

Eastern Internal Audit Services



NORTH NORFOLK DISTRICT COUNCIL

Annual Report and Opinion 2020/21

Responsible Officer: Emma Hodds – Head of Internal Audit for North Norfolk DC

CONTENTS

| | |
|---|----|
| 1. INTRODUCTION..... | 2 |
| 2. ANNUAL OPINION OF THE HEAD OF INTERNAL AUDIT | 2 |
| 2.1 Roles and responsibilities | 2 |
| 2.2 The opinion itself..... | 3 |
| 3. AUDIT WORK UNDERTAKEN DURING THE YEAR..... | 4 |
| 4. THIRD PARTY ASSURANCES..... | 6 |
| 5. ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT | 7 |
| APPENDIX1 – AUDIT WORK UNDERTAKEN DURING 2020/21 | 10 |
| APPENDIX 2 ASSURANCE CHART | 12 |
| APPENDIX 3 – LIMITATIONS AND RESPONSIBILITIES..... | 15 |

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 2019/20, 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 original Internal Audit plan was approved at the meeting held 24 March 2020. As the Covid-19 pandemic forced the UK into lockdown at the end of March 2020, the internal audit

team revised the Internal Audit plan with senior management to ensure that coverage more accurately reflected the key risks facing the Council at that time and that Officers were able to focus on the immediate response to the Covid-19 pandemic.

The revised 2020/21 Internal Audit Plan was approved by the Governance Risk and Audit Committee on 4 August 2020. A reduction of 59 days was agreed, and the plan split into five key themes to provide adequate coverage over the Governance, Risk Management and Control framework informing this opinion.

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

The 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 nine assurance audits completed within the year, eight resulted in a positive assurance grading.

Substantial assurance was concluded in the following areas:

- Accounts Payable
- Council Tax and NNDR
- Payroll and HR

A total of two reports; Coronavirus Response and Recovery (position statement) and Remote Access have been completed but are in draft awaiting management comment at the time of writing this report. Findings from these reviews have been discussed with management and an overall grading indicated for Remote Access which can be relied upon to inform our opinion of the Governance, Risk and Control framework for 2020/21.

Three position statements have been provided in key areas to suggest improvements. These are for Contract Standing Order Exemptions, Coronavirus Response and Recovery Review and Procurement and Contract Management. Suggested actions have been raised in each for management consideration.

In none of the areas reviewed as part of the revised 2020/21 Internal Audit Plan did the findings indicate that the Covid-19 pandemic had severely impacted the Council's ability to deliver core services to its residents.

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

A 'No Assurance' grading was raised within the Cromer Sports Hub assurance report. At the request of the Governance, Risk and Audit Committee, an audit was carried out to evaluate this project in depth and provide recommendations to assist with the lessons learnt process, ultimately feeding into the new risk management framework and approach. A total of six urgent and four important recommendations were raised and due for completion by 31 May 2021.

The Council has set up a Corporate Delivery Unit (CDU) designed to provide oversight and advice on projects carried out at NNDC. They are responsible for ensuring the recommendations raised within the Cromer Sports Hub report are addressed and have been working on the following in response to the findings raised.

- The project management framework has been revised to take audit recommendations into account and is now agreed.
- Project governance arrangements have been strengthened with the CDU providing Assistant Directors with support in setting up or maintaining Project Boards.
- A Business Case template has been designed. Project Initiation Documents and Business Cases are to be scrutinised by the CDU.
- Project risks are being uploaded to the inPhase system by project managers for reporting.

The risks raised within the 'No Assurance' report for Cromer Sports Hub have been prioritised to improve the control framework in this area with good progress already made in redesigning the project management framework. We are therefore satisfied that a reasonable assurance grading overall can be supported.

We do however recommend that the findings raised within this report are referenced within the Council's Annual Governance Statement, until such time that verification work to demonstrate that improvements are embedded is undertaken across the Council. A follow up Internal Audit assurance review has been planned for 2020/21 to evaluate the effectiveness of new project management arrangements.

We would also like to draw attention to 30 historical audit recommendations that remain overdue at year end. We do not feel that it is necessary to reference any of these in the Council's Annual Governance Statement, however Internal Audit will be working with management in 2021/22 to improve the position and to fully utilise the 'inPhase' system for monitoring progress against internal audit recommendations.

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

| Theme | Audit |
|--------------------------------|--|
| Theme 1: Assurance Mapping | A questionnaire style enquiry was carried out to gather information and determine any changes to the control environment and document any available assurance showing that controls are working effectively. One area of focus was to evaluate the strength of controls for the prevention of fraud and support staff with remote working. |
| Theme 2: Key Controls | In order to provide an opinion over the key financial and governance controls of the Council, the annual key controls testing regime was enhanced, and the assurance mapping exercise mentioned above used to develop testing for new controls. This review provides independent assurance to Senior Management and the Committee that governance and financial risks have been appropriately mitigated during the Pandemic period. |
| Theme 3: Response and Recovery | Assurance in this area evaluates whether the Council has where possible reacted sufficiently to the pandemic and considered its response to recovery. The Response and Recovery review was carried out across the Consortium comparing the approaches taken by each of our members in areas such as: Supporting the Local Economy, staff reintegration, financial modelling and business plan revision and preparedness for ongoing disruptions. |
| Theme 4: Partnerships | The Procurement and Contract Management position statement evaluates the impact of the Pandemic on the Council's ability to deliver key projects and services through third party contracts during and in the recovery phase of the pandemic. |
| Theme 5: Essential Assurance | Work in this theme has provided assurances in areas from the originally agreed 2020/21 Internal Audit Plan that are integral to forming an opinion on the governance, risk and control framework for 2020/21. This included audits where limited assurance or no assurance has been given in previous years and where control weaknesses remain or have increased due to the Coronavirus Pandemic. |

3.3 **Summary of the internal audit work**

The work undertaken by Eastern Internal Audit Services (TIAA Ltd) in 2020/21 has resulted in nine assurance opinion reports being completed. Eight of these have been given a positive assurance grading.

An Assurance Mapping exercise was undertaken this year to confirm through senior management surveys that all key risk areas relating to the Covid-19 response had been considered within the revised Internal Audit Plan. The Internal Audit team has also provided position statements in Coronavirus Response and Recovery, Procurement and Contract Management and Contract Standing Orders Exemptions.

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

A total of 129 days were included within the revised plan, however 149 days were delivered overall. The additional 20 days were delivered at the request of the Committee resulting in an assurance review of Cromer Sports Hub and position statement review of CSO Exemptions.

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 30 historical recommendations remain overdue.

A total of 50 recommendations were raised in 2017/18 and 46 have now been complete. Four important recommendations remain outstanding.

A total of 40 recommendations were raised in 2018/19 and 37 have now been completed. A total of three recommendations (one important and two needs attention) remain outstanding.

Of the 44 recommendations agreed by TIAA Ltd in 2019/20 a total of 33 have been implemented. A total of 14 important and 9 needs attention recommendations are overdue.

A total of 27 recommendations have been raised so far in 2020/21. Of these, six are complete and 19 are within deadline and two have been rejected.

3.5 Issues for inclusion in the Annual Governance Statement

A 'No Assurance' grading was given for the internal audit review of the Cromer Sports Hub project. As a result, six urgent and four important recommendations were raised. Urgent recommendations are as follows; defining terms of reference for all project groups, completing key project documentation, ensuring all work is tendered in accordance with the constitution, guidance provided on raising declarations of interest, the Chief Executive to remain independent from managing major projects at the Council, business cases provide expected financial and non-financial benefits and are shared with all relevant stakeholders for comment.

Progress has been made on implementing the recommendations due for 31 May 2021. The Corporate Delivery Unit has been established and the revised Project Management Framework has now been approved. However, until progress can be independently verified and changes to the project management framework demonstrated, we recommend that the above recommendations are referenced within the Council's Annual Governance Statement.

A follow up Internal Audit assurance review has been planned for 2020/21 to evaluate the effectiveness of new project management arrangements.

4. THIRD PARTY ASSURANCES

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

5. ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

5.1 Quality Assurance and Improvement Programme (QAIP)

5.1.1 Internal Assessment

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

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

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

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 needed. This is required to be completed every five years, with the first review having been completed in January 2017.

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

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

5.2 Performance Indicator outcomes

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

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

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

| Area / Indicator | Frequency | Target | Actual | Comments |
|--|-----------|--------------------|--------------------|--|
| <u>Audit Committee / Senior Management</u> | | | | |
| 1. Audit Committee Satisfaction – measured annually | Annual | Adequate | Good | Achieved |
| 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% | 8% | 1 report. On average 9 days over the target overall. |
| 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% | Achieved |
| <u>Clients</u> | | | | |
| 8. Average feedback score received from key clients (auditees) | | Adequate | Good | Achieved, 5 responses received. |
| 9. Percentage of recommendations accepted by management | | 90% | 93% | Achieved |
| <u>Innovations and Capabilities</u> | | | | |
| 10. Percentage of qualified (including experienced) staff working on the contract each quarter | | 60% | 70% | Achieved |
| 11. Number of training hours per member of staff completed per quarter | | 1 day | 1 day | Achieved |

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

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

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

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

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

APPENDIX1 – AUDIT WORK UNDERTAKEN DURING 2020/21

| Audit Area | Assurance | No of Recs | Implemented | P1 OS | P2 OS | P3 OS | Not yet due |
|---|--------------------|------------|-------------|----------|----------|----------|-------------|
| Assurance Mapping | | | | | | | |
| Corporate Governance | Reasonable | 5 | 4 | 0 | 0 | 0 | 1 |
| Accounts Payable | Substantial | 1 | 0 | 0 | 0 | 0 | 1 |
| Council Tax and NNDR | Substantial | 0 | 0 | 0 | 0 | 0 | 0 |
| Local Council Tax Support and Housing Benefit | Reasonable | 3 | 2 | 0 | 0 | 0 | 1 |
| Payroll and HR | Substantial | 2 | 0 | 0 | 0 | 0 | 2 |
| Procurement Contract Management | Position Statement | | | | | | |
| Cromer Sports Hub | No Assurance | 10 | 0 | 0 | 0 | 0 | 10 |
| Key Controls and Assurance | Reasonable | 3 | 0 | 0 | 0 | 0 | 3 |
| Coronavirus Response and Recovery | Position Statement | | | | | | |
| Private Sector Housing DFG | Reasonable | 1 | 0 | 0 | 0 | 0 | 1 |
| CSO Exemptions - Addition | Position Statement | | | | | | |
| IT Audits | | | | | | | |
| Remote Access (DRAFT) | Reasonable | 8 | | | | | 8 |
| Totals | | 33 | 6 | 0 | 0 | 0 | 27 |

| 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. | 5 |
| Limited Assurance | Based upon the issues identified the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks. | 0 |
| No Assurance | Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks. | 1 |

| | |
|------------------------------|--|
| 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

| | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|--|-------------|-------------|-------------|--------------------|--------------------|
| Annual Opinion and Governance Audits | | | | | |
| Corporate Governance | Reasonable | | Substantial | | Reasonable |
| Risk Management | | Substantial | | Reasonable | |
| Digital Transformation | | | Substantial | | |
| Key Controls and Assurance | Substantial | Reasonable | Substantial | Substantial | Reasonable |
| Project Management Framework | | | | Position Statement | |
| Coronavirus Response and Recovery | | | | | Position Statement |
| Cromer Sports Hub | | | | | No Assurance |
| Fundamental Financial Systems | | | | | |
| Accounts Receivable | | Reasonable | | Reasonable | |
| Income | | Substantial | | Reasonable | |
| Accountancy Services | | Substantial | | Substantial | |
| Local Council Tax Support and Housing Benefits | Substantial | | Substantial | | Reasonable |
| Council Tax / NNDR | Substantial | | Substantial | | Substantial |
| Accounts Payable | Reasonable | | Reasonable | | Substantial |
| Payroll / HR | Reasonable | | Reasonable | | Substantial |
| Service Area Audits | | | | | |
| Procurement | | Reasonable | | Reasonable | Position Statement |
| CSO Exemptions | | | | | Position Statement |
| Economic Growth | | | | | |

| | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|---|-------------|-------------|-------------|-------------|------------|
| Service Area Audits | | | | | |
| Coastal Management | | | | Substantial | |
| Housing Strategy and Affordable Housing | | | | Reasonable | |
| Private Sector Housing and Disabled Facilities Grants | Reasonable | | | | Reasonable |
| Homelessness and Housing Options | | | Reasonable | | |
| Development Management, Planning, s106 Agreements, Community Infrastructure Levy and Land Charges | | | | Reasonable | |
| Building Control | | Substantial | | | |
| Land Charges | | Reasonable | | | |
| Development Management | | Reasonable | | | |
| Waste Management | | Reasonable | | | |
| Environmental Health | | Reasonable | Reasonable | | |
| Business Continuity | Reasonable | | | Reasonable | |
| Sports Halls/Centres | | | | | |
| Leisure and Pier Pavilion | | | | Substantial | |
| Property Services | Substantial | | | Reasonable | |
| Parks and Open Spaces | | | | | |
| Car Parking | | Reasonable | | Reasonable | |
| Markets | Substantial | | | | |
| Beach Huts | | Substantial | | | |
| Elections / Electoral Registration | | | Substantial | | |

| | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|---|------------|-------------|--------------------|------------|------------|
| Service Area Audits | | | | | |
| Performance Management, Corporate Policy and Business Planning, inc Annual Action Plans | | Substantial | | | |
| Democratic Services | Reasonable | | | | |
| Pier Pavilion | | | Reasonable | | |
| Legal Services | | | | | |
| IT Audits | | | | | |
| Remote Access | | | | | Reasonable |
| Revenues and Benefits Application | | Substantial | | | |
| Network Infrastructure | | | Reasonable | | |
| Network Security | | | Reasonable | | |
| Disaster Recovery | | Reasonable | | Reasonable | |
| Software Licensing | | | | | |
| Social Media | Reasonable | | | | |
| e-financials Application | Reasonable | | | | |
| Share Point | n/a | | | | |
| Cyber Security | | | | Reasonable | |
| IT Hardware Asset Disposal | Limited | | | | |
| Business Support Arrangements | | | Position Statement | | |
| CIS Application | | | | Reasonable | |
| Contact Management System | | Reasonable | | | |

APPENDIX 3 – LIMITATIONS AND RESPONSIBILITIES

Limitations inherent to the Internal Auditor's work

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

Opinions

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

Internal Control

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

Future Periods

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

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

Responsibilities of Management and Internal Auditors

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

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