

Eastern Internal Audit Services



NORTH NORFOLK DISTRICT COUNCIL

Annual Report and Opinion 2021/22

Responsible Officer: Faye Haywood – Head of Internal Audit for North Norfolk DC

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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 Governance, Risk and Audit 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 Governance, Risk and Audit 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 Corporate Leadership Team and key stakeholders and then approved by the Governance, Risk and Audit Committee.

The Internal Audit plan was approved at the meeting held 15 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 Governance Risk and Audit 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 North Norfolk District Council is **reasonable** overall.

It is encouraging to note that of the 14 assurance audits completed within the year, 13 resulted in a positive assurance grading.

Substantial assurance was concluded in the following areas:

- Accounts Receivable
- Accountancy Services
- Customer Services

One Limited assurance report has been issued for Counter Fraud and Corruption. A total of two urgent, four important and three needs attention recommendations were raised. We recommend that the high and medium outstanding recommendations raised during this audit are referenced in the Council's Annual Governance Statement for 2021/22. Details of these recommendations can be found at section 3.5 of the report.

It is encouraging to note that work has already begun to implement the recommendations raised and it is envisaged they will be complete following the June 2022 GRAC meeting where the policy and updates will be provided for consideration.

In providing the opinion the Council's risk management framework and supporting processes, the relative materiality of the issues arising from the internal audit work during the year and management's progress in addressing any control weaknesses identified have been taken into account.

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

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

3.1 **Appendix 1** records the internal audit work delivered during the year on which the opinion is based. In addition, **Appendix 2** is attached which shows the assurances provided over previous financial years to provide an overall picture of the control environment.

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**

The work undertaken by Eastern Internal Audit Services (TIAA Ltd) in 2021/22 has resulted in 14 assurance opinion reports being completed. 13 of these have been given a positive assurance grading.

A total of 150 days of programmed internal audit work has been completed from 170 days originally agreed. The Economic Development audit of 10 days has been deferred at the request of management and added to 2022/23 internal audit plan. The 10-day review of Information Management has also been deferred due to no significant risks having been identified during scoping. Risks for this area will be re-evaluated during internal audit planning in January 2023.

One report in the area of Environmental Charter remains in draft at the time of writing, awaiting management response. The grading indicated during this audit has been relied upon for the opinion.

The Executive Summary of all reports are presented to the Governance Risk and Audit Committee throughout the year as they are finalised, ensuring open and transparent reporting and enabling the Committee to review key service area controls and the conclusions reached.

3.4 **Follow up of management action**

In relation to the follow up of management actions to ensure that they have been effectively implemented the position at year end is that 26 recommendations in total are overdue.

A total of 14 recommendations (eight important, six needs attention) are outstanding from 2019/20.

Two important priority recommendations are outstanding from 2020/21, both in relation to Procurement Contract Management.

A total of 60 recommendations have been agreed so far in 2021/22. 20 recommendations have been completed. 10 recommendations are outstanding (two urgent; three important; and five needs attention). 30 recommendations are not yet due.

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 urgent and important outstanding recommendations.

3.5 **Issues for inclusion in the Annual Governance Statement**

The latest CIFAS Fighting Fraud and Corruption Strategy has highlighted an increasing threat of fraud related risks for local authorities. An audit was carried out in 2021/22 to examine the Council's approach to fraud in line with the checklist provided and suggested practical recommendations for improvement where required. This review was carried out across the internal audit consortium to examine areas of best practice.

As a result of the above audit a limited assurance grading was concluded. A total of two urgent, four important and three needs attention recommendations were raised. Two needs attention priority recommendations are now complete. Two urgent recommendations are outstanding and the remaining are currently within deadline.

The following urgent and important recommendations were raised.

Urgent:

- An assessment of fraud and corruption risks be undertaken, with Members informed of the outcomes and an action plan put in place to respond to the risks identified
- A review of the resources required for counter fraud work be undertaken.

Important:

- An annual report be presented to Governance, Risk and Audit Committee on the Council's progress in combating fraud risks.
- Training sessions for counter fraud and corruption to be rolled out across the Council. Records for training sessions to be formally recorded and monitored.
- A programme of work be introduced to improve the counter fraud culture within the Council.
- An annual action plan to carry out all required counter fraud work be put in place and agreed by committee.

A revised Counter Fraud and Corruption policy has been drafted in by the Head of Internal Audit covering the points raised by the above audit and this has been considered by the Corporate Leadership Team. The revised policy, a fraud risk assessment and risk update report will be presented to the June 2022 GRAC meeting by the Director for Resources.

It is anticipated that the agreed actions from the audit will be completed following the June 2022 GRAC meeting, however, it is recommended that the urgent and important actions raised are referenced within the Councils 2021/22 Annual Governance Statement. This will allow the Council to acknowledge that the control framework for Counter Fraud and Corruption required enhancement at this time.

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.

Through completion of the checklist, we can confirm that the service conforms with 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 required every five years. Conformance was last achieved in January 2017 and the next review due for October 2022.

5.2 Performance Indicator outcomes

5.2.1 Actual performance against targets used to manage the internal audit contract are outlined within the following table:

Area / Indicator	Frequency	Target	Actual	Comments
<u>Audit Committee / Senior Management</u>				
1. Audit Committee Satisfaction – measured annually	Annual	Adequate	Excellent	Exceeded
2. Chief Finance Officer Satisfaction – measured quarterly	Annual	Good	Good	Achieved
<u>Internal Audit Process</u>				
3. Each quarters audits completed to draft report within 10 working days of the end of the quarter	Quarterly	100%	36%	Not achieved.
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%	100%	n/a
<u>Clients</u>				
8. Average feedback score received from key clients (auditees)		Adequate	Good	Achieved, 9 responses received
9. Percentage of recommendations accepted by management		90%	98%	Exceeded
<u>Innovations and Capabilities</u>				
10. Percentage of qualified (including experienced) staff working on the contract each quarter		60%	89%	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 or performance reports being provided within a 15 working day window after quarter end.

As reported to the Governance Risk and Audit 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.

This performance result has been experienced throughout 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 but it has not yet been entirely finalised.

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 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 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
Annual Governance Statement	Reasonable	4	1	0	0	0	3
Key Controls and Assurance	Reasonable	4	0	0	0	0	4
Performance Management, Corporate Policy and Business Planning	Reasonable	4	3	0	0	1	0
Counter Fraud and Corruption	Limited	9	2	2	0	0	5
Project Management Framework	Reasonable	11	9	0	0	1	1
Accountancy Services	Substantial	1	0	0	0	0	1
Accounts Receivable	Substantial	2	0	0	0	2	0
Income	Reasonable	3	1	0	1	1	0
Covid-19 Business Grants	Reasonable	4	2	0	2	0	0
Customer Services	Substantial	3	2	0	0	0	1
Environmental Charter	Reasonable (DRAFT)	5	0	0	0	0	5
Waste Management	Reasonable	5	0	0	0	0	5
Environmental Health	Reasonable	5	0	0	0	0	5
IT Audits							
Change Control and Patch Management	Reasonable	5	0	0	0	0	5
Totals		65	20	2	3	5	35

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.	10
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.	1
No Assurance	Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.	0

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

APPENDIX 2 - ASSURANCE CHART

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Annual Opinion and Governance Audits						
Corporate Governance		Substantial		Reasonable		X
Risk Management	Substantial		Reasonable			X
Digital Transformation		Substantial				
Key Controls and Assurance	Reasonable	Substantial	Substantial	Reasonable	Reasonable	X
Project Management Framework			Position Statement		Reasonable	
Coronavirus Response and Recovery				Position Statement		
Performance Management, Corporate Policy and Business Planning	Substantial				Reasonable	
Counter Fraud and Corruption					Limited	
Corporate Health and Safety						X
Annual Governance Statement					Reasonable	
Cromer Sports Hub				No Assurance		
Fundamental Financial Systems						
Accounts Receivable	Reasonable		Reasonable		Substantial	
Income	Substantial		Reasonable		Reasonable	
Accountancy Services	Substantial		Substantial		Substantial	
Local Council Tax Support and Housing Benefits		Substantial		Reasonable		X
Council Tax / NNDR		Substantial		Substantial		X
Accounts Payable		Reasonable		Substantial		X
Covid-19 Business Grants					Reasonable	
Payroll / HR		Reasonable		Substantial		X

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Procurement	Reasonable		Reasonable	Position Statement		
CSO Exemptions				Position Statement		
Economic Growth						X
Coastal Management			Substantial			
Housing Strategy and Affordable Housing			Reasonable			
Private Sector Housing and Disabled Facilities Grants				Reasonable		
Homelessness and Housing Options		Reasonable				
Development Management, Planning, s106 Agreements, Community Infrastructure Levy and Land Charges			Reasonable			
Building Control	Substantial					X
Land Charges	Reasonable					
Development Management includes planning applications	Reasonable					X
Waste Management	Reasonable				Reasonable	
Environmental Health	Reasonable	Reasonable			Reasonable	
Business Continuity			Reasonable			
Leisure			Substantial			
Property Services Operational			Reasonable			X
Car Parking	Reasonable		Reasonable			
Markets						
Beach Huts	Substantial					
Elections / Electoral Registration		Substantial				

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Democratic Services						
Customer Services					Substantial	
Environmental Charter					Reasonable	
Pier Pavilion		Reasonable				X
Legal Services						X
IT Audits						
Remote Access				Reasonable		
Revenues and Benefits Application	Substantial					
Network Infrastructure		Reasonable				
Network Security		Reasonable				
Disaster Recovery	Reasonable		Reasonable			X
Software Licensing						
Cyber Security			Reasonable			
Business Support Arrangements		Position Statement				
Information Management						
Change Control and Patch Management					Reasonable	
Applications review: Finance System Upgrade						X
CIS Application			Reasonable			
Contact Management System	Reasonable					

APPENDIX 3 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

			Completed bt 25 February 2022 and 31 March 2022			Previously reported to Committee as outstanding			(New) Outstanding			Total Outstanding	Not Yet Due for implementation		
Audit Ref	Audit Area	Assurance Level	Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3		Priority 1	Priority 2	Priority 3
2018/19 Internal Audit Reviews															
NN1914	Environmental Health	Reasonable		1	1							0			
2019/20 Internal Audit Reviews															
NN2004	S106 Agreements	Reasonable					4					4			
NN2005	Accountancy Services	Substantial						1				1			
NN2006	Accounts Receivable	Reasonable						2				2			
NN2009	Planning and Development	Reasonable					2					2			
NN2015	Business Continuity and Disaster Recovery	Reasonable			2							0			
NN2011	Key Controls and Assurance	Substantial			1							0			
NN2017	GIS Application	Reasonable					2	3				5			
2020/21 Internal Audit Reviews															
NN2111	Remote Access	Reasonable		2	1							0			
NN2107	Procurement Contract Management	Position Statement					2					2			
2021/22 Internal Audit Reviews															
NN2203	Performance Management, Corporate Policy and Business Planning	Reasonable									1	1			
NN2205	Project Management Framework	Reasonable		4	5						1	1			1
NN2201	Annual Governance Statement	Reasonable			1							0		1	2
NN2209	Covid-19 Business Grants	Reasonable		2						2		2			
NN2210	Customer Services	Substantial			2							0			1
NN2207	Accounts Receivable	Substantial									2	2			
NN2204	Counter Fraud and Corruption	Limited			2				2			2		4	1
NN2206	Accountancy Services	Substantial										0			1
NN2216	Change Control and Patch Management	Reasonable										0		2	3
NN2213	Waste Management	Reasonable										0		3	2
NN2202	Key Controls and Assurance	Reasonable										0		4	
NN2214	Environmental Health	Reasonable										0		3	2
NN2208	Income	Reasonable		1						1	1	2			
TOTALS			0	10	15	0	10	6	2	3	5	26	0	17	13

APPENDIX 4 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS

2019/20

Job	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
NN2004 - Section 106 Agreements	Recommendation 1: Individual obligations and triggers from S106 agreements are recorded and monitored on a systematic basis, by a designated officer.	2	AD Planning	30/04/2020	30/09/2022	4	Outstanding	The Exacom project is now in progress and a project plan has been pulled together to incorporate the controls required to mitigate this risk. A go live date of September 2022 is expected.
NN2004 - Section 106 Agreements	Recommendation 2: Deadlines for spending financial contributions be recorded with each sum received. Deadlines to be routinely monitored and decisions made in respect of the use of monies at agreed intervals prior to deadlines approaching, including the two cases found where the deadlines had passed.	2	AD Planning	30/04/2020	30/09/2022	4	Outstanding	The Exacom project is now in progress and a project plan has been pulled together to incorporate the controls required to mitigate this risk. A go live date of September 2022 is expected.
NN2004 - Section 106 Agreements	Recommendation 4: Parish and town councils are regularly informed of money from S106 agreements that is available for them to spend and be required to submit expenditure commitments within given deadlines, giving explanations for monies held for extended periods with no commitments, through a quarterly statement of existing and new receipts that is updated and returned to the Councils designated officer.	2	AD Planning	31/01/2020	30/09/2022	5	Outstanding	The Exacom project is now in progress and a project plan has been pulled together to incorporate the controls required to mitigate this risk. A go live date of September 2022 is expected.
NN2004 - Section 106 Agreements	Recommendation 5: The process for approving the expenditure of S106 funds and ensuring that it is in accordance with the agreement be formally agreed and consistently applied, with evidence retained.	2	AD Planning	31/01/2020	30/09/2022	5	Outstanding	The Exacom project is now in progress and a project plan has been pulled together to incorporate the controls required to mitigate this risk. A go live date of September 2022 is expected.
NN2009 - Planning Applications and Development Management	Recommendation 2: Response time targets and fees for pre-application work be reviewed, to ensure that they enable good quality, timely responses to be provided to applicants.	2	AD Planning	31/10/2020	30/06/2022	4	Outstanding	To be progressed as an action within Planning Service Improvement plan. Customer Questionnaire developed to be issued shortly.

Job	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
NN2009 - Planning Applications and Development Management	Recommendation 4: Monthly reconciliations of planning fee income be reinstated and subject to independent review.	2	AD Planning	01/04/2020	30/06/2022	4	Outstanding	Meeting being planned with Finance to exploit UNIFORM software to enable monthly reconciliations.
NN2017 – Cadcorp SIS (GIS) Application Audit	Recommendation 2: The Council to ensure that the formally documented operational Cadcorp policies and procedures are reviewed on a regular basis.	2	ICT Applications Manager	31/07/2020	30/06/2022	5	Outstanding	A timetabled review of Cadcorp procedures has been completed with appropriate version control added to each to show review date and resulting changes. The next review will be undertaken imminently at which point we can confirm initial review has been undertaken and appropriate version control enacted.
NN2017 – Cadcorp SIS (GIS) Application Audit	Recommendation 1: Management to ensure the GIS service is resourced appropriately according to workload to ensure that continued appropriate seamless support and resilience for the Cadcorp environment is put in place.	2	ICT Applications Manager	01/05/2020	31/07/2022	5	Outstanding	Recruitment to GIS team scheduled for forthcoming 3 months. This will provide the required resilience to the team.

2020-21

Job	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
NN2107 Procurement Contract Management	Action 3: That management review and update the Business Continuity Plan, and other relevant policies in light of the COVID response, including reference to review of contracts.	2	Civil Contingencies Manager	31/08/2021	30/06/2022	3	Outstanding	Due to ongoing staff absence we acquired additional temporary resource from Norfolk County Council to support our civil contingencies work. The Civil Contingencies Officer is now back at work on a part time basis initially and the aim is for this piece of work to be completed by June 2022.
NN2107 Procurement Contract Management	Action 6: A pragmatic and feasible process for regular review of 'off contract' spend is agreed. Consideration to be given to including the contracts register, and mechanisms for automatically identifying 'off contract' payments within the scope of the new finance system.	2	Chief Technical Accountant	30/09/2021	30/04/2023	2	Outstanding	This has been brought in-scope for the new Finance System that is due to be implemented by April 2023. The Procurement Officer is currently undertaking a review using a more manual process. We will continue in the meantime with manual processes.

2021-22

Job	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Number of times revised	Status	Latest Response
NN2208 Income	Recommendation 2: All monthly bank reconciliations to be completed and reviewed promptly at the end of each month.	2	Senior Finance Officer	31/12/2021	N/A	1	Complete, awaiting evidence	
NN2204 Counter Fraud and Corruption	Recommendation 1: The Council undertake an assessment of the fraud and corruption risks that it faces and put in place actions to mitigate them. Once complete the assessment needs to be used to update service plans and determine whether a strategic risk should be added to the corporate risk register. The Governance, Risk and Audit Committee and the relevant Portfolio Holder to be briefed on the risks identified.	1	Director for Resources	31/05/2022	30/06/2022	1	Outstanding	The Corporate Leadership Team (CLT) will be considering the fraud assessment during May 2022 and will consider at that point any further action in relation to the Corporate Risk Register. CLT will also be considering the updated Anti-Fraud and Corruption policy. A report will then follow to the GRAC in June 2022 covering these issues.
NN2204 Counter Fraud and Corruption	Recommendation 2: An assessment of the resources required to deliver counter fraud work be undertaken.	1	Director for Resources	31/05/2022	30/06/2022	1	Outstanding	Resource requirements will be considered as part of the CLT report outlined above.
NN2209 Covid-19 Business Grants	Recommendation 2. Post payment assurance plans must be developed for the ARG and where required in the event of future grant schemes. The plans should incorporate the required company and bank account checks if it is determined that these checks were not completed through the course of pre-payment assurance activities.	2	Business Development Officer	31/03/2022	N/A	N/A	Complete, awaiting evidence	
NN2209 Covid-19 Business Grants	Recommendation 4. A risk assessment should be completed and regularly updated for any ongoing and future grant schemes.	2	Business Development Officer	31/03/2022	N/A	N/A	Complete, awaiting evidence	

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 North Norfolk District 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.