

Audit and Risk Committee

08 February 2022

Agenda item number 10

Implementation of internal audit recommendations: summary of progress

Report by Director of Finance

Summary

This report gives a summary of progress in implementing Internal Audit recommendations arising out of audits carried out during 2018/19, 2019/20 and 2020/21.

Recommendation

To note the report.

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1. Introduction

- 1.1. This report gives an update on implementing the Authority's Internal Audit report recommendations, focusing on outstanding recommendations and timescales to complete outstanding work.
- 1.2. Appendices 1 and 2 give details of the audits carried out in 2018/19, 2019/20 and 2020/21, in particular:
 - recommendations not yet implemented;

- recommendations implemented since the last meeting; and
- new recommendations since the last meeting.

2. Summary of progress

- 2.1. Since the previous report to this committee in September, the final recommendation of the Key Controls audit from 2020/21 has been completed. Two of the recommendations relating to the Port Marine Safety Code audit have also been completed. The impact of COVID-19 and workloads has meant that some actions have been further delayed. These have been updated in the appendix. The rest remain as scheduled.

3. Internal Audit Programme 2021/22

- 3.1. At the committee in September it was reported that the Key Controls and Cyber Security audits were scheduled for quarter 3. While most of the testing has been completed, absences and the impact of COVID-19 have caused delays. The draft report for Key Controls is expected shortly. Corporate Governance and Risk Management audit is scheduled for March.

4. HR and Payroll

- 4.1. The objective of this audit was to review the systems and controls in place within HR and Payroll to manage staff absences through resilience plans and ensure key services continue of sickness increases. The review also examined the robustness of Payroll processes and the implementation of the new HR software. This resulted in a “reasonable” audit opinion with three “important” and one “needs attention” recommendation being raised.
- 4.2. Good practice was noted relating to sound controls that are in place and operating consistently. These are:
- The introduction of the iTrent system has met the objectives and has reduced the administrative burden on the HR and Payroll team.
 - Detailed payroll checks, including differences from the previous month, are undertaken prior to payments being made, to ensure that all payments are correct.
 - All payroll payments are reviewed by the Head of HR and Financial Accountant, and authorised by the Chief Financial Officer, to ensure segregation of duties in the process.
 - All claims for additional payments are submitted and authorised through iTrent.
 - Loss of key staff knowledge and expertise¹ has been recorded as a risk in the Corporate Risk Register and mitigating actions put in place, to ensure that there is sufficient awareness and action in respect of this risk.

4.3. The recommendations remain on target for completion.

Author: Emma Krelle

Date of report: 19 January 2022

Appendix 1 – Summary of actions and responses to Internal Audit 2018/19

Appendix 2 – Summary of actions and responses to Internal Audit 2019/20

Appendix 3 – Summary of actions and responses to Internal Audit 2020/21

Appendix 4 – Summary of actions and responses to Internal Audit 2021/22

Appendix 1 – Summary of actions and responses to Internal Audit 2018/19

Table 1

Branding - April 2019

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
<p>2. Broads Authority branding - strategies, guidelines / procedures</p> <p>The Broads Authority Communications Policy be updated to include the roles and responsibilities for overseeing management of correct branding. This should be included within a separate branding section which the policy does not currently have. This should make the branding area more easily to locate within the policy and helps mitigate the risk that responsibilities for branding are unclear.</p>	Needs Attention	Head of Communications	<p>New communications strategy delayed by COVID comms activity but many elements completed and anticipate strategy will be in place by end Sept 2022</p> <p>Update: New 'branding' area on intranet developed that incorporates updated and new documents, including:</p> <ul style="list-style-type: none"> • Communications Team Guide • BA Brand guidelines • BA brand guidelines supplement • BA language style guide • Words commonly used in BA publications • BA signs guide 	<p>By 31/10/19</p> <p>Updated to 30/09/22</p>

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
			<ul style="list-style-type: none"> Logos and templates for letterheads, reports and PowerPoint presentations. Instructions for email signatures Full strategy overview not yet written due to rescheduled priorities; due to be completed by Sept 2022.	
<p>5. Broads Authority branding - use of the Broads Authority logo</p> <p>A review and update of the communications page on the Authority's intranet be undertaken once the national parks' branding strategy and associated documents, including the local broads national park strategy and Broads Authority Communications Policy, are finalised. This should be re-launched with staff including the provision of staff and member training in relation to branding, incorporating the use of both the Broads Authority logo and Broads National Parks logo. The communications intranet page should include the communications team details; branding strategies and communications policy; and the Broads Authority New Signs guide.</p>	Needs Attention	Head of Communications	<p>Agreed. Intranet content to be produced in conjunction with strategy, guidelines and procedures. Awaiting completion of new communication strategy (see recommendation two above)</p> <p>Update: As per recommendation 2 above – all completed except overarching strategy document, now due Sept 2022.</p>	<p>By 31/10/19</p> <p>Updated to 30/09/22</p>

Appendix 2 – Summary of actions and responses to Internal Audit 2019/20

Table 2

Procurement – December 2019

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
7. Procurement Procurement training is provided to all relevant members of staff, and Members, where applicable. Up to date procurement training ensures that staff are aware of and are adhering to the correct guidelines, thereby mitigating the risk of non-compliance with CSOs and OJEU requirements	Needs Attention	Chief Financial Officer	Agreed. Update: Delayed originally due to ongoing work on COVID-19 response, the Statement of Accounts and budget preparation for 2021/22. This has been further delayed by this year's audit, 2022/23 budget planning and a number of vacancies within the Finance Team. Vacancies within the team have continued since March 2021 but the last post should be filled by the end of January. Once all new members of the team are fully trained then the training will be prioritised and delivered.	By 30/06/20 Updated to 30/09/22

Appendix 3 – Summary of actions and responses to Internal Audit 2020/21

Table 3

Key Controls – May 2021

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
5. Accounts Payable New supplier procedures should be reviewed and updated annually, with the review recorded, to ensure they remain reflective of current practise. Without annual review the procedures risk becoming outdated and not reflective of current practices.	Needs Attention	Financial Accountant	Agreed. Annual review has been scheduled. Completed.	By 30/09/2021

Table 4

Governance and Risk Management – March 2021

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
2. Changes to committee meetings In relation to the document management system (DMS), the following is undertaken: - Notes are added to deferred items to explain which committee date the item has been deferred to; and - To review if there is a way to match up/link the items on the forward plan to the generated items area. This mitigates the risk of not having a completed audit trail	Needs Attention	Head of Governance	Agreed. Notes added to deferred items. Update: Governance team liaising with IT on whether more metadata can be added to improve the link between items in the Forward Plan and in the	By 31/12/2021 Updated to 31/12/2022

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
in place resulting in key items of business/decisions being missed if deferred matters are not assigned to the next convenient meeting.			confirmed (generated report) area - progress on hold as reliant on IT resource availability, which is currently focussed on more urgent work.	

Table 5

Port Marine Safety Code – June 2021

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
<p>2. Governance</p> <p>The three-yearly statement of compliance with the code be signed and retained on file for future reference.</p> <p>This assists in mitigating the risk that the authority dose not formally review compliance on a three-year basis as prescribed.</p>	Important	Head of Safety Management	<p>Statement being updated to reflect recent changes following audit. BA Chair to agree and sign completed statement.</p> <p>Update: Following (draft) recommendations within the MAIB report into aspects of the Safety Management System a fuller review of key aspects within the PMSC are now required. A new compliance date is given to reflect this additional work.</p>	<p>By 31/10/2021</p> <p>Updated to 30/06/2022</p>
<p>3. Pilotage</p> <p>The General Direction for larger vehicles and navigation on works Guidance be finalised.</p> <p>This helps mitigate the risk that sufficient navigation rules are not in place and navigation of the broads is not managed as effectively and safely as required, in relation to larger vehicles.</p>	Important	Head of Ranger Services	General Directions are rarely used by Broads Authority - most directions are 'Special'. This requirement will require legal inputs and cost benefit analysis to assess its viability. Current requirements are met using Special Directions.	<p>By 31/10/2021</p> <p>Updated to 28/02/2023</p>

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
			Update: Due to limited use of General Direction (due to lack of commercial traffic) and more pressing Ranger Team safety priorities, this recommendation had been deferred into 2022/23 financial year.	
4. Governance PMSC related documents and files, location and storage (both electronic and hardcopy) is reviewed to ensure these can be accessible to relevant members of staff on a timely basis. This helps mitigate the risk that key documents cannot be located in a timely manner leading to gaps in the safety management system.	Needs Attention	Head of Safety Management	Files and documents being migrated to DMS. New MARNIS (Port marine management software) being implemented will assist with data collection and reporting. Update: Trials of the MARNIS system (electronic PMSC filing and recording system) has identified software issues that have been slow to resolve due to Covid and the need to re-engage the manufacturer. More testing is taking place in the hope to resolve these glitches.	By 31/10/2021 Updated to 30/06/2022
5. Governance	Needs Attention	Head of Safety Management	New standing item added to Health & Safety Committee	By 31/07/2021

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
<p>The BA PMSC be updated to reflect the inclusion of consultation with employees' forum (or equivalent) and health and safety committee.</p> <p>To reduce the risk that key aspects of the PMSC are not communicated with the Authority's employees and contributes towards the Authority demonstrating its commitment to engaging with users.</p>			<p>agenda to capture and disseminate highlighted organisation-wide issues.</p> <p>Completed.</p>	Updated to 31/10/2021
<p>6. Governance</p> <p>The documents, reference numbered within the Broads Authority (BA) PMSC, are reviewed to ascertain their location and to appraise whether they are still relevant to the up to date safety management system in place, taking into account the requirements of the national PMSC document and the Guide to Good Practice for Marine Operations.</p> <p>This helps mitigate the risk that the BA PMSC is out of date and refers to non-existent and/or obsolete supporting documents.</p>	Needs Attention	Head of Safety Management	<p>Review to be undertaken.</p> <p>Update: With the Marine Accident Investigation Branch (MAIB) investigation into Diamond Emblem 1 being delayed (draft report only available in Jan 2022) and the recent changes to the Hire Boat Code and Boat Safety Certification, the review of PMSC documentation deadline has been deferred until June 2022 to allow any recommendation from the MAIB to be incorporated in our safety systems.</p>	<p>By 31/10/2021</p> <p>Updated to 30/06/2022</p>
7. Governance	Needs Attention	Head of Safety Management	Refresher training to be given at team meetings and attendance	By 31/10/2021

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
<p>All relevant employees to be required to read and sign a copy of the PMSC on an annual basis.</p> <p>This assists in reducing the risk that employees are not familiar with the PMSC, leading to non-compliance with it.</p>			<p>and signatures to be obtained.</p> <p>Update: PMSC training has been developed (and delivered to new Members) but due to Covid restrictions we have not delivered this to CM&E or Ranger Staff. As covid rules are relaxed we will re-timetable this into the 2023/24 year</p>	Updated to 31/12/23
<p>8. Pilotage</p> <p>The Pilotage Policy be amended to reflect that it will be updated each time it is used, as opposed to annually and the PMSC is updated to reflect this.</p> <p>This reduces the risk that the policy is not updated in a practical and timely manner.</p>	Needs Attention	Head of Ranger Services	<p>Review to be undertaken on Pilotage Policy to reflect current operations.</p> <p>Completed Pilotage policy amended.</p>	By 31/10/2021

Appendix 4 – Summary of actions and responses to Internal Audit 2021/22

Table 6

HR and Payroll

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
1. Staff Absences Staff resilience plans be reviewed to ensure that they are being used consistently across the organisation and that the activities are sufficient and effective when they have been used in practice. This reduces the risk of inconsistent or ineffective resilience plans increase the risk of service failure in the event of staff absence.	Important	Directors	Agreed.	By 31/03/2022
2. Staff Absences The Business Continuity Plan be reviewed and updated. The review of the Business Continuity Plan is listed as an action on the risk register to mitigate the risk of loss of staff or expertise. Therefore, if the Business Continuity Plan is not updated, the staff loss risk remains higher.	Important	Directors	Agreed.	By 31/03/2022
3. Staff Absences Data on sickness absence rates be reported to senior management on a regular basis.	Important	Head of HR	Agreed.	By 31/03/2022

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
Without regular, consistent information, there is a risk that significant absence issues or trends will not be identified and addressed.				
4. Policies and procedures All HR policies be reviewed and updated to ensure that they are reflective of current arrangements and working practices. If policies are out of date, there is a risk of staff being given incorrect information or following outdated practices.	Needs Attention	Head of HR	Agreed. Initial review by 30/06/2022 and complete review by 31/12/2022.	By 31/12/2022