



Committee Name: Audit

Committee Date: 12/07/2022

Report Title: Internal Audit Annual Report and Opinion 2021/22

Portfolio:	Cllr Paul Kendrick, cabinet for resources
Report from:	Internal Audit Manager – Norwich City Council
Wards:	All Wards
OPEN PUBLIC ITEM	

Purpose

In line with the Public Sector Internal Audit Standards, which came into force from 1 April 2013; an annual opinion should be generated which concludes of the overall adequacy and effectiveness of the organisational framework of governance, risk management and control.

Recommendation

The audit committee, in maintaining an overview as to the quality of systems of internal control in operation at the council, is being requested to note and approve the assurance opinion awarded and confirm that key information provided is carried across to the council's Annual Governance Statement, which is also considered on the agenda.

Policy Framework

The council has five corporate priorities, which are:

- People live independently and well in a diverse and safe city.
- Norwich is a sustainable and healthy city.
- Norwich has the infrastructure and housing it needs to be a successful city.
- The city has an inclusive economy in which residents have equal opportunity to flourish.
- Norwich City Council is in good shape to serve the city.

This report meets the corporate priority to ensure Norwich City Council is in good shape to serve the city.

Report Details

1. The following is provided within the report;

- A summary of the work that supports the opinion submitted;
- Disclosure of any impairments or restriction to the scope of the opinion;
- a comparison of actual audit work undertaken with planned work;
- Any other issues considered relevant to the Annual Governance Statement.

Consultation

2. Not applicable for this report.

Implications

Financial and Resources

3. There are no specific financial implications from this report; the internal audit plan will be delivered from within the resources available.

Legal

4. There are no specific legal implications arising from this report.

Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	Not applicable for this report.
Health, Social and Economic Impact	Not applicable for this report.
Crime and Disorder	Not applicable for this report.
Children and Adults Safeguarding	Not applicable for this report.
Environmental Impact	Not applicable for this report.

Risk Management

Risk	Consequence	Controls Required
Failure to undertake the Annual Internal Audit Plan could result in the Head of Internal Audit not being able to provide an annual opinion.	Reductions in Internal Audit coverage could permit on-going weaknesses in the internal control environment at the Council not being detected and reported upon.	Progress against completing the annual internal audit plan is reported to the Audit Committee in accordance with the Public Sector Internal Audit Standards. Additional resources are deployed where required to ensure adequate levels of coverage are provided for the annual opinion.

Other Options Considered

5. Not applicable for this report.

Reasons for the decision/recommendation

6. The Committee is receiving this report in conformance with the Public Sector Internal Audit Standards.

Background papers:

None

Appendices:

Appendix A Internal Audit Annual Opinion .

Contact Officer:

Name: Faye Haywood, Internal Audit Manager Norwich City Council

Telephone number: 01508 533873

Email address: faye.haywood@southnorfolkandbroadland.gov.uk

Eastern Internal Audit Services



NORWICH CITY COUNCIL

Annual Report and Opinion 2021/22

Responsible Officer: Faye Haywood Head of Internal Audit for Norwich City Council

CONTENTS

1. INTRODUCTION	2
2. ANNUAL OPINION OF THE HEAD OF INTERNAL AUDIT	2
2.2 <i>The opinion itself</i>	3
3. AUDIT WORK UNDERTAKEN DURING THE YEAR	3
4. THIRD PARTY ASSURANCES	7
APPENDIX 1 – AUDIT WORK UNDERTAKEN DURING 2021/22	8
APPENDIX 2 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS ...	9
APPENDIX 3 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS	10
APPENDIX 4 – LIMITATIONS AND RESPONSIBILITIES	12

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 (PSIAS) - require the Head of Internal Audit to provide a written report to those charged with governance (known in this context as the Audit Committee) to support the Annual Governance Statement (AGS). This report sets 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 AGS.
- 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 AGS, but there are also a number of other important sources to which the 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 endorsed by Audit Committee.

The Internal Audit plan was formally endorsed by the Audit Committee at the meeting held on 9 March 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.

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 internal audit work undertaken for 2021/22 indicates a reasonable grading overall for areas of governance, risk management and control that have been reviewed.

Of the nine reviews completed within the year, eight of these achieved a positive assurance grading. A further three reviews are complete but are yet to be issued formally.

In addition to the above audits, assurance has been provided over Disabled Facilities Grant allocation, a position statement on the implementation of the housing and tenancy application has also been completed. The Internal Audit Manager has provided advisory support to the Project Place board. This advisory work has been relied upon when considering the Internal Audit opinion overall.

One report for Corporate Health and Safety (currently in draft) was given a limited assurance grading. A total of eight recommendations have been raised, seven of these are medium priority and relate to enhanced management of risk assessments and inspections, H&S resources, performance indicators and staff training. Until these recommendations are verified as complete, we recommend that they are referenced within the council's Annual Governance Statement.

A limitation of scope applies for the 2021/22 year in the following areas where Internal Audit work has not been completed as planned.

- Payroll
- Housing Benefits

As identified by CLT and reported to the Audit Committee throughout the year, in-house resource limitations were identified as a risk to delivery of the Internal Audit Plan. Actions have now been put in place to avoid similar limitations in the future. These actions are referenced within section 3.5.3 of this report.

The Council will be required to highlight the limitation in its annual governance statement when referring to the HIA opinion.

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 Corporate Leadership Team 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.

3.2 Summary of the internal audit work

A total of 204 days has been delivered from the revised 2021/22 internal audit plan resulting in 12 assurance reviews and includes 20 days of follow up work. The team have also been involved in signing off the Disabled Facilities Grant, providing advice for Project Place and the implementation of the Housing and Tenancy application. An additional three internal audit reports are complete but are currently undergoing quality assurance processes.

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

At the January 2022 Audit Committee meeting, it was reported that a total of 65 days should be deferred to allow the team to focus on the key risks that required assurance for 2021/22. The following audits were reprofiled into the councils 3-year internal audit programme.

Audit	Days	Reason for deferral
Quarter 3		
NC2216 Debt Recovery	10 days	These days were added to the Council Tax and NNDR audits by reviewing debt management procedures. The remaining applicable area, Accounts Receivable has been added to the 2022/23 plan.
NC2220 New Financial Management Code	10 days	Head of Audit, Finance and Risk has provided an overview of compliance against the financial management code. No further assurance deemed as required.
NC2202 Grant's assurance Green Homes	15 days	Originally profiled across quarter 3 and 4. Assurance work for this grant is not yet required. Testing required for the grant determination will be carried out by the Internal Audit Manager when requested and in line with the deadline provided by BEIS.
Quarter 4		
NC2218 Towns fund deal	20 days	This review has been deferred into 2022/23 when projects get up and running and the area is sufficiently progressed to carry out testing.
IT audit - tbc	10 days	Days were carried forward into the 2022/23 plan. Housing System Implementation Phase 2 is scheduled.
Total	65 days	

The internal resource transferred to the contractor in April 2022 as part of the council's new consortium arrangement for internal audit. The two planned internal audits highlighted below were not completed in time for transfer and have therefore been deferred into the 2022/23 internal audit plan.

Audit Area	Assurance
Payroll	Last reviewed in 2020/21 Reasonable assurance
Housing Benefits	Last reviewed in 2020/21 Reasonable assurance

At the request of management, the audit of Social Housing Delivery Programme will be carried out alongside the Norwich Regeneration Limited audit planned for 2022/23.

3.3 Advisory work

A total of 185 days were originally assigned to consultancy work in the 2021/22 plan. As highlighted by the progress report presented to the Audit Committee in January 2022, much of the consultancy days have not been delivered due to no need having been identified.

A summary of advisory work carried out is provided in the table below:

Consultancy	Days	Delivered	Work to date
Anti-Fraud and Corruption - NFI	20	0	Internal Audit has not been involved in matching exercises in 2021/22.
Anti-Fraud and Corruption - Investigations	10	0	No areas of investigation completed.
Information Governance Group	5	1	Meetings attended where required.
Resources, Performance & Delivery Board	5	1	Meeting attended where required.
Joint Ventures Insourcing	45	2.5	Internal Audit Manager support to Project Place Board.
New Housing System	10	0	Position statement provided by TIAA Ltd included as part of coverage within internal audit plan.
Consultancy Contingency	15	7	BSG Support – Covid19 business grants support and advice.
Risk Management	15	10	Preparing cabinet update papers
Data Breach Response	5	0	None raised for IA attention
Annual Governance Statement	10	8	Supporting the preparation of the AGS 2020/21. No further support required.
Audit Management Duties	45	31	Internal Audit Management duties. Reviewing reports. Audit Committee papers and general advice and guidance.
TOTAL	185	60.5	

Joint Ventures Insourcing – advisory work

The Internal Audit Manager has provided support to the Project Place Board in an advisory capacity. Highlights from this work are provided below.

A total of seven board meetings were attended from January 2022 up to 'go live' on 1 April 2022 with the final project closure meeting held in May 2022. A range of reports were provided to the board for review including budget papers and project highlight reports covering risks and issues. Board meetings were well attended and focused on the strategic project deliverables. The level of detail provided by the project team and officers within reports allowed for valuable discussion, challenge and supported decision making.

As part of the advisory role, the Internal Audit Manager provided support to the project team regarding the reporting of risk. Ensuring that higher priority risks could be easily identified by the board and that the layout of the register was in line with the corporate approach.

During project closure, the project team provided Internal Audit with assurance that following implementation, all outstanding risks were re-assigned to the appropriate service area to resolve.

The closure report provided to Project Place Board on 9 May 2022 highlighted that the project was successfully delivered, meeting its targets in respect of being delivered on time and to the required quality. A project underspend was also reported.

Position Statement Housing and Tenancy Application

A position statement has been provided to the Internal Audit Manager to give assurances over the implementation of the core phase of NEC.

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 31 recommendations raised and formally agreed by management so far for 2021/22, 12 are complete, two medium and seven low priority recommendations are outstanding, and 10 are within deadline.

Two low priority recommendations are outstanding from 2018/19, both in relation to the Procurement Compliance report; two medium and one low priority recommendations are outstanding from 2019/20; and six medium and five low priority recommendations are outstanding from 2020/21.

Please refer to **Appendix 2**, which shows the details of the progress made to date in relation to the implementation of the agreed recommendations and **Appendix 3**, which provides an update from management regarding all medium outstanding recommendations.

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

3.5.1 The Internal Audit Manager recommends the following points are referenced within the council's Annual Governance Statement.

Internal audit has highlighted a limited assurance grading in the area of Corporate Health and Safety for 2021/22. We therefore suggest that the seven medium recommendations raised as part of this report are referenced within the council's Annual Governance Statement until they are resolved. They relate to:

- Improving the approach taken to general risk assessments and office inspections.
- Developing a system to ensure that the risk assessment expectations are adhered to.
- Ensuring office inspections are regularly undertaken by a trained individual.
- Consider resource requirements for corporate H&S at the council to allow for proactive work to be undertaken.
- Measurable performance objectives to be designed for corporate H&S.
- All reportable incidents and accidents to be provided to the H&S team for recording.
- Uptake of mandatory H&S training to be monitored for completion.

3.5.2 We also recommend any medium outstanding audit recommendations from historical limited assurance reports are referenced within the council's Annual Governance Statement. This currently relates to four medium recommendations from the policies and procedures audit 2020/21.

3.5.3 Scope limitations

In accordance with guidance from CIPFA, the following limitations of scope of internal audit work should be referenced within the council's Annual Governance Statement and include action taken to prevent the risk of limitation in future years.

As described within the opinion section 2.2, planned audits for Payroll and Housing Benefits were not completed prior to staff transferring to an outsourced provider in April 2022 as part of the council's new consortium arrangement.

Senior management identified limited internal audit resources as a risk to delivering the internal audit plan and in March 2021 approached the Eastern Internal Audit Services Consortium to deliver the service.

Due to contractual complications, the new arrangements were not mobilised until April 2022. As a result, the internal audit team's ability to complete the plan of work has been impacted. The following steps were taken to minimise the risk of insufficient assurance being provided for the opinion in 2021/22 and to ensure limitations would be resolved going forwards.

- The 2021/22 internal audit plan was reviewed, and a number of audits deferred to allow focus on the most significant risks facing the council.
- As a result of this exercise a total of 65 days of lower priority work was identified for deferral into the three-year audit programme.
- Additional resources were arranged, and audits reassigned to support completion of the 2021/22 plan.
- The council's risk maturity has been identified to understand the reliance that can be placed on the council's strategic assessment of risk. This assessment supported the risk-based approach to internal audit planning for 2022/23 and onwards. The audit universe has been created to justify the areas added to the annual internal audit plan and 3-year audit programme. This approach will ensure that assurance resources are focused on the key strategic risks facing the council going forward.

In addition to the above, as of April 2022 the council has entered into an agreement with South Norfolk Council to manage the Internal Audit service through the Eastern Internal Audit Services Consortium. The arrangement outsources the delivery of the internal audit plan to a contractor, allowing resources to be scaled up or down depending on need. Through this arrangement the council will also have access to audit staff with a range of specialisms and expertise.

The council will also be able to demonstrate conformance with all elements of the Public Sector Internal Audit Standards particularly around the requirements for a Quality Assurance and Improvement Programme to be developed and reported on.

In preparation for the external assessment of internal audit, which is scheduled for October 2022, a plan for any areas of non-conformance with the PSIAS will be drawn up by the Internal Audit Manager and provided to CLT for oversight until conformance can be assured.

4. THIRD PARTY ASSURANCES

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

APPENDIX 1 – AUDIT WORK UNDERTAKEN DURING 2021/22

Audit Area	Assurance	No of Recs	Implemented	High priority OS	Medium priority OS	Low priority OS	Not yet due
Annual Opinion Audits							
Business Support Grants	Reasonable	8	3	0	1	4	0
Corporate Health and Safety	Limited (Draft)	9	0	0	0	0	9
IR35 Compliance	Reasonable	4	1	0	0	2	1
Risk Management	Reasonable	6	4	0	1	0	1
Housing Rents/Arrears	Substantial	3	1	0	0	1	1
Council Tax	Reasonable	7	0	0	0	0	7
NNDR	Reasonable	4	0	0	0	0	4
Treasury Management	Reasonable	3	3	0	0	0	0
Environmental Services	TBC						
Capital Accounting and Programme Management	TBC						
Accounts Payable	Reasonable	7	0	0	0	0	7
IT audits							
IT Governance	TBC						
Total		51	12	0	2	7	30

Assurance level definitions		Number
Substantial Assurance	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.	1
Reasonable Assurance	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.	7
Limited Assurance	There are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.	1
No Assurance	Controls are generally weak or non-existent, leaving the system open to the risk of significant error or fraud. There is a high risk to the ability of the system/service to meet its objectives.	0

APPENDIX 2 – STATUS OF AGREED INTERNAL AUDIT RECOMMENDATIONS

		Completed between 13 November 2021 and 31 March 2022			Previously reported to Committee as outstanding			(New) Outstanding			Total Outstanding	Not Yet Due for implementation		
		High	Medium	Low	High	Medium	Low	High	Medium	Low		High	Medium	Low
Audit Area	Assurance Level													
2018/19 Audits														
Procurement Compliance	Compliance: Satisfactory						2				2			
2019/20 Audits														
Contract management - Housing repairs & responsive maintenance	Controls: Limited Compliance: Limited		1								0			
Information Security and GDPR	Controls: Satisfactory Compliance: Limited		1			1					1			
Payroll	Control: Satisfactory Compliance: Substantial		1			1	1				2			
2020/21 Audits														
Contract Management - Waste Services	Limited		4			1					1			
Equality Duties	Limited			1			2				2			
Key Policies & Procedures	Limited					4	3				7			
Licensing	Reasonable					1					1			
Northgate pre-implementation (Core phase)	Reasonable		1								0			
2021/22 Audits														
Risk Maturity Assessment	Reasonable		3	1					1		1		1	
Off-payroll working (IR35) compliance	Reasonable									2	2			1
Housing Rents and Arrears	Substantial									1	1			1
Accounts Payable	Reasonable										0	1	2	4
Treasury Management	Reasonable		1	2							0			
Business Support Grants	Reasonable		2	1					1	4	5			
		0	14	5	0	8	8	0	2	7	25	1	3	6

APPENDIX 3 – OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS

2019/20

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Information security and GDPR	The Council should ensure all suppliers deemed to be high risk or high impact in the aforementioned review sign up to the amended terms and conditions.	Medium	Procurement team	2019/20	N/A	Outstanding	In progress. Our understanding is that there are still 3 contracts where updated terms are required; nonetheless, all parties involved are ultimately bound by the DPA 2018 which minimises risks involved.
Payroll	Complete the signing of the co-operation agreement with Sefton.	Medium	Head of HR and learning	January 2020	31 July 2022	Outstanding	Agreement has been redrafted and signed off by NCC. Nplaw providing the agreement to the 3 rd party payroll provider, anticipated final sign off July 2022

2020/21

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Contract Management – Waste Services	Ensure that service performance data provided by the contractor are verified and independently checked by the council to prime records.	Medium	Environmental Services Manager	February 2021	N/A	Complete, pending Internal Audit verification	Internal Audit has been advised that this recommendation is now complete, awaiting evidence for independent verification.
Key Policies and Procedures	Decide on a corporate level how often policies should be reviewed and ensure that all policies comply with this decision.	Medium	Strategy Manager	31/01/2022	31/08/2022	Outstanding	IT are working on pulling all policies and strategies into shared area (sharepoint) This shared information will include policy owners and review dates for each policy. Automated update reminders will be sent to all policy owners as and when each policy is due for review. The process will include how to add new policies and will highlight the sign off process for the policies.
Key Policies and Procedures	Once a decision on review frequency has been made, develop a review schedule of all key documents. This could be attached to the code of governance with a reference to this on all relating documents.	Medium	Strategy Manager	31/01/2022	31/08/2022	Outstanding	Please see above comment

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Key Policies and Procedures	Develop a framework that gives guidance for developing a coherent and relevant policy and ensure the new framework is communicated to staff. The content could include multiple elements (see report).	Medium	Strategy Manager	31/01/2022	31/08/2022	Outstanding	We will develop a briefing note advising Heads of Service that all new corporate policies must be stored in the shared area and reviewed regularly. This will explain that HoS should use existing corporate policy documents as their model and secure agreement from their director as to the appropriate approval route on a case by case basis.
Key Policies and Procedures	Ensure that all documents are reviewed in accordance with the framework during their next review.	Medium	Strategy Manager	31/01/2022	31/08/2022	Outstanding	The Strategy team will check the policies due for renewal in the shared area on a quarterly basis and highlight any issues to the Head of Strategy, Engagement and Culture, who will resolve with the relevant HoS or escalate to CLT if required.
Licensing	Complete a review of fees and obtain authorisation from licensing committee for implementation 2021-22.	Medium	Public protection (licensing) team leader and Public protection manager	30/04/2021	30/10/2022	Outstanding	Full review of all fees and charges across the service commenced, including discretionary licensing fees. View to implementation Sept/Oct 2022.

2021/22

Report	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
Risk Maturity Assessment	4.1 A risk management training programme to be developed for relevant Council staff, highlighting roles and responsibilities and give practical tips for the identification and articulation of risk.	Medium	Head of Finance, Audit and Risk	28/02/2022	Sept 2022	Outstanding	Following the 2021/22 deep dive a number of training issues have been identified and are forming the basis of additional training being commissioned from CIPFA. This includes forecasting, scenario planning and sensitivity analysis as well as training to understand the financial risk associated with budget variances.
Business Support Grants	8. Complete the post payment assurance reviews for the SBGs, using the higher risk cases already identified and the results from the SBRR review.	Medium	Revenues and Benefits Operations Manager	31/03/2022	31/07/2022	Outstanding	Approximately 90% of identified cases have been checked and the remaining ones will be done by the end of July 2022.

APPENDIX 4 – LIMITATIONS AND RESPONSIBILITIES

Limitations inherent to the Internal Auditor's work

The Internal Audit Annual Report has been prepared and the internal auditors undertook the agreed programme of work as approved by management and endorsed by 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.

Scope limitations

Scope limitations relevant to the 2021/22 year are outlined in section 2.2 and section 3.5.3 of this report. The reasons for any limitations identified and proposed action to prevent further occurrence are provided.

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 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.

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 the internal auditors' examinations should not be relied upon to disclose all fraud, defalcations or other irregularities which may exist.