



**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.

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).