

Audit and Risk Committee

21 July 2020

Agenda item number 12

Implementation of internal audit recommendations – Summary of progress

Report by Chief Financial Officer

Summary

This report gives a progress update on implementing Internal Audit recommendations arising out of audits carried out during 2018/19 and 2019/20.

Recommendation

To note the report.

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1. Introduction

- 1.1. It was agreed that this Committee would receive regular progress updates in implementing Internal Audit report recommendations, focusing on outstanding recommendations and including timescales for completion of outstanding work.
- 1.2. Appendices 1 and 2 give details of the audits carried out in 2018/19 and 2019/20, in particular:
 - Recommendations not yet implemented;
 - Recommendations not implemented at the time of the last meeting that have since been implemented; and

- New recommendations since the last meeting.

2. Summary of progress

- 2.1. In the previous report to this Committee in March, the outstanding recommendation relating to the Disaster Recovery audit has been completed. Two of the outstanding recommendations regarding the Branding Audit have been completed with the remaining two delayed, due to the COVID-19 outbreak. The outstanding recommendation relating to the Water, Mills and Marshes is linked to the updating of the Business Continuity Plan, which will be completed by the end of August. Further details on progress can be found in the appendices.

3. Internal Audit Programme 2019/20 and 2020/21

- 3.1. The final audit on Corporate Governance has been completed, with further details below. The first audit from the 2020/21 programme on Planning is scheduled for the end of quarter two.

4. Corporate Governance and Risk Management

- 4.1. The objective of the audit is to review the adequacy, effectiveness and efficiency of the systems and controls in place over Corporate Governance and Risk Management. This resulted in a “reasonable” audit opinion with one important and one needs attention recommendations being raised. Details of these can be found in Appendix 2.
- 4.2. Good practice was noted relating to sound controls in place and operating consistently. Those relating to Risk Management were:
- The Risk Management Policy, which includes risk prioritisation/risk matrix and risk tolerance levels, provides an overarching framework for the authority's risk management process, including the rules and standards for managing strategic and operational risk, and guides staff in assessing, monitoring and managing risk on a day-to-day basis.
 - There is a specific page available on the Authority's intranet (SharePoint) which is dedicated to risk management. This enables staff to have access to the current Corporate Risk Register and Risk Management Policy.
 - The Authority has now rationalised and streamlined its strategic risks which were 22 in total. The new approach to risk management now includes scope for both strategic/corporate risks and operational/Director risks which has resulted in a Corporate Risk Register comprised of 10 risks. This provides a more manageable amount at this level resulting in members and the Management Team focusing attention on the key risks which may adversely affect the achievement of the Authority's strategic priorities.
- 4.3. Those relating to governance arrangements for decision making were:

- The Monitoring Officer oversees the decision-making process and attends all full Broad Authority board meetings. This helps ensure that decisions are made in accordance with the constitutional documents and members and officers conduct is in adherence to the code of conduct.

4.4. Those relating to accountability and monitoring of performance were:

- An annual Business Plan is published on the Authority's website containing the strategic priorities of the Authority. This underpins the 2017 - 2022 Broads Plan, and clearly highlights the priorities in which the Broad Authority is the lead partner for. This helps demonstrate part of the 'golden thread' i.e. how the performance of the strategic priorities is aligned to the main corporate plan of the Authority.
- Progress on all 2019/20 Broads Plan objectives are reported to the Broads Authority on a six-monthly basis and published on the website. The Authority's smaller set of headline strategic priorities are reported to the Broads Authority each time it meets. This facilitates regular updates to the body responsible the key strategies, policies and priorities of the Authority.

4.5. One of the recommendations has been completed, and the outstanding one remains on target for completion.

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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 1 – Summary of Actions and Responses to Internal Audit 2018/19

Table 1

Disaster Recover (DR) February 2019

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
<p>1. Alignment with Business Continuity Plans</p> <p>The Authority to ensure that senior management are made aware that Business Continuity (BCP) recovery timelines of up to 24 hours may not be achievable if such recovery has to be undertaken using the tape backups stored at the Dockyard. Formal acceptance (or otherwise) of this risk to be formally documented to support this. Formally notifying senior management of the potential inability to support Business Continuity recovery timelines up to 24 hours where a tape restoration is required will help to ensure that the acceptance (or otherwise) of this risk is formally documented.</p> <p>Where senior management are not advised of the potential inability to support Business Continuity recovery timelines up to 24 hours, there is an increased risk that the BCP cannot adequately support priority services.</p>	Important	Head of IT & Collector of Tolls	<p>Agreed.</p> <p>Update: MT are aware of the potential delays. This will be formally updated in the Business Continuity Plan as part of the external funding recommendation.</p> <p>Completed.</p>	<p>Originally agreed by 31/07/19</p> <p>Update to 30/04/20</p>

Table 2

Branding April 2019

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
<p>1. Broads Authority branding - strategies, guidelines / procedures</p> <p>The communications work plan be updated to include the finalisation of the local Broads National Park Branding Strategy.</p> <p>The work plan should also be updated to include work in relation to recommendations agreed within this audit, including branding training; update of intranet communications page; and internal guidance/criteria in relation to the use of Broads Authority and Broads National Park logos.</p> <p>Currently, there is no defined timescale for completing the Broads National Park Branding Strategy. Whilst this is dependent on the completion of the national branding strategy, an estimated timescale (subject to change) would help mitigate the risk that the strategy and other key tasks are not completed in a timely manner.</p>	Needs Attention	Head of Communications	<p>Agreed. The work plan for 2019/20 is being populated and recommended key milestones will be included within it.</p> <p>Partially completed: The work plan is now complete for 2019/20 with the timelines included. This has been incorporated into the Directorate work plan.</p> <p>There has been considerable progress in accordance with the work plan. Several documents related to the strategy have been updated (such as the Writing style guide, accessibility guidance and commonly used words).</p> <p>The Comm's team are also producing a guide for staff which provides branding advice. External support in</p>	<p>Originally by 31/05/19</p> <p>Updated to 30/04/20</p>

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
			the development of key messaging that incorporates the National Parks narrative and the production of infographics has been sought. This is seen as the last piece essential element of the future strategy and will be completed by the end of the financial year. Completed, work plan updated with the caveat that the completion of the strategy has been delayed by urgent COVID-19 activity which has taken priority.	
2. Broads Authority branding - strategies, guidelines / procedures 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	Needs Attention	Head of Communications	Agreed. Given that the National Branding guidelines that will inform the strategy are awaiting approval by the 15 national parks' Chief Executives and relevant Chairs, it is anticipated that this work will be completed by Autumn 2019. Revision of	By 31/10/19 Updated to 30/09/20

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
the policy and helps mitigate the risk that responsibilities for branding are unclear.			the Communications policy has been delayed to ensure that all elements are completed. A comprehensive plan for all associated elements has been prepared with the input of the Design and Information Supervisor. Please refer to the above update to 1. The new communications strategy has been delayed by COVID-19 communications activity. Although many elements of the strategy have been completed, we anticipate it will be in place by the end of September 2020	
4. Broads Authority branding - use of the Broads Authority logo Guidance be produced for staff which covers the criteria for applying either the Broads Authority or Broads National Park logo, or when both logos are applicable.	Needs Attention	Head of Communications	Agreed. The guidance will be produced in conjunction with the strategy, guidelines and procedures. Completed.	By 31/10/19 Updated to 30/04/20

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
<p>This guidance should include reference to partnership and project work, and the approach to take when applying logos of both the project, the Broads Authority and the Broads National Park logo.</p> <p>Reference should be made to the Broads National Park Brand Standards and the Broad's National Park branding strategy where applicable.</p> <p>It would be good practice to include examples of logo application for different circumstances from promotional flyers and training programmes to more formal documents. Furthermore, this document should make clear the formal process to go through when branding documents, i.e. consultations with the communications team.</p> <p>Clear guidance should provide clarity over the application of the different logos, reducing the risk that inconsistent and incorrect logos are applied leading to ambiguity and inadequate promotion of the area as a national park.</p>				
<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</p>	Needs Attention	Head of Communications	Agreed. The intranet content will be produced in conjunction with the strategy, guidelines and procedures. Awaiting completion of the new	By 31/10/19 Updated to 30/09/20

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
<p>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>			<p>communication strategy (see recommendation two above)</p>	

Appendix 2 – Summary of Actions and Responses to Internal Audit 2019/20

Table 3

External Funding – Water, Mills and Marshes October 2019

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
1. Governance The Broads Authority Business Continuity Plan (BCP) is reviewed and updated to take into account the recent organisational re-structure and to ensure major projects such as the WMM Project are provided for. Ensuring the Corporate BCP is reviewed and updated in a timely manner mitigates the risk that BC management procedures and priorities are not embedded in the Broads Authority resulting in a lack of effective management of any disruption to normal services and externally funded major projects.	Important	Head of Governance	Agreed by Management Team on 26/09/2019. The BCP has been updated during July for consideration by Management Team before it is finalised. The directorate risk registers have been updated to include staff contingency plans. This will cross referenced in the BCP.	By 31/12/19 Updated to 30/08/20
6. Financial Management Evidence that tenders are advertised on the BA's website/social media page and on industry specific websites/in newspapers or journals circulating among persons or bodies who undertake such contracts, to be retained. Retaining evidence verifies that the BA's Standing Orders Relating to Contracts have been adhered to mitigating the risks that there is inadequate transparency and fairness in the procurement process and the BA does not obtain VFM from it procurements.	Needs Attention	Water, Mills and Marshes Programme Manager	Agreed, with timetable depending on future procurement. There have been no further tenders since this recommendation was raised and is considered complete.	By 31/03/20

Table 4

Procurement December 2019

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
2. Procurement The Authority to ensure that waivers are completed for all procurements which exceed the £5K threshold and where the requirement in CSOs to obtain three written quotations, are not applied. Retrospective waivers should be completed for the following contracts and reported to the Broads Authority: - Martha Gary Works Ltd (MGW); - Sentinel Enterprises Ltd (SLT) - Kered's Construction Ltd; and - Phoenix Software Ltd. Completed waivers and receiving the correct number of quotations ensure compliance with CSOs. This helps mitigate the risk of inadequate probity, transparency and equality in the procurement of works, goods and services, leading to the non-achievement of value for money.	Important	Chief Financial Officer	Agreed. Budget holders will be asked to complete retrospective waivers. Included in the annual report on waivers. Completed.	By 31/03/20
3. Procurement The Procurement guidance is reviewed and updated and version controlled, including the inclusion of up to date procurement thresholds, particularly those relating to OJEU requirements. Up to date procurement guidance ensures that staff are aware of and are adhering to the correct guidelines, thereby mitigating	Important	Senior Finance Assistant	Agreed. Completed.	By 31/03/20

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
the risk of non-compliance with CSOs and OJEU requirements.				
4. Procurement A procurement project/contract risk assessment is produced, and referred to in the Procurement Strategy, to score each project prior to the commencement of the procurement process. This is issued to assess the type of procurement activity undertaken, i.e. framework, partnership arrangements. This can also be used to assess the level of contract management involved. The contract risk assessment should consider proposed length of contract; Proposed procurement arrangement; Estimated whole-life cost; Impact of Contract (e.g. from Critical to external mandatory service delivery to minimal impact); Impact on organisation; Political / Reputational Risk; Health and Safety Risk; and Opportunity to misuse/ fraud/ exploit. Assessment of risks prior to procurement assists in choosing the right procurement type and level of contract management mitigates the risks of choosing an unsuitable procurement method and inappropriate supplier and not having the necessary resources in place to effectively manage the contract.	Important	Chief Financial Officer	Agreed. Procurement Strategy to be updated to provide a definition that complex contracts such as building/development contracts are considered high risk, and high value is considered above £250k. Draft Procurement Strategy is on this agenda for consideration.	By 31/03/20 Updated to 31/07/20
5. Procurement	Needs Attention	Chief Financial Officer	Agreed.	By 31/03/20

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
<p>Section 15 (specifically part (f)) of the CSOs, in relation to the standing list, be reviewed and updated to reflect current practices.</p> <p>CSOs to also be amended to remove reference to the Solicitor and Monitoring Officer as this role no longer exists.</p> <p>Contract standing orders should govern the overall contract and procurement process and ensuring this are up to date and reflect the current agreed practices. Ensuring these are up to date helps reduce the risk of inconsistent practices being followed leading to agreed practices not being adhered to.</p>			CSO to be updated to reflect actual process for Fen Management practices. Completed.	
<p>6. Procurement</p> <p>To consolidate the standard terms document with the contract conditions outlined in the CSOs to have an overall set of terms and conditions. These should be consolidated in conjunction with the Broads Authority's legal advisor and included within the CSOs.</p> <p>A consolidated set of terms and conditions protect the purchaser against unforeseen financial losses, e.g. goods not delivered as agreed, mitigating the risks of delay in services/goods and quality of goods which could also lead to a poor reputation.</p>	Needs Attention	Chief Financial Officer	Agreed. Standard terms and conditions to be drawn up with legal provider, including conditions for contracts over £5k. Work has been initiated with our Legal provider. Update: due to ongoing work on COVID-19 response this has been delayed.	By 31/03/20 Updated to 31/07/20.
<p>7. Procurement</p>	Needs Attention	Chief Financial Officer	Agreed.	By 30/06/20

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
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			Update: due to ongoing work on COVID-19 response this has been delayed.	Updated to 31/08/20

Table 5

Corporate Governance and Risk Management April 2020

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
1. Accountability and monitoring of performance The 2019/20 family indicator composite data is formally reported to Management Team to review comparison data with the national park family and take further action as required, to address any adverse areas of performance. Going forward, each set of annual family indicator composite data is reported to management team. This should include reviewing how the indicators align to the Broads Plan and annual business plan priorities and whether a meaningful target can be set for each indicator.	Important	Head of Governance	Agreed. Annual NPA family indicator composite data will be reported to Management Team. The Lead NPO on Performance confirms that the composite data is submitted to DEFRA but is not published publicly as far as he is aware. The subject of family indicators will be included in DEFRA's examination of 'Metrics and Measures' – Measuring the	By 31/08/20

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
<p>Furthermore, the purpose of the family indicators from DEFRA, including if and how they are publicly reported on, be ascertained.</p> <p>Formal reporting of the family indicators demonstrates that the data is being reviewed at the senior management level which provides the opportunity to assess the authority's strengths and weaknesses. This helps reduce the risk that the Broads Authority is not capitalising on its strengths and not focussing on any areas of weakness/adverse performance.</p>			delivery of the 25 Year Environment Plan.	
<p>2. Risk Management</p> <p>The Operations Directorate risk register to be completed as part of the Individual Performance Review (IPR) process.</p> <p>Completion of the risk register should be in time for the half yearly review of the Corporate Risk Register (CRR) helping to mitigate the risk that the CRR does not take into account any directorate risks requiring escalation to the corporate level.</p>	Needs Attention	Director of Operations	Agreed. Completed.	By 31/05/20