an integral part of the authority's activities. Fundamental to the successful implementation of risk management was an adherence to the principles as set out within the framework. At the time of writing the report, there were no significant non-compliance issues to report with regards to corporate risk management. Whilst this Annual Governance Statement had made an assessment of the governance in place during 2020/21, the Coronavirus pandemic had impacted the financial, operational performance and workforce of the Council at the end of the 2019/2020 financial year and more so, in 2020/21.

The Corporate Risk Manager reported that work had been undertaken to ensure that there were robust governance arrangements, risk management and internal control measures in place within the Council. Policies and procedures had been reviewed and implemented throughout the Council to ensure the safety and well-being of officers, Members and customers during the pandemic and preparation for the ways of working following the changes to Covid restrictions and returning to the office environment. Systems of internal control were required to be reviewed which resulted in revised working practices and processes at the start of the lockdown and the requirement to introduce alternative/additional control measures. Officers had been re-deployed to assist with the delivery of the service offered by the new Community Team and COVID 19 business grant.

The Corporate Risk Officer reported that during 2020/21 a review of the impact of the Coronavirus was undertaken to ensure that applicable governance and control measures were in place and the impact on the delivery of the usual services and to assess the longer term disruption and consequences arising from the pandemic.

RESOLVED:-

That the Committee note and approve the annual report on the Council's risk management arrangements.

10 CORPORATE RISK REGISTER

The Committee received and considered the report from the Corporate Risk Officer.

The Corporate Risk Officer reported that the report requested the Committee to review the Corporate Risk Register to determine whether the register correctly reflected the risks affecting the Authority and to approve the revised layout of the Corporate Risk Register.

The Corporate Risk Officer reported that the Audit and Risk Committee was responsible for monitoring the arrangements in place for the identification, monitoring and management of strategic and operational risk. The Committee last reviewed the register in February 2021 and this report informed the Committee of the current corporate risk position.

The Corporate Risk Officer reported that the Corporate Risk Register was last

reviewed by Management Team in May 2021. The risk matrix detailed in the report, showed how the risks identified in the Corporate Risk Register were distributed. There were currently 25 risks included on the Corporate Risk Register. The risks considered to be outside the Councils' risk appetite, had action plans in place to mitigate or reduce the risk. The risks that fell within the risk appetite or acceptable, had action plans in place to reduce the risk further.

The Corporate Risk Officer reported that since presenting the Corporate Risk Register to the Audit and Risk Committee in February 2021 there had been two new risks added to the register:-

24. Gaps in Insurance cover - insurers reducing cover in place with the result that Council assets may not be adequately covered and increasing reliance on self-insurance and re-allocation of reserves to mitigate the risk.

25. Impact termination of a contract (confidential risk)

The risk rating for four risks had reduced due to the implementation of the action plan and further control measures in place:

1. Financial Stability

2. Reduced spending in Great Yarmouth

10b. Impact of EU exit trade deal

23. COVID 19 - Impact of response and recovery actions on the residents and businesses of the Borough

The risk ratings for five risks have increased due to the additional risks in these areas:

9. Event Management – for large scale events held in the Borough

11. Management of Major Projects

12a. Reliance on key individuals and capacity of teams

12b. Resilience and capacity of staff; and

18a. Sufficient resources and resilience to ensure effective procurement in the Borough.

Councillor A Wright reported his concerns that the Council did not have the financial reserves to carry out all of the major projects it had in the pipeline and whether this was a major risk to the Council. The Corporate Risk Officer reported that a successful recruitment drive had been undertaken in the Project Team to ensure they had the correct officer structure in place to monitor and administer all of the council's major projects. The Finance Director assured the Committee that the Council had the capacity to undertake, monitor and deliver all of the planned major projects funded by the FHSF and Town Deal, and to continue its Business as Usual model as the Council emerged from the pandemic.

Councillor Wainwright reported that he had part of the selection panel to appoint the new Major projects Director, Iain Robertson, who had excellent credentials and experience in delivering major projects and that he had every faith in his abilities to deliver the same for our Council.

RESOLVED:-

That the Committee review the Corporate Risk Register and approve the revised layout of the Corporate Risk Register.

11 CODE OF CORPORATE GOVERNANCE

The Committee received and considered the report from the Corporate Services Officer.

The Corporate Services Officer reported that Corporate Governance had started to receive prominence during the 1990's following a series of concerns regarding the way that organisations, both in the public and private sectors, were operating. These concerns prompted a number of reviews, most notably the Cadbury Report, and in 1994 the Committee on Standards in Public Life was formed. The first report of the Committee introduced the seven principles of public life, now known as the Nolan Principles, which were enshrined as the fundamental principles of how those in public office should behave.

The Corporate Services Officer reported that following this, CIPFA and SOLACE worked together to produce a framework for Corporate Governance in the public sector. This was first produced in 2001 and re-issued in 2007 and 2016. This had formed the basis for the Great Yarmouth Borough Council's Code of Corporate Governance. The Code of Corporate Governance was the framework of systems, processes, cultures and values by which the Council was directed and controlled and through which it accounted to, engaged with, and where appropriate, led the community. It enabled the Council to monitor the achievement of its strategic objectives and was based upon the seven principles of the International Framework: Good Governance in the Public Sector. The tools that made up the framework provided structures and guidance that Councillors and Officers required in order to ensure effective governance.

Good governance supported the Council through:

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

The seven principles of good governance were:

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

The Corporate Services Officer reported that from a legal perspective, the Council was required, at least once a year, to undertake a review of the effectiveness of its system of internal control and include a statement of this review (the Annual Governance Statement) with its published Statement of Accounts. The Code of Practice on Local Authority Accounting, which the Council followed when preparing its Statement of Accounts, expected that authorities should give regard to the CIPFA

guidance when preparing their Annual Governance Statement.

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

The Corporate Services Officer reported that the attached Code of Corporate Governance showed that good progress had been made in further embedding the Code of Corporate Governance, with deadlines and responsible officers for future action during 2021/22 incorporated into the document. Where further action had been identified, progress reports would be requested from responsible officers during the year.

RESOLVED:

That the Committee note the updated Code of Corporate Governance.

12 ANNUAL GOVERNANCE STATEMENT 2020-21

The Committee received and considered the report from the Corporate Risk Officer.

The Corporate Risk Officer reported that the report showed the arrangements that were in place for ensuring good governance and the management of risk. The Annual Governance Statement had been informed by the Code of Corporate Governance and the assurance statements that were completed by members of the Management Team. It also identified any gaps that had been identified during 2020/2021 and actions that would be taken to address these areas of concern during 2021/2022.

The Corporate Risk Officer reported that some of the sections in the Annual Governance Statement would be finalised pending the receipt of the Head of Internal Audit’s report for 2020/21 and these would be updated verbally at the meeting.

The Corporate Risk Officer reported that the governance arrangements had been effectively operating during the year with the exception of those areas identified in the statement. Over the coming year, steps would be taken to address the matter identified in the report to further enhance the governance arrangements. These steps would address the need for improvements that were identified during the review of effectiveness and would monitor their implementation and operation as part of our next annual review.

The Corporate Risk Officer reported that whilst the Annual Governance Statement made an assessment of the governance in place during 2020/21, the

Coronavirus pandemic had impacted the financial, operational performance and workforce of the Council at the end of the 2019/2020 financial year, and more so in 2020/21. Work had been undertaken to ensure that there were robust governance arrangements, risk management and internal control measures in place within the Council. Policies and procedures had been reviewed and implemented throughout the Council to ensure the safety and well-being of officers, Members and customers during the pandemic and preparation for returning to the office environment. Systems of internal control were required to be reviewed which resulted in revised working practices and processes at the start of the lockdown and the requirement to introduce alternative/additional control measures. Officers had been re-deployed to assist with the delivery of the service offered by the new Community Team and COVID 19 business grant.

The Corporate Risk Officer reported that during 2020/21 a review of the impact of the coronavirus was undertaken to ensure that applicable governance and control measures were in place and the impact on the delivery of the usual services and to assess the longer term disruption and consequences arising from the pandemic.

The Corporate Risk Officer reported that the Council had approved and adopted a code of corporate governance, which was consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. This statement explained how the Council had complied with the code and also met the requirement of regulation 4(2) of the Accounts and Audit Regulations 2011, in relation to conducting a review of the effectiveness of its system of internal control.

RESOLVED:-

That the Committee consider and approve the 2020/21 Annual Governance Statement.

13 WORK PROGRAMME

The Committee received and considered the work programme for 2021/22.

RESOLVED:-

That the Committee note the Work Programme for 2021/22.

14 ANY OTHER BUSINESS

The Chairman reported that there was no other business being of sufficient urgency to warrant consideration at the meeting.

15 EXCLUSION OF PUBLIC

RESOLVED:-

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.

The meeting ended at: 12:00

PRESENT:-

Councillor Flaxman-Taylor (in the Chair); Councillors Freeman, Galer, Wainwright & A Wright.

Ms K Sly (Finance Director), Ms L Snow (Finance Manager), Ms F Hammond (Internal Audit Manager), Ms K Bate (Corporate Risk Officer) & Mrs S Wintle (Corporate Services Manager).

Ms D Hanson (Associate Partner, EY Associates).

Subject: Corporate Risk Register

Report to: Audit and Risk Committee – 6 December 2021

Report by: Kaye Bate, Corporate Risk Officer



SUBJECT MATTER

This report asks the Audit and Risk Committee to review the Corporate Risk Register to determine whether the register correctly reflect the risks affecting the Authority.

RECOMMENDATION

1. That Committee review the Corporate Risk Register.

1. INTRODUCTION / BACKGROUND

- 1.1 The Audit and Risk Committee is responsible for monitoring the arrangements in place for the identification, monitoring, and management of strategic and operational risk.
- 1.2 The Audit and Risk Committee last reviewed the register in June 2021.
- 1.3 This report informs the Audit and Risk Committee of the current corporate risk position.

2. Corporate Risk Register

- 2.1 The Corporate Risk Register was last reviewed by Management Team in September 2021.
- 2.2 The risk matrix below shows how the risks identified in the Corporate Risk Register are distributed. There are currently 25 risks included on the Corporate Risk Register. The risks considered to be outside the Councils risk appetite have action plans in place to mitigate or reduce the risk. The risks that fall within the risk appetite or acceptable have action plans in place to reduce the risk further.
- 2.3 Since presenting the Corporate Risk Register to the Audit and Risk Committee in June 2021 there has been:

One risk removed from the register:

6B. UK GDPR impact on Payment Card Industry data security standards - PCIDSS

The risk rating for eleven risks have reduced due to the implementation of the action plan and further control measures in place:

2. Reduced spending in Great Yarmouth
3. Management of a flood incident

4. Flood defence and coastal protection
9. Event Management - for large scale events held in the borough by a third party on Council Land
11. Management of Major Projects
13. Changes in Government policies
14. Delivery of long term strategic objectives
17. Maintenance of five year housing supply and timescale for local plan
19. Change Management
21. Loss of Reputation
23. COVID 19 - Impact of response and recovery actions on the residents and businesses of the Borough

RISK MATRIX

Likelihood	5				
	4		3 – Management of a flood incident 18b – Sufficient resources and resilience to ensure effective contract management 20 – Tree, open and play spaces management	5a - Local/National Economy 7b – Cyber Security 12 – Workforce capacity 22 – IT systems capability and interaction	1 – Financial Stability
	3	19 – Change Management	6 – Compliance with General Data Protection Regulations (GDPR) 7a - Information Security 8 - Data quality 11 – Management of Major Projects 13 – Changes in Government policies 16 - Infrastructure not being able to meet demand 21 – Loss of Reputation 23 - COVID 19 - Impact of response and recovery actions on the residents and businesses of the Borough	17 - Business improvement in the major leisure facilities under delivers 18a – Sufficient resources and resilience to ensure effective procurement	2 – Reduced spending in Great Yarmouth 4 – Flood defence and coastal protection
	2		9 - Event Management – for large scale events held in the Borough by a third party on Council land 24 - Gaps in Insurance cover - insurers reducing cover in place with the result that Council assets may not be adequately covered	10 - Business Continuity 5b – Impact of EU exit trade deal 14 - Delivery of long term strategic objectives 15 - Lack of community cohesion / community tensions	25 – Confidential risk
	1		17 - Maintenance of five year housing supply and timescale for local plan		
	1	2	3	4	5

Impact

Likelihood – 5 Very Likely, 4 Likely, 3 Fairly Likely, 2 Unlikely, 1 Very unlikely

Impact – 5 Severe, 4 Significant, 3 Moderate, 2 Minor, 1 Negligible

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

- 2.4 The Corporate Risk Officer will present the Corporate Risk Register after its next review by Management Team in six months.

3. FINANCIAL IMPLCATIONS

- 3.1 See attached Corporate Risk Register.

4. RISK IMPLICATIONS

- 4.1 See attached Corporate Risk Register.

5. CONCLUSIONS

- 5.1 The Corporate Risk Register currently reflects the risks affecting the Authority and where applicable action plans have been put in place to reduce the current scores and risk affecting the Authority.

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



CORPORATE RISK REGISTER

Last Review:	MT September 2021 / CRG Nov 2021	A & R June 2021
Review Date:		6 December 2021
Review By:		Audit & Risk Committee

Impact and Likelihood Matrix Explanation	
Risks are rated by two factors:	
IMPACT - the impact to the business of the identified risk should it be realised	
LIKELIHOOD - the likelihood that a risk will become a business issue	

Risk Rating Actions:

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

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

DIRECTION OF TRAVEL	
↔	No change to current risk rating
←	Current risk rating has reduced
→	Current risk rating has increased

Risk ID No	Risk	Risk Owner	Description of Risk	Impacts	Action Plan	Current Rating			
						Likelihood	Impact	Risk Rating	Direction of Travel
1	Financial sustainability	ELT	Unknowns about the future funding for Local Government including the operation of the business rates retention scheme	Inability to effectively plan for the medium to long term	Review of the Medium Term Financial Strategy when the outcomes of the Fair Funding Review and review of the Business Rates Retention Scheme are announced.	4	5	20	Very High
			Significant reduction in Central Government funding	Unplanned reductions to services and quality of delivery	Continued review of reserves and balances to manage cashflow, unexpected events and use of reserves to deliver longer term benefits				↔
			Increased volatility from external funding including business rates and council tax, exacerbated by the impact of the pandemic	Annual budgets exceeded and greater reliance on the use of reserves	Continued maintenance of the Medium Term Financial Strategy and delivery of the themes of the business strategy				
			Reduced income from Joint Ventures	Resources diverted from services	Member workshops and engagement as part of the budget and MTFS preparations				
				Annual savings and new income streams not achievable	Monitoring and scrutiny of all JV operations				

			Reduced income from recycling credits	Changes to existing income streams Recyclable tonnage income / fail to get good rates for product Lack of market for recyclates Removal or changes to recycling credits Increased funding to support NEWS and MRF Inability to deliver strategic objective	Continue to pro-actively respond to central government funding consultations Active member of the Norfolk Waste Partnership (NWP)				
2	Reduced spending in Great Yarmouth	ELT	Reduction in spending / budget decisions of partner organisations Consultation around spending reduction Housing related support cuts Devolution	Unfunded activity / funding opportunities Resources diverted from services Services have to be reduced / withdrawn Inability to deliver strategic objectives Increased demand placed on borough council services Unmet demand	Working with partners to redesign and streamline service delivery / share resources Working together to build capacity of communities Understanding and responding to proposals Understanding funding requirements and protecting spend	3	5	15	High ←
3	Management of a flood incident	Head of Environmental Services, Head of Property & Asset Management, Major Projects & Development Director & ELT	Flood event Failure of flood barriers Surface water flooding	Disruption of commercial activity Health and safety issues Inability to deliver services	Emergency Response Plan / Recovery Plan Business Continuity Plan - Rest Centre plans to be COVID compliant. Possible impact on rest centre management Surface Water Management Plan Norfolk Strategic Flood Alliance established - emerging strategy under consideration. Action Plan in place.	4	3	12	High ←
4	Flood defence and coastal protection	Head of Environmental Services, Head of Property & Asset Management, Major Projects & Development Director & Director of Planning & Growth	Failure of flood and coastal defences Sea Level Rise Extending the length of river frontage for which the Council have responsibility – current proposal of de-manning by the Environment Agency Significant erosion of cliffs during storm	Impact on economy and increased business development for the Borough Reducing economic potential for the area Impact on infrastructure across the borough Health and Safety Loss of property Lack of resources to fund maintenance on watercourses transferred from EA control Loss of environmental asset Resources and financial implications to council for clear up	Working with businesses to improve awareness Long term plan to review, repair and renew flood defences Facilitation of community groups to work with coastal areas in relation to adaptations Mott Macdonald Economic Business case is well established and agreed Local Plan Part 2 - addresses relocation schemes & future development. emerging policy re: new development and flood risk to be adopted in November 2021 Short term options for coastal erosion Long term plan to review, repair and renew flood defences – engaging with Coastal Partnership East and the Environment Agency EA funding - covers tidal and coastal Emerging Environmental Net Zero Strategy Defra £8m funding for 3 posts for 5 years and liaison Engineer located in East Suffolk	3	5	15	High ←
5a	Local/National Economy	CEO	Downturn in national / local economy	Increased workload for Council staff (Benefits/ Economic development/ homelessness) Increase in bad debts	Strong local economy (town deal and future high street successful funding) Corporate planning	4	4	16	High ↔

			Issue of Welfare Reform National Policy - changes to benefit - universal credit rolled out	Major projects put on hold	Monitoring basket of key indicators				
			Impact of COVID and Brexit	Downturn in housing market Inability to meet requirements of capital programme	Communications Strategy Great Yarmouth Economic Growth Strategy review				
				Uncertainty lead to a downturn in economy	Economic Recovery Plan - Action plan in place				
5b	Impact of EU exit trade deal	Management Team & Head of Environmental Services	Travel disruption	Increased costs, increased demand for services, scarcity of labour, scarcity of goods and supplies or other operational impacts which impair the Councils ability to deliver services for people within the borough	Working closely with the local resilience forum, who are the lead agency, in respect of planning for consequences of trade deal negotiations	2	4	8	Medium
			Disruption / increased demand of services	Localised freight disruption and increased usage of Peel Ports	Working in collaboration New Anglia LEP on EU exit				↔
			More completed trade deal	Information sharing and data sharing	EU transition Group currently in dormant				
			Increased food costs	Community unrest	LEP area BREXIT forum				
			Increased costs for goods and services and disruption of trade	Ability to recruit and retain key staff	Milestone to be met				
6	Compliance with UK General Data Protection Regulations (UK GDPR)	Management Team	Data breaches of personal information	All staff must comply with the new regulations from 25th May 2018. Data Protection Policy, Data Protection Impact Assessment Policy & Record Management Policy must be reviewed annually and updated where necessary. All requests for information must contain a Privacy Notice or a link to a Privacy Notice on our website	Publication Data Protection Policy and creation of Records Management Policy, Data Impact Assessment Policy and Breach Notification Procedure	3	3	9	Medium
		Head of Legal & Governance	Staff not completing their Data Protection training	Fines and costs	GDPR training provided to all staff and members and repeated annually. GDPR training also forms part of new starter induction. HR required to be informed of any recruitment to add to eLearning system and all temporary staff and consultants required to complete training				↔
		Finance Director	Some computer systems are not compliant with the new regulations regarding data deletion	Reputational damage / bad publicity resulting from Data Breaches	Procurement process has begun to replace or upgrade the non compliant computer systems. As part of this data records will be reviewed and those outside of their retention securely deleted				
			Records outside of their retention are retained at various offsite locations	Insurance claims	A methodical review of offsite records has commenced, this is being carried out in a controlled manner with the support and oversight of the Data Protection Officer. Work in this area has had to be paused due to the COVID-19 pandemic and redeployment of staff. Work to recommence following social distancing guidelines and protecting the health of Council staff. National vaccine rollout is in progress and further work to be scheduled work and a further review will be conducted in December 2021				
		Management Team							
		Management Team	Capacity to undertake data cleansing and deletion.		Further work to be undertaken to ensure cookies fully complaint with GDPR regulations				
7a	Information Security	Management Team, IMT Manager & Head of Legal & Governance	Good management, protection of information	DWP refuse to correspond with GYBC electronically Loss of capability to handle Housing Benefits and other issues	Security Policy and Digital Strategy. Information Security manager in post	3	3	9	Medium
			Number of cases of lost information by public and private bodies	Information lost/mislaidd therefore loss of reputation and potential legal claim	PSN Compliant / Accepted by DWP computer security (PSN) – Annual renewal				↔
			Need to attain criteria set by government to retain information flow with DWP (Department Works Pensions)		Realisation that information includes paper, people and computer				
					Monthly Governance Board meetings				
7b	Cyber Security	Management Team, IMT Manager & Head of Legal & Governance	Data / systems hacked		IT security procedures and IT security policy	4	4	16	High
				Data could be shared for criminal use etc Loss of IT Systems and Loss of Information	LGA Grant for Cyber Security and Cyber training				↔
					Information Technology Investment Group / Risk is a standing item				
					Annual Cyber Security Health check undertaken by NCC				
					Cyber Insurance				

8	Data quality	Management Team, IMT Manager & Head of Legal & Governance	Records not maintained accurately or securely	Inaccurate data used for decision making	IT security procedures and IT Security Policy Data management & Data quality action plan	3	3	9	Medium
9	Event Management - for large scale events held in the borough by a third party on Council Land	Head Marketing & Communications Head of Environmental Services	Failure of event / duty of care	Cancellation / suspension of event Major incident Reputational damage / bad publicity	ESAG Group, ESAG website and ESAG email address Event Management Plan, Event Guidance and Guide to Councillors Member & Officer Groups Involvement / consultation of key officers Engagement of stakeholders Online Event Notification form and centralised mailbox	2	3	6	Medium
10	Business Continuity	Management Team	Loss of facilities (flooding, fire etc) Loss of IT systems Loss of reputation Loss of staff time and system functionality Loss of staff (fuel strike, industrial action etc) Loss of temporary accommodation provider	Service delivery impaired Inability to pay creditors/benefits Relocation of services Range of providers	Capability exists for staff to work from home and support key services Business Impact Assessments / 3rd Party Service Agreement The Loop - web-based programme and external provider Insurance Information Technology Investment Group Additional resource from NCC and monthly meetings with NCC to discuss SLA	2	4	8	Medium
11	Management of Major Projects	ELT	Failure of project or project overspend / over running Resourcing and capacity Failure to comply with funding agreement / conditions	Cancellation / suspension of project Reputational damage / bad publicity Failure to met regeneration Failure to met government guidelines for spending / reduced or cancellation of funding	Involvement / consultation of key officers Project and Programme Manager post out for recruitment. Project Team- recruitment drive to increase capacity within team. All PMO staff Prince 2 trained Business Case and Risk Register / risk logs completed, monitored and updated Suite of documents created for setting up &, delivering and monitoring projects. Agreed governance structure for management of project Guidance on how to access assistance from Project Team and relevant service areas consulted at the outset Dedicated officer to manage the risk / issue and governance of all projects going forward, which can be followed / implemented by other team members. Understanding funding requirements and protecting spend Strong local economy	3	3	9	Medium
12	Workforce Capacity	Management Team	Departure of key individual Difficulty of recruitment Skills shortage Lack of resource to deliver Health & Safety Failure to comply with Health & Safety legislation and corporate approach not consistently applied Staff workload levels increased due to impact of responding to Covid pandemic and maintaining business as usual.	Skills lost Negative impact on capacity of other staff Lack of delivery of service objectives Buying in of consultancy/temporary staff Fines and costs Increased demand for services and scarcity of labour Increased sickness absence	Recruitment drive to fully staff and up resource new programmes of work BC Plan for single points of failure Organisational Development Plan Personal reviews Succession Planning Business Strategy OD programme Partnership arrangements for health and safety to be reviewed. Creation of Health & Safety Co-Ordinators. Partnership arrangements for Resilience Officer to improve resilience in these key areas. . Monitoring of workload of staff at service, team and individual level. Additional short term staff resource (where possible)	4	4	16	High

				<p>Reduced productivity</p> <p>Delays in delivery of services</p>	<p>Employee Support Scheme and other wellbeing support</p> <p>Maximisation of external funding to support service delivery</p> <p>Agile working Policy. Emerging Health and Wellbeing Flexible Working Policy</p> <p>Prioritisation of tasks / Risk Based approach</p>					
13	Changes in Government policies	CEO	Insufficient focus of organisation on "bigger" picture	<p>Loss of funding / funding opportunities</p> <p>Insufficient preparation for policy changes/ new responsibilities</p>	<p>Business Strategy</p> <p>Resource and waste strategy is currently out to consultation- Consultation are responded to and go through decision process</p>	3	3	9	Medium	←
14	Delivery of long term strategic objectives	ELT	<p>Council focuses on the issues of the day rather than a vision for the future</p> <p>Lack of political direction for strategic objectives</p>	<p>Non delivery of strategic objectives - correct</p> <p>Negative impact on residents of the Borough</p> <p>Loss of reputation</p>	<p>Medium Term Financial Strategy</p> <p>Service Planning</p> <p>Corporate plan & Annual Action Plan</p> <p>Pathway to Recovery Plan (COVID 19)</p> <p>Great Yarmouth Economic Growth Strategy</p> <p>Local Plan Core Strategy adopted and Local Plan Part 2 adoption November 2021 (to 2030)</p> <p>Investment (Town Deal / Future High street Fund Etc)</p> <p>Business Strategy</p> <p>Levelling Up Agenda</p>	2	4	8	Medium	←
15	Lack of community cohesion / community tensions	Strategic Director – P Boyce	<p>Social changes / immigration / increase in unemployment</p> <p>Financial hardship cases increase due to impact of COVID-19</p> <p>Clinically Extremely Vulnerable (CEV) residents and Potentially Vulnerable People (PVP) requiring additional support to self-isolate and stay safe owing to COVID-19</p>	<p>Increased reliance on benefits</p> <p>Increase neighbourly tensions/disputes owing to Lockdown measures</p> <p>Lack of confidence to socially interact owing to COVID</p> <p>Increased joblessness</p> <p>Increased homelessness</p> <p>Pressure on health, social care & welfare services</p> <p>Issues with equality of access to services</p> <p>Increased crime rates and an increase in hate crime</p>	<p>Reviews of and better alignment of front-line services to ensure residents get the help and support they need through Multi-agency working across Public Health, Norfolk CC, Police, CCG/Integrated Case System (ICS), the two Primary Care Networks (PCNs) in the borough and the JPUH.</p> <p>Development of Information, Advice and Advocacy (IAA) services directly commissioned under Great Yarmouth's Community Champions' Programme and also those services by Norfolk CC's Adult Social Care's review of commissioned IAA and SIL (Social Isolation and Loneliness) contracts with VCSE organisations in the borough.</p> <p>Close working with the CCG/ICS in its Health Equalities Project (HEP).</p> <p>Two Community Hub multi-agency operating models are in place: one covering the Great Yarmouth & Northern Villages PCN area (located in GFH) and one for the Gorleston and Southern Parishes PCN area (located at Shrublands).</p> <p>Neighbourhood Managers supporting the two Community Hubs whereby residents and statutory/VCSE partner agencies collaborate to find solutions, support community capacity-building and thereby diffuse tensions and support social cohesion.</p> <p>Targeted work with the police and other partners to address new and emerging issues relating to housing enforcement, domestic abuse, community tensions and ASB</p> <p>COVID Marshal Team working closely with Community Hub Team</p> <p>Community Champion Programme - multi cultural and faith network - monthly meeting talking shop to understand issue in the community</p>	2	4	8	Medium	↔
16	Infrastructure not being able to meet demand	Director of Planning & Growth & CEO	New development (commercial and housing)	<p>Increased traffic congestion</p> <p>Lack of services (education/health/social)</p>	<p>Local Plan / Infrastructure Plan</p> <p>Ongoing engagement with partner organisations for funding e.g. New Anglia LEP, Highways England, Clinical Commissioning Group, Anglian Water, Environment Agency, Norfolk CC etc</p>	3	3	9	Medium	↔

				Stalling of further investment	Local Plan Core Strategy adopted and Local plan Part 2 being adopted November 2021 GY Transport & Infrastructure Steering Group established and meet regularly Part of Norfolk Growth Group to discuss infrastructure issues across county & strategic planning framework				
17	Maintenance of five year housing supply and timescale for local plan	Director of Planning & Growth	Inability to complete Local Plan process due to lack of financial/professional staff resource and involvement in other corporate projects	Failure to adopt new statutory planning policy guidance to inform planning applications and Development Control Committee	Additional resource in terms of professional input and/or Projects Team Housing Growth Group established with clear Action Plan Strategic Planning Team fully resourced	1	3	3	Very Low ←
18a	Sufficient resources and resilience to ensure effective procurement.	Finance Director & Monitoring Officer	Corporate procurement approach not consistently adopted	Benefits of procurement strategy not realised Efficiency savings not made or contract fail Procured service not value for money Procured service is poor	Corporate Policy Statement adopted Engagement of Procurement Specialist and Procurement Working Group Adherence to new Contract Standing Orders Procurement Strategy to be updated to ensure compliance Staff training Publication of transparency requirements for procurement of contracts and internal publication Review of contract management and procedures	3	4	12	High ↔
18b	Sufficient resources and resilience to ensure effective contract management	Management team	Failure to managed contract performance and corporate approach not consistently adopted	Breach of EU legislation Increase budgets Contract disputes Fines and costs	Staff training to dedicate contract management roles and guidance on Intranet Consistent management and publication of Contract Register Contract Management Strategy and standing orders Performance monitoring and reporting to ensure good service quality and better value for money Appropriate governance principals and risk management in place - Risk Register Dedicated contract management roles within services to improve accountability & capacity for managing major contracts Role of contract manager defined Ensure compliance with legislation / regulations and Councils processes and procedures	4	3	12	High ↔
19	Change Management	Head of Organisational Development	Key changes managed ineffectively	Service delivery is affected during implementation Staff resource needed to undertake review Council fails to capitalise on opportunity Targets not achieved Funding is missed Resources wasted Loss of key staff & staff morale	Business Strategy and Change Management Policy Application of a formal programme management framework Monitoring of project plan Ongoing assessment of the project risks Organisation Development Plan Departmental Managers Meetings Staff Engagement Group and programme	3	2	6	Medium ←

20	Tree, open and play spaces management	Director of Operational Services, Head of Environmental Services & Head of Property & Asset Management	Failure to managed tree inspection and land management	Insurance claims and increased insurance premiums Clarity on ownership of land across the Borough	A review of current inspection policy to ensure compliance with best practice To include all amenity land within the Concerto Asset Database to provide a comprehensive database of ownership. Tree Strategy currently being reviewed	4312	High ↔
21	Loss of Reputation	ELT / Head of Marketing & Communications	Lack of transparency in decision-making process Factually incorrect or negative media reporting Inability to attract investment	Lack of trust from residents Loss of confidence from investors and key partners - project delivery Lack of sense of pride in the Place - don't managing flooding or finances	Clear & accurate committee reports with recorded decisions available in the public domain. Maintenance of a timely and effective relationship with representatives of the media/press. Clear communications plans in place to promote the council's Corporate Priorities & also for projects. Transparent stakeholder engagement incl. planning and evidence-gathering.	339	Medium ←
22	IT systems capability and interaction	Management Team IMT Manager	Some system will no longer be supported / maintained by the IT provider. Therefore has become unfit for purpose and causing service interruptions and issues	System costs are disproportionally costly based on functionality of system Upgrades costly Week in arrears - loss of possession cases due to the way information is held Service interruptions and issues - resource implications No document management - required to use two systems - increased risk of error Increase functionality Systems don't talk together Reduced productivity, increased timescales for completing tasks.	Aware of limitations of systems Procurement of new systems Internal processes to manage Using as effectively as can and aware of weaknesses Sub marketing testing Road map / action plan of systems to be addressed and detailed business cases presented for approval to the IT Investment Group Digital transformation and strategy Flexibility within home/office arrangements to minimise impact on productivity tasks.	4416	High ↔
23	COVID 19 - Impact of response and recovery actions on the residents and businesses of the Borough	ELT	Continued support of isolating and vulnerable residents Supporting local businesses and Tourism industry. Complex housing needs Delivery of key services remotely or by emergency support only Social cohesion/well-being Social distancing - remove Continuity of services delivered by partners. Impact on acute and primary health service Impact on residents due to hardship / loss of household income	High level of business failure and unemployment Increased homelessness and housing needs Financial and staff required for long term support of vulnerable residents Revised operating model for GYBC driven by prolonged social distancing. Reduced social cohesion Impact of responding to the pandemic and the re-allocation of resources internally Longer term impact to the local economy and the Council's financial position	Working as part of the Norfolk Resilience Forum, and countywide Delivery Groups/Cells and their workstreams, to manage response and recovery actions. Collaborative working in the locality with VCSE and other commissioned community-facing organisations to support residents with low level (welfare and housing) needs. Agile working ability to respond and reprioritise What ever it takes grant - hardship fund Now have DWP household support grant	339	Medium ←
24	Gaps in Insurance cover - insurers reducing cover in place with the result that Council assets may not be adequately covered	Finance Director	Reduced level or removal of cover provided by insurers	Increased self insurance and insurance reserve	Updated MTFs to earmark funds for self insurance including re-allocations to the insurance reserve.	236	Medium

			Inadequate or no insurance cover could have significant financial implications, dependent on the value of the asset and the extent of the damage / loss.	Increased project costs	Annual review of insurance cover		↔
			Impact on increased financial risk to the Council due to the removal or reduced level of cover		Consultation with insurers for all major projects / development and business activities		
POSSIBLE NEW CORPORATE RISK							
CORPORATE RISKS RECOMMENDED FOR REMOVAL							
CONFIDENTIAL RISKS							
25	Details removed due to confidentiality					25	25
						25	High
							↔

Subject: REPORT ON THE STATUS OF AUDIT RECOMMENDATIONS

Report to: Audit and Risk Committee, 6 December 2021

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 November 2021.

1. INTRODUCTION/BACKGROUND

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

2. MAIN BODY

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

3. FINANCIAL IMPLICATIONS

- 3.1 None.

4. RISK IMPLICATIONS

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

6.0 RECOMMENDATIONS

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

BACKGROUND PAPERS

Appendix – Follow Up Report on Internal Audit Recommendations

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

Eastern Internal Audit Services



Gt Yarmouth Borough Council

Follow Up Report on Internal Audit Recommendations

Period Covered: 4 June 2021 to 25 November 2021

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 2017/18 internal audit raised 119 recommendations, 118 of which have now been implemented. One important recommendation remains outstanding from the Corporate Health and Safety report.

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

Number raised	119	
Complete	118	99%
Outstanding	1	1%

- 2.4 In 2018/19 internal audit raised 113 recommendations. In total, 98 have been implemented. Of those remaining, one needs attention recommendation was rejected by management, and 14 are outstanding (4 important, 10 needs attention).

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

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

Number raised	113	
Complete	98	87%
Outstanding	14	12%
Rejected	1	1%

- 2.5 In 2019/20 a total of 100 recommendations have been agreed; of these, 87 have now been implemented. A total of 13 recommendations are outstanding (3 important and 10 needs attention).

Number raised	100	
Complete	87	87%
Outstanding	13	13%

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

Number raised	29	
Complete	27	90%
Outstanding	2	10%

- 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. We have not received the required updates for the Corporate Enforcement recommendations in time for this report despite requesting these from the Head of Environmental Services on a number of occasions. This has been escalated to senior management.
- 2.8 We now urge management to work on resolving historical recommendations in time for year end reporting as these recommendations still represent relevant improvements to the control framework that are required to prevent risks from occurring in these areas.

APPENDIX 1 – SUMMARY STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

			Completed between 1 April 2021 and 25 November 2021			Previously reported to Committee as outstanding			(New) Outstanding			Total Outstanding	Not Yet Due for implementation		
			Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3		Priority 1	Priority 2	Priority 3
Audit Ref	Audit Area	Assurance Level													
2017/18 Audits															
GY1801	Corporate Health & Safety	Limited					1					1			
GY1811	Accounts Receivable	Reasonable		1								0			
2018/19 Audits															
GY1901	Corporate Governance	Limited					1					1			
GY1908	Capital Programme	Reasonable					1					1			
GY1909	Environmental Services	Reasonable					1	5				6			
GY1914	Procurement	Limited					1	3				4			
GY1916	Property & Asset Mgt	Reasonable						2				2			
2019/20 Audits															
GY2001	GYB Services	Reasonable		1	1			1				1			
GY2005	Council Tax and NNDR	Reasonable						1				1			
GY2007	S106 Agreements	Reasonable					1					1			
GY2008	Housing Strategy and Affordable Housing	Reasonable						1				1			
GY2016	Corporate Enforcement	Reasonable					2	2				4			
GY2019	Cyber Crime	Reasonable						2				2			
GY2020	Starters, Movers, Leavers	Reasonable						3				3			
2020/21 Audits															
GY2102	Corporate Governance	Reasonable			1							0			
GY2106	HR & Payroll	Reasonable		1				1				1			
GY2107	Key Controls and Assurance	Reasonable									1	1			
Total			0	3	2	0	8	21	0	0	1	30	0	0	0

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APPENDIX 2 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2017/18

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
GY1801 Corporate Health and Safety	Recommendation 6: A variation to the GY Norse contract is raised in line with the GYBS and SLT H&S contract clauses. This is agreed by the board. Sufficient H&S clauses in the contract should clearly outline the H&S responsibilities of the GY Norse and mitigate the risk that any H&S liabilities created by GY Norse are passed onto the Council.	2	Head of Property and Asset Management	31/10/2017	31/01/2022	Outstanding	The new contract incorporating the recent Asset changes has been drafted and approved by GYBC we are awaiting confirmation from Norse Solicitors for completions – NPLaw are chasing and we anticipate closure in the coming weeks.

APPENDIX 3 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2018/19

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
GY1901 Corporate Governance	Recommendation 8: A review of off-site paper storage arrangements is undertaken to ensure they are GDPR compliant.	2	Head of Property and Asset Management	31/01/2019	30/06/2022	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	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.

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
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	28/02/2022	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 February has been added.
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	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 4 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – 2019/20

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
GY2007 S106 Agreements	Recommendation 2: Policy for all key areas covered by S106 agreements be created through the Part 2 Local Plan and communicated to stakeholders (through publication on the website, through the Developers' Forum and other routes).	2	Strategic Planning Manager	31/01/2021	31/12/2021	Outstanding	The Local Plan Part 2 Planning Inspectors report was received on 5 th November 2021, and the Council can now proceed to adoption. The Plan will be considered for adoption by Full Council on 9 th December 2021.
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	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	28/02/2022	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: PROGRESS REPORT ON INTERNAL AUDIT ACTIVITY

Report to: Audit and Risk Committee, 6 December 2021

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

SUBJECT MATTER

This report 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.

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

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

Eastern Internal Audit Services



Great Yarmouth Borough Council

Progress Report on Internal Audit Activity

Period Covered: 9 June 2021 to 25 November 2021

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

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1. INTRODUCTION

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

2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

- 2.1 There has been one significant change to the Internal Audit Plan 2021/22 since it was approved in June 2021. An addition of a review of the Business Support Grants is to be completed as requested by the Head of Customer Services. This will involve sample testing 80 grants from a number of Covid-19 grant schemes. The review will test whether each grant has been issued in accordance with the correct criteria/eligibility guidance.
- 2.2 In addition to the above, the Chief Executive has requested that the Head of Internal Audit undertake an investigation into Health and Safety concerns raised regarding repairs carried out within some areas. The terms of reference for this investigation has been agreed and GYBC and GYN staff are working with Internal Audit to establish the root cause of the issues raised. Outcomes relating to this work will be provided to the Chief Executive week commencing 17 December 2021.

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 102 days of programmed work has now been completed, equating to 43% 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 All quarter two reports are now in draft and are ready for issuing for management consideration. Good progress has been made on completing quarter three work and audits at this stage are on track to be completed by the end of December 2021.

Quarter 2 audits completed in draft for management consideration
GYN Invoicing
Income
Capital Programme Contracts
Coastal Protection
Counter Fraud and Corruption

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 Delays have been experienced in completing and finalising quarter two work with the contractor being subject to resourcing and sickness difficulties. Quarter three work is now back on track however, progress against delivering the plan of work is being carefully managed with the contractor to ensure that resources are sufficient to complete the plan of work.

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	Comments
							Urgent	Important	Needs Attention	Op		
Quarter 2												
Counter Fraud and Corruption Framework	GY2207	8	8	7	Draft report issued 25 November 2021							
Income	GY2210	8	8	7	Draft report reviewed and ready for issue							
Capital Programme Contracts	GY2213	8	8	7	Draft report reviewed and ready for issue							
GYN - Invoicing	GY2201	8	8	7	Draft report issued 19 October 2021							
Coastal Protection	GY2216	10	10	9	Draft report reviewed and ready for issue							
TOTAL		42	42	37								
Quarter 3												
Programme and Project Management	GY2205	8	8	1	APM issued 25 November 2021. Audit due to start 9 December 2021							
Accounts Receivable	GY2209	10	10	8	Fieldwork complete. Draft report stage							
Housing Benefits and Ctax Support	GY2211	15	15	12	Audit Planning Memorandum issued on 14 October 2021. Fieldwork underway.							
Council Tax and NNDR	GY2212	18	18	15	Fieldwork complete. Draft report due							
Business Support Grants	GY2221		12	8	Audit Planning Memorandum issued on 9 November 2021. Fieldwork underway.							
Environmental Services	GY2215	12	12	10	Fieldwork complete. Draft report due							
TOTAL		63	75	54								

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
Quarter 4											
Risk Management	GY2202	5	5	0							
Annual Governance Statement	GY2203	8	8	0							
Business Strategy and Performance	GY2204	10	10	0							
Key Controls and Assurance	GY2206	11	11	0							
Accountancy Services	GY2208	16	16	0							
Development Control	GY2214	15	15	0							
Event Management and Tourism	GY2217	12	12	0							
TOTAL		77	77	0							
IT Audits											
Change Control and Patch Management	GY2218	10	10	0							
Software Licensing	GY2219	10	10	0							
Digital Strategy	GY2220	10	10	1	Audit Planning Memorandum in preparation.						
TOTAL		30	30	1							
Follow Up											
Follow Up	N/A	16	16	10							
TOTAL		16	16	10							
TOTAL		228	240	102			0	0	0	0	
Percentage of plan completed				43%							

Subject Appointment of External Auditors
Report to Audit and Risk Committee 6 December 2021
Report by: Finance Director



SUBJECT MATTER/RECOMMENDATIONS

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

Recommendations:

1) It is recommended that the Audit and Risk Committee 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.

1. INTRODUCTION AND BACKGROUND

- 1.1. In accordance with the Local Government Audit and Accountability Act 2014, the Council is required to appoint an External Auditor. The existing external audit provider (EY) was procured via the Public Sector Audit Appointments Ltd (PSAA) for the period 2018/19 to 2022/23.
- 1.2. PSAA is a company limited by guarantee and was incorporated by the Local Government Association in 2014. In 2016 the PSAA was specified by the Secretary of State for Housing Communities and Local Government as the appointing person for principal local government and police bodies for audits from 2018/19.
- 1.3. PSAA is now undertaking a procurement for the next period of appointment of external auditors and all eligible bodies have been invited to opt into their national scheme for external audit appointments from 2023/24 onwards. The Council's invitation to opt into the national scheme is included at Appendix A to the report.

2. OPTIONS

- 2.1. There are three options available for the appointment of an external auditor for the five-year period from 2022/23:
 - 2.1.1. Undertake an individual auditor procurement and appointment exercise;
 - 2.1.2. Undertake a joint audit procurement and appointing exercise with other bodies, those in the same locality for example; or
 - 2.1.3. Join PSAA's sector led national scheme
- 2.2. A decision to join the PSAA sector led scheme must be made by Council.
- 2.3. Options 1 and 2 above would require the establishment of an independent auditor panel to make the appointment, this would be after a local procurement process. The independent

panel would consist wholly or majority of independent members excluding current and former members (or officers). In addition, the panel would be responsible for overseeing the management of the contract for its duration.

- 2.4. Opting into the national scheme would provide the independence required for the procurement and appointment process. By undertaking a collective procurement this will reduce the costs for the sector and the bodies that are part of the procurement.
- 2.5. The PSAA option will also deliver the requirement to establish an auditor panel.
- 2.6. It is therefore recommended that the Council opt into the national scheme for the auditor appointment process from 2023/24 onwards.

3. FINANCIAL AND RISK IMPLICATIONS

- 3.1. The costs of External Audit have increased over a number of years. Procurement on behalf of a number of bodies that opt into the national scheme will provide opportunities to achieve value for money.
- 3.2. Opting out of the national scheme would require additional resources to be allocated to the procurement of external auditors and also the ongoing management of the external audit contract.
- 3.3. The current arrangements for the setting of the annual audit fee requires the PSAA for set a scale fee annually for the audit. The external auditors can then submit a fee variation proposal to the PSAA for review which is then added to the scale fee to arrive at the total fee for the audit. The fees for the latest completed audit of the Council's accounts for 2018/19 was a scale fee of £46,966 and a fee variation of £38,689. The current scale fee for 2019/20 is £46,966. The current fee arrangement also allows for annual surpluses to be returned to Local Authorities.
- 3.4. There is a risk of not having an appointed external auditor for the 2022/23 financial year, this is mitigated by opting into the national scheme.

4. LEGAL IMPLICATIONS

- 4.1. The Local Audit and Accountability Act 2014 requires the Council to appoint an External Audit.

5. CONCLUSION

- 5.1. 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.

6. BACKGROUND PAPERS

- 6.1. Invitation from the PSAA and PSAA guidance and information on Appointing Persons.
- 6.2. <https://www.psaa.co.uk/about-us/appointing-person-information/>

Area for consideration Comment	Comment
Monitoring Officer Consultation	
Section 151 Officer Consultation	
Existing Council Policies See background papers	

Financial Implications eg within existing budgets or funding identified	
Legal Implications (including human rights)	
Risk Implications	
Equality Issues/EQIA assessment (if EQIA not required explain why)	
Details contained in strategy	
Crime & Disorder	
Every Child Matters	

22 September 2021

To: Ms Oxtoby, Chief Executive
Great Yarmouth Borough Council

Copied to: Ms Sly, S151 Officer
Councillor Flaxman-Taylor, Chair of Audit Committee or equivalent

Dear Ms Oxtoby,

Invitation to opt into the national scheme for auditor appointments from April 2023

I want to ensure that you are aware the external auditor for the audit of your accounts for 2023/24 has to be appointed before the end of December 2022. That may seem a long way away but, as your organisation has a choice about how to make that appointment, your decision-making process needs to begin soon.

We are pleased that the Secretary of State has confirmed PSAA in the role of the appointing person for eligible principal bodies for the period commencing April 2023. Joining PSAA's national scheme for auditor appointments is one of the choices available to your organisation.

In June 2021 we issued a draft prospectus and invited your views and comments on our early thinking on the development of the national scheme for the next period. Feedback from the sector has been extremely helpful and has enabled us to refine our proposals which are now set out in the [scheme prospectus](#) and our [procurement strategy](#). Both documents can be downloaded from our website which also contains a range of useful information that you may find helpful.

The national scheme timetable for appointing auditors from 2023/24 means we now need to issue a formal invitation to you to opt into these arrangements. In order to meet the requirements of the relevant regulations, we also attach a form of acceptance of our invitation which you must use if your organisation decides to join the national scheme. We have specified the five consecutive financial years beginning 1 April 2023 as the compulsory appointing period for the purposes of the regulations which govern the national scheme.

Given the very challenging local audit market, we believe that eligible bodies will be best served by opting to join the scheme and have attached a short summary of why we believe that is the best solution both for individual bodies and the sector as a whole.

I would like to highlight three matters to you:

1. if you opt to join the national scheme, we need to receive your formal acceptance of this invitation by Friday 11 March 2022;

2. the relevant regulations require that, except for a body that is a corporation sole (e.g. a police and crime commissioner), the decision to accept our invitation and to opt in must be made by the members of the authority meeting as a whole e.g. Full Council or equivalent. We appreciate this will need to be built into your decision-making timetable. We have deliberately set a generous timescale for bodies to make opt in decisions (24 weeks compared to the statutory minimum of 8 weeks) to ensure that all eligible bodies have sufficient time to comply with this requirement; and
3. if you decide not to accept the invitation to opt in by the closing date, you may subsequently make a request to opt in, but only after 1 April 2023. We are required to consider such requests and agree to them unless there are reasonable grounds for their refusal. PSAA must consider a request as the appointing person in accordance with the Regulations. The Regulations allow us to recover our reasonable costs for making arrangements to appoint a local auditor in these circumstances, for example if we need to embark on a further procurement or enter into further discussions with our contracted firms.

If you have any other questions not covered by our information, do not hesitate to contact us by email at ap2@psaa.co.uk. We also publish answers to [frequently asked questions](#) on our website.

If you would like to discuss a particular issue with us, please send an email also to ap2@psaa.co.uk, and we will respond to you.

Yours sincerely

Tony Crawley
Chief Executive

Encl: Summary of the national scheme

Why accepting the national scheme opt-in invitation is the best solution

Public Sector Audit Appointments Limited (PSAA)

We are a not-for-profit, independent company limited by guarantee incorporated by the Local Government Association in August 2014.

We have the support of the LGA, which in 2014 worked to secure the option for principal local government and police bodies to appoint auditors through a dedicated sector-led national body.

We have the support of Government; MHCLG's Spring statement confirmed our appointment because of our "strong technical expertise and the proactive work they have done to help to identify improvements that can be made to the process".

We are an active member of the new Local Audit Liaison Committee, chaired by MHCLG and attended by key local audit stakeholders, enabling us to feed in body and audit perspectives to decisions about changes to the local audit framework, and the need to address timeliness through actions across the system.

We conduct research to raise awareness of local audit issues, and work with MHCLG and other stakeholders to enable changes arising from Sir Tony Redmond's review, such as more flexible fee setting and a timelier basis to set scale fees.

We have established an advisory panel, which meets three times per year. Its membership is drawn from relevant representative groups of local government and police bodies, to act as a sounding board for our scheme and to enable us to hear your views on the design and operation of the scheme.

The national scheme for appointing local auditors

In July 2016, the Secretary of State specified PSAA as an appointing person for principal local government and police bodies for audits from 2018/19, under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015. Acting in accordance with this role PSAA is responsible for appointing an auditor and setting scales of fees for relevant principal authorities that have chosen to opt into its national scheme. 98% of eligible bodies made the choice to opt-in for the five-year period commencing in April 2018.

We will appoint an auditor for all opted-in bodies for each of the five financial years beginning from 1 April 2023.

We aim for all opted-in bodies to receive an audit service of the required quality at a realistic market price and to support the drive towards a long term competitive and more sustainable market for local audit. The focus of our quality assessment will include resourcing capacity and capability including sector knowledge, and client relationship management and communication.

What the appointing person scheme from 2023 will offer

We believe that a sector-led, collaborative, national scheme stands out as the best option for all eligible bodies, offering the best value for money and assuring the independence of the auditor appointment.

The national scheme from 2023 will build on the range of benefits already available for members:

- transparent and independent auditor appointment via a third party;
- the best opportunity to secure the appointment of a qualified, registered auditor;
- appointment, if possible, of the same auditors to bodies involved in significant collaboration/joint working initiatives, if the parties believe that it will enhance efficiency;
- on-going management of any independence issues which may arise;
- access to a specialist PSAA team with significant experience of working within the context of the relevant regulations to appoint auditors, managing contracts with audit firms, and setting and determining audit fees;
- a value for money offer based on minimising PSAA costs and distribution of any surpluses to scheme members - in 2019 we returned a total £3.5million to relevant bodies and more recently we announced a further distribution of £5.6m in August 2021;
- collective efficiency savings for the sector through undertaking one major procurement as opposed to a multiplicity of smaller procurements;
- avoids the necessity for local bodies to establish an auditor panel and undertake an auditor procurement, enabling time and resources to be deployed on other pressing priorities;
- updates from PSAA to Section 151 officers and Audit Committee Chairs on a range of local audit related matters to inform and support effective auditor-audited body relationships; and
- concerted efforts to work with other stakeholders to develop a more sustainable local audit market.

We are committed to keep developing our scheme, taking into account feedback from scheme members, suppliers and other stakeholders, and learning from the collective post-2018 experience. This work is ongoing, and we have taken a number of initiatives to improve the operation of the scheme for the benefit of all parties.

Importantly we have listened to your feedback to our recent consultation, and our response is reflected in [the scheme prospectus](#).

Opting in

The closing date for opting in is 11 March 2022. We have allowed more than the minimum eight-week notice period required, because the formal approval process for most eligible bodies is a decision made by the members of the authority meeting as a whole [Full Council or equivalent], except police and crime commissioners who are able to make their own decision.

We will confirm receipt of all opt-in notices. A full list of eligible bodies that opt in will be published on our website. Once we have received an opt-in notice, we will write to you to request information on any joint working arrangements relevant to your auditor appointment, and any potential independence matters which may need to be taken into consideration when appointing your auditor.

Local Government Reorganisation

We are aware that reorganisations in the local government areas of Cumbria, Somerset, and North Yorkshire were announced in July 2021. Subject to parliamentary approval shadow elections will take place in May 2022 for the new Councils to become established from 1 April 2023. Newly established local government bodies have the right to opt into PSAA's scheme under Regulation 10 of the Appointing Person Regulations 2015. These Regulations also set out that a local government body that ceases to exist is automatically removed from the scheme.

If for any reason there is any uncertainty that reorganisations will take place or meet the current timetable, we would suggest that the current eligible bodies confirm their acceptance to opt in to avoid the requirement to have to make local arrangements should the reorganisation be delayed.

Next Steps

We expect to formally commence the procurement of audit services in early February 2022. At that time our procurement documentation will be available for opted-in bodies to view through our e-tendering platform.

Our recent webinars to support our consultation proved to be popular, and we will be running a series of webinars covering specific areas of our work and our progress to prepare for the second appointing period. Details can be found on [our website](#) and in [the scheme prospectus](#).