

Subject: HEAD OF INTERNAL AUDIT ANNUAL REPORT AND OPINION 2021/22

Report to: Audit and Risk Committee,

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

SUBJECT MATTER

This report concludes on the internal audit activity undertaken during 2021/22 it provides an Annual Opinion concerning the Council's framework of governance, risk management and control, concludes on the effectiveness of internal audit and provides key information for the Annual Governance Statement.

1. INTRODUCTION / BACKGROUND

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

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

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

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

2. MAIN BODY

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

3. FINANCIAL IMPLICATIONS

3.1 The internal audit service was delivered in line with the agreed budget for 2021/22.

4. RISK IMPLICATIONS

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

5. CONCLUSIONS

- 5.1 On the basis of the internal audit work performed in 2021/22 the Head of Internal Audit for Gt Yarmouth Borough Council is able to give a reasonable opinion on the framework of governance, risk management and control with a caveat that significant control weaknesses have been observed for Housing.

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

6.0 RECOMMENDATIONS

- 6.1 That the Committee:

- Receive and consider the contents of the Annual Report and Opinion of the Head of Internal Audit for 2021/22.
- Note the opinion given in relation to the framework of governance, risk management and controls for the year ended 31 March 2022.
- 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 2021/22.
- Note the conclusion of the review of the effectiveness of internal audit.

BACKGROUND PAPERS

Appendix – Annual Report and Opinion 2021/22.

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

Eastern Internal Audit Services



GT YARMOUTH BOROUGH COUNCIL

Annual Report and Opinion 2021/22

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

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1. INTRODUCTION

- 1.1 The Accounts and Audit Regulations 2015 require that “a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.
- 1.2 Those standards – the Public Sector Internal Audit Standards - require the Chief Audit Executive to provide a written report to those charged with governance (known in this context as the Audit and Risk Committee) to support the Annual Governance Statement (AGS). This report must set out:
- The opinion on the overall adequacy and effectiveness of the Council’s framework of governance, risk management and control during 2021/22, together with reasons if the opinion is unfavourable;
 - A summary of the internal audit work carried from which the opinion is derived, the follow up of management action taken to ensure implementation of agreed action as at financial year end and any reliance placed upon third party assurances;
 - Any issues that are deemed particularly relevant to the Annual Governance Statement (AGS);
 - The Annual Review of the Effectiveness of Internal Audit, which includes; the level of compliance with the PSIAS and the results of any quality assurance and improvement programme, the outcomes of the performance indicators and the degree of compliance with CIPFA’s Statement on the Role of the Head of Internal Audit.
- 1.3 When considering this report, the statements made therein should be viewed as key items which need to be used to inform the organisation’s Annual Governance Statement, but there are also a number of other important sources to which the Audit and Risk Committee and statutory officers of the Council should be looking to gain assurance. Moreover, in the course of developing overarching audit opinions for the authority, it should be noted that the assurances provided here, can never be absolute and therefore, only reasonable assurance can be provided that there are no major weaknesses in the processes subject to internal audit review. The annual opinion is thus subject to inherent limitations (covering both the control environment and the assurance over controls) and these are examined more fully at **Appendix 3**.

2. ANNUAL OPINION OF THE HEAD OF INTERNAL AUDIT

2.1 Roles and responsibilities

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

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

The Internal Audit plan was approved at the meeting held 14 June 2021. This opinion does not imply that internal audit has reviewed all risks and assurances, but it is one component to be considered during the preparation of the AGS.

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

2.2 The opinion itself

The overall opinion in relation to the framework of governance, risk management and control at Gt Yarmouth Borough Council is **Reasonable** with a caveat that for controls relating to the area of Housing a Limited opinion should be observed.

In total, 17 assurance audits have been completed of which the majority (12 or 71%) have been given a positive assurance grading. A total of three of these have received a substantial grading in the area of Business Grants, Capital Programme Contracts and Income. The number of positive assurances given suggests a stable control environment overall.

However, in all cases when housing controls have been reviewed during 2021/22 a limited assurance opinion has been indicated. In April 2021, the Council took the decision to bring the Housing Asset Management function back in house from the joint venture arrangement Great Yarmouth Norse. Following this, a number of concerns have been raised regarding the housing control framework. Internal Audit has been involved in supporting the review of these areas in 2021/22. The limited assurance results in this area suggests significant concerns with the ability of the Council to mitigate the risks associated with the management of its housing stock.

An Internal Audit investigation of window enclosure safety was undertaken at the request of senior management and has highlighted weaknesses in the approach to repairs that impact the Health and Safety of residents. A limited assurance grading was also provided in the area of GYN invoicing following an incident whereby the Council was billed for fire doors that were not installed. Two later additions to the audit programme in the area of Housing Compliance and Voids, now in their final stages, are also expected to be given Limited assurance gradings.

We therefore recommend that Council and GYN continue to work with internal audit to suggest improvements to the control framework in the area of Housing and suggests that until such time that an improvement can be demonstrated, the issues raised are highlighted within the Council's Annual Governance Statement.

The Internal Audit team has not been able to provide assurance over IT related areas in 2021/22 due to difficulties faced by the contractor relating to resourcing. The IT audit plan will be re-profiled over the three-year programme to ensure that the areas facing the greatest risk are audited as a priority in 2022/23.

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

3. **AUDIT WORK UNDERTAKEN DURING THE YEAR**

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

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

3.2 Internal audit work is divided into 4 broad categories:

- Annual opinion audits;
- Fundamental financial systems that underpin the Council's financial processing and reporting;
- Service area audits identified as worthy of review by the risk assessment processes within internal audit;
- Significant computer systems which provide the capability to administer and control the Council's main activities.

3.3 Summary of the internal audit work

A total of 228 days were originally planned for 2021/22. After three audit deferrals and three additions the number of days delivered currently sits at 209. Audit work has resulted in a total of 17 assurance reviews. 11 of these have resulted in positive assurance including three that have received substantial assurance.

Three assurance reports have been issued in draft and are currently awaiting management responses; however their indicative opinions have been relied upon for this opinion. A further two pieces of additional work for Housing Compliance and Voids are in their final stages and were added to the plan upon instruction of the senior management team following the identification of risk in these areas.

Unfortunately the team has been unable to provide assurance over IT controls in the 2021/22 programme due to resourcing difficulties. The 2021/22 IT audit plan will be re-profiled into the three year programme, assurance will be prioritised for 2022/23 based on risk.

The Executive Summaries of all 2021/22 reports have now been presented to the Audit and Risk Committee, ensuring open and transparent reporting, and enabling the Committee to review key service area controls and the conclusions reached.

3.4 In addition to the above work undertaken by TIAA Ltd. The Head of Internal Audit has undertaken an investigation into Health and Safety concerns raised by senior management in relation to housing.

A request was made for the Internal Audit team to investigate the circumstances around the repair/s made to the window enclosure and to evaluate the policies/procedures and Health and Safety inspection systems in place at Great Yarmouth Norse (GYN). GYN are responsible for carrying out repair's services for the Council in line with the Service Level Agreement between the two parties.

The investigation concluded with the following observations and recommendations for management consideration.

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

To prevent residents being exposed to future Health and Safety hazards at the Estate in question it is recommended that the Council carries out a risk-based inspection of all window enclosures prioritising replacements in relation to any disrepair risks identified.

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

3.4 Follow up of management action

In relation to the follow up of management actions to ensure that they have been effectively implemented, the position at year end is that of the 68 recommendations raised and agreed by management so far in 2021/22, 17 have been implemented by the agreed date and two needs attention recommendations are outstanding. 42 recommendations are not yet due.

A total of two 'needs attention' recommendations are outstanding from 2020/21.

A total of five recommendations remain outstanding from the 2019/20 year (one important, four needs attention).

A total of 13 recommendations remain outstanding from the 2018/19 year (four important, nine needs attention).

Please refer to **Appendix 3**, which shows the details of the progress made to date in relation to the implementation of the agreed recommendations, and **Appendix 4**, which provides an update from management regarding all important outstanding recommendations.

3.5 Issues for inclusion in the Annual Governance Statement

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

The 2018/19 Corporate Governance report concluded in a limited assurance grading. This review evaluated the controls in place to ensure compliance with the GDPR legislation. One important recommendation remains outstanding in relation to reviewing off site paper storage arrangements. A deadline of 31 December 2022 has been provided.

The 2018/19 Procurement and Contract Management audit resulted in a Limited assurance grading and one important recommendation now remains outstanding. This relates to the update of the Procurement Strategy and has a revised deadline of 30 June 2022.

The urgent and important priority recommendations from the 2021/22 Limited assurance audits are referenced below:

Counter Fraud and Corruption

Urgent

1. The Councils undertake an assessment of the fraud and corruption risks that it faces and puts in place actions to mitigate them.
2. An assessment of the resources required to deliver counter fraud work be undertaken.

Important

3. The Audit and Risk Committee be updated on an annual basis on the Council's counter fraud activity and its progress against the Fighting Fraud and Corruption Locally Strategy 2020.
4. A Counter Fraud and Corruption Strategy be devised, applying to all aspects of the Council's business.
5. Training sessions for counter fraud and corruption be rolled out across the Council.
6. A programme of work be introduced to improve staff awareness and responsiveness to fraud across the Council.
7. An annual action plan to carry out all required counter fraud work be put in place and agreed by committee.

Environmental Services

Urgent

1. Ensure that all private water supplies are subject to inspection in accordance with the private water supply regulations.
2. Agree a timescale for the completion of the overdue HMO interim inspections, adding this information to the Civica records.

Important

3. Agree a timescale for the completion of the year four inspections in respect of the private rented housing selective licensing scheme relating to the Nelson Ward.
4. A Service Recovery and Improvement Plan be produced for all environmental services which have yet to return to business as usual following the pandemic.
5. The 2020 Air Quality Annual Status Report be submitted to DEFRA and then reported to the Environment Committee.
6. The Environmental Permitting Inspection regime spreadsheet be updated to ensure that inspection frequencies are correct, closed businesses are removed, all completed inspections are shown as such; and all due inspections are correctly dated.
7. A review of the Anti-Social Behaviour Strategy 2018-2023 be undertaken, reported to the Policy and Resources Committee and annual action plans re-installed.
8. All Anti-Social Behaviour activity, including number of cases and action taken, to be effectively and accurately recorded with supporting evidence retained.
9. Submit the 2020/21 annual return on Health and Safety activity to the Health & Safety Executive.
10. Agree a timescale to re-commence investigation work in relation to the three potential prosecutions involving animal welfare.

GYN Invoicing

Urgent

1. The Council to decide whether the original objective of the joint venture is still operating and works for all parties, whether the objective itself is still relevant and fit for purpose. The outcome to determine the strategic direction for the service.

2. The Council to review the GYN service agreement to decide whether the specifications meet the requirements of the Council/contractor/joint venture arrangements, are effective in delivering the service, without duplication, providing clarity to both parties. Consideration should also be given to devising clear protocols, a structure chart, lines of reporting, clearly defined roles and responsibilities, monitoring of delivery, reporting requirements for meeting the Councils objectives.
3. The Council to reconcile all jobs still open on the OMS system to the works completed by GYN from records held on the Norse TOTAL system. Any jobs still open on the TOTAL system to be assessed, reported on and actioned.
4. Within the current processes, a reconciliation of completed works from the Norse Total system/done report to the Councils HMS system and spreadsheets of works, along with supporting sign off documentation being provided, should be undertaken every month, to verify that work has been completed, signed off for payment to be made and the HMS system is up to date for works completed.
5. On completion of the stock check in GYN stores, the Council should trace the addresses of the properties named on each kitchen back to the records of completed works and works outstanding, ascertain whether a kitchen has been fitted or works no longer required. To also contact the tenant to verify whether a kitchen has been fitted/still required. To identify the cause of surplus ordering or delay and adjust processes to prevent future recurrences.
6. The Council to check through the properties identified as requiring a new canopy and notified to GYN and compare to the 'done' report to ascertain the completed properties. The remaining properties without confirmation to be referred to GYN to ascertain the current status of those properties canopies.

Important

7. The Council consider investing in a dedicated housing maintenance system to manage the works, which is accessible by both the Council and GYN to complete the assigning, costing, completion and monitoring of works.
8. The service should be benchmarked with national standards, including areas such as voids, systems and processes adopted and tenant feedback to ascertain current performance and national expectations.
9. The monthly cost challenge process to be redesigned. To ensure that the costing implications are an accurate and fair reflection of the work completed, that all parties agree to and payments reflect the fair charges actually incurred.
10. The variations identified between the initial survey and subsequent VOs should be reviewed to ascertain the underlying causes for the VOs. Where there are repeated issues, ascertain whether this is due to the initial survey requiring update or additional works being added.
11. The Councils surveyor checklist be revised to incorporate all relevant areas that need to be considered.
12. The process for completing void inspections and undertaking works to be reviewed, to avoid duplication in undertaking surveys, identifying all works through the Council's initial survey and monitoring of works completed. The void process to be discussed with the joint venture for expectations and responsibilities for each part of the process.
13. To ascertain a process for procuring future items that includes checking stores, to verify whether there is already an item, such as a kitchen, in stores that could be utilised prior to purchasing further items.

14. The process for managing stores items for the Council to be reviewed, to ascertain whether GYN stores is the appropriate store, and introduce stores management controls to manage the items into, held and out of stores, including review of long-standing items, whether still required and how they are accounted for, with the stock check being completed and valued.
15. The Council to seek from Norse a report from TOTAL identifying who was responsible for approving the fire doors payment in March 2021. To ascertain how jobs not completed had been included on the 'done' report.

4. THIRD PARTY ASSURANCES

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

5. ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

5.1 Quality Assurance and Improvement Programme (QAIP)

5.1.1 Internal Assessment

A checklist for conformance with the Public Sector Internal Audit Standards (PSIAS) and the Local Government Application Note has been completed for 2021/22. This covers: the Definition of Internal Auditing, the Code of Ethics and the Standards themselves.

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

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

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

5.1.2 External Assessment

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

The external assessment was undertaken by the Institute of Internal Auditors in 2017 and it has concluded that ***“the internal audit service conforms to the professional standards and the work has been performed in accordance with the Internal Professional Practices Framework”***. Thus, confirming conformance to the required standards.

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

5.2 Performance Indicator outcomes

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

Area / Indicator	Frequency	Target	Actual	Comments
Audit Committee / Senior Management				
1. Audit Committee Satisfaction – measured annually	Annual	Adequate	Excellent	Exceeded
2. Chief Finance Officer Satisfaction – measured quarterly	Annual	Good	TBC	Requested
Internal Audit Process				
3. Each quarters audits completed to draft report within 10 working days of the end of the quarter	Quarterly	100%	5%	Not achieved. One report issued in line with the KPI.
4. Quarterly assurance reports to the Contract Manager within 15 working days of the end of each quarter	Quarterly	100%	0%	Not Achieved
5. An audit file supporting each review and showing clear evidence of quality control review shall be completed prior to the issue of the draft report (a sample of these will be subject to quality review by the Contract Manager)		100%	100%	Achieved
6. Compliance with Public Sector Internal Audit Standards		Generally conforms	Generally conforms	Achieved
7. Respond to the Contract Manager within 3 working days where unsatisfactory feedback has been received.		100%	N/A	No unsatisfactory feedback received.
Clients				
8. Average feedback score received from key clients (auditees)		Adequate	Good	Exceeded (eight responses received)
9. Percentage of recommendations accepted by management		90%	100%	Exceeded
Innovations and Capabilities				
10. Percentage of qualified (including experienced) staff working on the contract each quarter		60%	96%	Exceeded
11. Number of training hours per member of staff completed per quarter		1 day	1 day	Achieved

5.2.2 Performance has not been in line within the boundaries of our agreed targets in some areas during 2021/22 such as the issuing of draft reports 10 day after quarter end and performance reports being provided within a 15 working day window after quarter end.

As reported to the Audit and Risk Committee throughout the year, Internal Audit performance has continued to be impacted in 2021/22 by the Covid-19 pandemic. The development and approval of the 2021/22 internal audit plan in quarter two had an impact on the profiling and

resourcing of the internal audit plan. A period of adjustment was also required in response to prolonged remote working practices. Contractor resourcing and sickness were also a key challenge throughout the year.

This performance result has been experienced across the internal audit consortium in 2021/22 with other third-party assurance providers also reporting similar challenges. Resourcing levels did settle in time to ensure the 2021/22 plan of work could be completed.

In response to the challenges faced this year, the Head of Internal Audit has enhanced communication and monitoring arrangements. The contractor has also committed to reviewing resource planning processes by allocating resources and booking in audits well in advance of the proposed start date.

The 2021/22 procurement exercise has now concluded which will see the current contractor continue to provide the Internal Audit service. The Head of Internal Audit has used this opportunity strengthen the key performance measures around timeliness included within the contract.

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

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

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

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

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

APPENDIX 1 – AUDIT WORK UNDERTAKEN DURING 2021/22

Audit Area	Assurance	No of Recs	Implemented	P1 OS	P2 OS	P3 OS	Not yet due
GYN – Invoicing	DRAFT Limited	15	0	0	0	0	15
Risk Management	Reasonable	8	0	0	0	0	8
Annual Governance Statement	Reasonable	3	0	0	0	0	3
Programme and Project Management	TBC						
Key Controls and Assurance	DRAFT Reasonable	4	0	0	0	0	4
Counter Fraud and Corruption Framework	Limited	10	0	0	0	1	9
Accountancy Services	DRAFT Reasonable	3	0	0	0	0	3
Accounts Receivable	Reasonable	3	3	0	0	0	0
Income	Substantial	2	2	0	0	0	0
Housing Benefits and Council Tax Support	Reasonable	5	4	0	0	1	0
Council Tax and NNDR	Reasonable	4	0	0	0	0	4
Capital Programme Contracts	Substantial	3	3	0	0	0	0
Environmental Services	Limited	15	0	0	0	0	15
Coastal Protection	Reasonable	8	5	0	0	0	3
Business Support Grants	Substantial	0	0	0	0	0	0
Housing Compliance	TBC						
Void Management	TBC						
Total		83	17	0	0	2	64

Assurance level definitions		Number
Substantial Assurance	Based upon the issues identified there is a robust series of suitably designed controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our audit review were being consistently applied.	3
Reasonable Assurance	Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisations management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.	8
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.	3
No Assurance	Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.	0

APPENDIX 2 - ASSURANCE CHART

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Annual Opinion / Corporate Audits						
Corporate Governance	Reasonable	Limited	Reasonable	Reasonable		X
Risk Management		Reasonable				
Key Controls and Assurance	Reasonable	Substantial	Reasonable	Reasonable	Reasonable	X
Corporate Health and Safety	Limited	Reasonable				X
Coronavirus Response and Recovery				Position Statement		
Corporate Plan and Performance						X
Programme and Project Management					TBC	
Counter Fraud and Corruption Framework					Limited	
Procurement and Contract Management		Limited		Position Statement		X
Annual Governance Statement					Reasonable	
Equinox Enterprises	Limited		Reasonable			
Fundamental Financial Systems						
Accounts Receivable	Reasonable		Reasonable		Reasonable	
Income / Remittances	Substantial		Substantial			
Income / Markets	Reasonable				Substantial	
Accountancy Services	Substantial		Substantial		Reasonable	
Housing Benefits and Council Tax Support	Reasonable		Substantial		Reasonable	
Council Tax / NNDR	Reasonable		Reasonable		Reasonable	
Accounts Payable		Substantial		Substantial		X
Payroll / HR		Substantial		Reasonable		X
Housing Rents		Reasonable		Reasonable		X

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Annual Opinion / Corporate Audits						
Corporate Governance	Reasonable	Limited	Reasonable	Reasonable		X
Risk Management		Reasonable				
Key Controls and Assurance	Reasonable	Substantial	Reasonable	Reasonable	Reasonable	X
Corporate Health and Safety	Limited	Reasonable				X
Coronavirus Response and Recovery				Position Statement		
Corporate Plan and Performance						X
Programme and Project Management					TBC	
Counter Fraud and Corruption Framework					Limited	
Procurement and Contract Management		Limited		Position Statement		X
Annual Governance Statement					Reasonable	
Equinox Enterprises	Limited		Reasonable			
Fundamental Financial Systems						
Accounts Receivable	Reasonable		Reasonable		Reasonable	
Income / Remittances	Substantial		Substantial			
Income / Markets	Reasonable				Substantial	
Accountancy Services	Substantial		Substantial		Reasonable	
Housing Benefits and Council Tax Support	Reasonable		Substantial		Reasonable	
Council Tax / NNDR	Reasonable		Reasonable		Reasonable	
Accounts Payable		Substantial		Substantial		X
Payroll / HR		Substantial		Reasonable		X
Housing Rents		Reasonable		Reasonable		X

APPENDIX 3 - STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

			Completed between 25 February 2022 to 31 March 2022			Previously reported to Committee as outstanding			(New) Outstanding			Total Outstanding	Not Yet Due for implementation		
			Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3		Priority 1	Priority 2	Priority 3
Audit Ref	Audit Area	Assurance Level													
2018/19 Audits															
GY1901	Corporate Governance	Limited					1					1			
GY1908	Capital Programme	Reasonable					1					1			
GY1909	Environmental Services	Reasonable					1	4				5			
GY1914	Procurement	Limited					1	3				4			
GY1916	Property & Asset Mgt	Reasonable						2				2			
2019/20 Audits															
GY2001	GYB Services	Reasonable			1							0			
GY2005	Council Tax and NNDR	Reasonable			1							0			
GY2008	Housing Strategy and Affordable Housing	Reasonable						1				1			
GY2016	Corporate Enforcement	Reasonable		1			1	2				3			
GY2019	Cyber Crime	Reasonable			2							0			
GY2020	Starters, Movers, Leavers	Reasonable			2			1				1			
2020/21 Audits															
GY2106	HR & Payroll	Reasonable						1				1			
GY2107	Key Controls and Assurance	Reasonable						1				1			
2021/22 Audits															
GY2207	Counter Fraud and Corruption	Limited									1	1	2	5	2
GY2216	Coastal Protection	Reasonable		3	2							0			3
GY2209	Accounts Receivable	Reasonable		1	2							0			
GY2211	Housing Benefits and Ctax Support	Reasonable		1	3						1	1			
GY2212	Council Tax and NNDR	Reasonable										0	1		3
GY2203	Annual Governance Statement	Reasonable										0			3
GY2215	Environmental Services	Limited										0	2	8	5
GY2213	Capital Programme Contracts	Substantial			3							0			
Total			0	6	16	0	5	15	0	0	2	22	4	14	16

APPENDIX 4 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS

2018/19

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
GY1901 Corporate Governance	Recommendation 8: A review of off-site paper storage arrangements is undertaken to ensure they are GDPR compliant.	2	Head of Property and Asset Management	31/01/2019	31/12/2022	8	Outstanding	Update received from the Senior Performance and Data Protection Officer: "Due to the location of the containers and the need to use outside space to review and sort the files, the inclement weather experienced during the months of April & May has delayed the commencement of this work." A further delay has now been experienced as the Data Protection Officer has been summoned for Jury Service. The project will re-start once the Data Protection Officer returns so a revised date of 31 st December is requested.
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	30/07/2022	6	Outstanding	Update received from the Corporate Services Manager: "A report on the NIF funding is going to the P&R committee on 12 th July 2022." Due date therefore revised to 30 th July 2022 to allow for completion of the recommendation.

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	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	31/03/2023	5	Outstanding	There have been some changes in the team, and there is now an officer in place to be able to do this. Due date revised to March 2023.
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	30/06/2022	5	Outstanding	Update received from the Monitoring Officer – “New Procurement Strategy (PS) taken to ELT early in April and will go on to the P&R Committee in the next few months. The Council will also be working with the shared procurement service based at Breckland going forward which will be asked to review the PS.”

2019/20

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
GY2016 Corporate Enforcement	Recommendation 1: Technological efficiencies with the new proposed system to be identified and maximised. A set format to be agreed for storing files. In addition a data cleansing exercise to be undertaken as planned to ensure that the council is compliant with GDPR.	2	Head of Environmental Services	30/04/2021	31/12/2022	1	Outstanding	<p>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.</p> <p>File storage being rationalised and cleared out by Business Support team, files being deleted and paper copies being scanned.</p>

APPENDIX 5 – LIMITATIONS AND RESPONSIBILITIES

Limitations inherent to the Internal Auditor's work

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

Opinions

The opinions expressed are based solely on the work undertaken in delivering the approved 2021/22 Annual Internal Audit Plan. The work addressed the risks and control objectives agreed for each individual planned assignment as set out in the corresponding audit planning memorandums (terms of reference) and reports.

Internal Control

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

Future Periods

Internal Audit's assessment of controls relating to Gt Yarmouth Borough Council is for the year ended 31 March 2022. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

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

Responsibilities of Management and Internal Auditors

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

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