

Audit and Risk Committee

25 July 2023

Agenda item number 10

Internal Audit Annual Report and Opinion 2022/23

Report by Head of Internal Audit

Summary

This report provides the Authority with an Annual Report and Opinion for 2022/23, drawing upon the outcomes of Internal Audit work performed over the course of the year and a conclusion on the Effectiveness of Internal Audit.

Recommendation

The Committee is requested to:

1. Receive and approve the contents of the Annual Report and Opinion of the Head of Internal Audit.
2. Note that a reasonable audit opinion (positive) has been given in relation to the framework of governance, risk management and control for the year ended 31 March 2023.
3. Note that the opinions expressed together with significant matters arising from internal audit work and contained within this report should be given due consideration, when developing and reviewing the Authority's Annual Governance Statement for 2022/23.
4. Note the conclusions of the Review of the Effectiveness of Internal Audit.

1. Introduction/background

- 1.1. 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 on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control;
 - A summary of the work that supports the opinion should be submitted;
 - Reliance placed on other assurance providers should be recognised;
 - Any qualifications to that opinion, together with the reason for qualification must be provided;

- There should be disclosure of any impairments or restriction to the scope of the opinion;
 - There should be a comparison of actual audit work undertaken with planned work;
 - The performance of internal audit against its performance measures and targets should be summarised; and,
 - Any other issues considered relevant to the Annual Governance Statement should be recorded.
- 1.2. This report also contains conclusions on the Review of the Effectiveness of Internal Audit, which includes;
- The degree of conformance 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. The Annual Report and Opinion 2022/23 and the Review of the Effectiveness of Internal Audit are shown in the report attached.
- 1.4. On the basis of Internal Audit work performed during 2022/23, the Head of Internal Audit is able to give a reasonable opinion (positive) on the framework of governance, risk management and control at the Broads Authority.
- 1.5. The outcomes of the Effectiveness Review confirm that Internal Audit:
- Is compliant with the Public Sector Internal Audit Standards;
 - Is continually monitoring performance and looking for ways to improve; and,
 - Is compliant with CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations.
- 1.6. These findings therefore indicate that reliance can be placed on the opinions expressed by the Head of Internal Audit, which can then be used to inform the Authority’s Annual Governance Statement.

Author: Faye Haywood, Head of Internal Audit

Date of report: 27 June 2023

[Broads Plan](#) strategic objectives: All

Appendix 1 – Annual Report and Opinion 2022/23

Eastern Internal Audit Services



BROADS AUTHORITY

Annual Report and Opinion 2022/23

Responsible Officer: Faye Haywood – Head of Internal Audit for Broads Authority

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1. INTRODUCTION

- 1.1 The Accounts and Audit Regulations 2015 require that “a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.
- 1.2 Those standards – the Public Sector Internal Audit Standards - require the Chief Audit Executive to provide a written report to those charged with governance (known in this context as the Audit and Risk Committee) to support the Annual Governance Statement (AGS). This report must set out:
- The opinion on the overall adequacy and effectiveness of the Authority’s framework of governance, risk management and control during 2022/23, 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 Audit and Risk Committee and statutory officers of the Authority 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 5**.

2. ANNUAL OPINION OF THE HEAD OF INTERNAL AUDIT

2.1 Roles and responsibilities

- The Authority 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 Chairman of the Authority and the Chief Executive that records and publishes the Authority’s governance arrangements.
- An annual opinion is required on the overall adequacy and effectiveness of the Authority’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 Management Team and key stakeholders and then approved by the Audit and Risk Committee at its meeting in March 2022.

This opinion does not imply that internal audit has reviewed all risks and assurances, but it is one component to be taken into account during the preparation of the AGS.

The Audit and Risk Committee should consider this opinion, together with any assurances from management, its own knowledge of the Authority 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 controls at the Broads Authority is **reasonable**, with all four audits concluding with a positive assurance grading in Key Controls and Assurance, Corporate Health and Safety, Corporate Governance Risk Management and Partnership Working.

The audit of Key Controls and Assurance; and Corporate Health and Safety, resulted in a substantial assurance.

No urgent priority findings have been raised at the Authority for 2022/23. It is for that reason it is felt that a reasonable assurance opinion overall applies.

In providing the opinion, the authority'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 17 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 individual assurances provided over recent financial years to provide an overall picture of the control environment.

3.2 Summary of internal audit work

The Audit and Risk Committee approved the Annual Internal Audit Plan for 2022/23, which is summarised at **Appendix 1** to this report and totalled 36 days as originally planned, encompassing:

- An annual opinion of Corporate Governance and Risk Management;
- A fundamental financial system review of Key Controls and Assurance, including verification of completion of audit recommendations;
- Corporate Health and Safety;
- Partnership Working.

A total of 10 recommendations were raised in 2022/23.

3.3 At **Appendix 3** to this report the Executive Summary for each report is provided.

3.4 Follow up of management action

In relation to the follow up of management actions the position at year end is that of the 10 recommendations raised and agreed in 2022/23, six are complete; one needs attention priority recommendation is outstanding; and three are within deadline.

3.4.1 One important priority recommendation remains outstanding from 2021/22 regarding HR and Payroll; one important and one needs attention recommendations also remain outstanding from 2020/21, regarding Port Marine Safety Code, and Corporate Governance and Risk Management. A summary showing progress against the implementation of agreed internal audit recommendations can be found at **Appendix 4**.

3.5 Issues for inclusion in the Annual Governance Statement

Internal Audit work has not identified any weaknesses that are significant enough for disclosure within the Annual Governance Statement.

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 The Internal Audit team maintain a QAIP covering actions for service development, standards conformance, risk management, training and skills and performance monitoring. Throughout the year, progress against the QAIP is monitored and success is measured by completing the Internal Assessment, the External Assessment when applicable and in evaluating performance against our suite of KPIs.

5.1.2 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.

5.1.3 External Assessment

In relation to the Attribute Standards, it is recognised that to achieve full conformance an external assessment is needed. An external assessment was carried out in October 2022 by the Chartered Institute of Internal Auditors (IIA). We are pleased to report that EIAS received a 'generally conforms' result, with conformance in 60 out of 64 areas (two areas were not applicable, and two resulted in 'partially conforms'). An extract from the report is provided at **Appendix 6**. A full copy of the report can be provided to members upon request.

It was highlighted, that EIAS are particularly good at: reflection of the standards; focus on performance, risk and adding value; and QAIP. Positive feedback received from key stakeholders highlights that 'reports are the right length and the right format', and that EIAS are 'professional and have an excellent reputation'.

One area of partial conformance was highlighted in coordinating and maximising assurance. Since October, this area has been improved as part of annual internal audit planning. Within the Strategic and Annual Plans report 2023/24 presented in March 2023, an Assurance Map was provided, outlining the top risks, along with first, second and third lines of assurance.

The second area of partial conformance was raised to ensure that all EIAS clients receive an External Quality Assessment as it falls due on the five-year anniversary.

5.2 Performance Indicator outcomes

5.2.1 The Internal Audit Service is benchmarked against a number of performance measures. Actual performance against these targets is outlined in the following table:

Area / Indicator	Frequency	Target	Actual	Comments
<u>Audit Committee / Senior Management</u>				
1. Finance Director Satisfaction	Annual	Good	Good	KPI achieved
<u>Internal Audit Process</u>				
2. APM issued minimum 20 working days before agreed start date	Quarterly	90%	25%	KPI not achieved (1 out of 4 issued in time)
3. Quarterly draft reports issued within 10 working days of the end of the quarter	Quarterly	95%	75%	KPI not achieved (3 out of 4 issued in time)
4. Quarterly final reports issued within 20 working days of the end of the quarter	Quarterly	95%	75%	KPI not achieved (3 out of 4 issued in time)
5. Quarterly performance pack reported to the contract manager within 15 working days of the end of the quarter	Quarterly	100%	75%	KPI partially achieved (3 out of 4 quarters)
6. Respond to the contract manager within 3 working days where unsatisfactory feedback has been received	Continuous	3 working days	3 working days	KPI achieved
7. PSIAS compliance – deep dive file review of files indicates good evidence saved on file	Quarterly	100%	100%	KPI achieved
<u>Clients</u>				
8. Average feedback score received from key clients (auditees)	Continuous	Adequate	Good	KPI exceeded (4 surveys returned)
9. Percentage of recommendations accepted by management	Quarterly	90%	100%	KPI exceeded
<u>Innovations and Capabilities</u>				
10. Percentage of qualified (including experienced) staff working on the contract each quarter	Quarterly	60%	94%	KPI exceeded
11. Number of training hours per member of staff completed per quarter	Quarterly	1 day	1 day	KPI achieved

5.2.2 As demonstrated by the above, the Internal Audit Contractor has not met our targets relating to timeliness. There is room for improvement particularly in the issuing of Audit Planning Memorandums.

The Head of Internal Audit and Audit Director TIAA meet weekly to discuss progress against the plan and an action plan has been developed to tackle this for the 2023/24 year ahead.

It is reassuring to note however that our KPIs relating to quality have been exceeded in all cases with satisfaction surveys providing good feedback about the work undertaken.

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 five 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 and Risk 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.

5.3.2 Completion of the checklist confirms full compliance with the CIPFA guidance on the Role of the Head of Internal Audit. The detailed checklist has been forwarded to the Finance Director for independent scrutiny and verification.

APPENDIX 1 – AUDIT WORK UNDERTAKEN DURING 2022/23

Audit Area	Assurance	No of Recs	Implemented	P1 OS	P2 OS	P3 OS	Not yet due
Annual Opinion Audits							
Corporate Governance and Risk Management	Reasonable	4	1	0	0	0	3
Fundamental Financial Systems							
Key Controls and Assurance	Substantial	2	2	0	0	0	0
Service area audits							
Corporate Health & Safety	Substantial	2	1	0	0	1	0
Partnership Working	Reasonable	2	2	0	0	0	0
Total		10	6	0	0	1	3

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.	2
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.	2
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.	0

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

APPENDIX 2 ASSURANCE CHART

	2019-20	2020-21	2021-22	2022-23	2023-24
Annual Opinion Audits					
Corporate Governance and Risk Management	Reasonable	Reasonable	Reasonable	Reasonable	X
Fundamental Financial Systems					
Key Controls and Assurance	Substantial	Reasonable	Substantial	Substantial	X
HR and Payroll			Reasonable		
Procurement	Reasonable				X
Services Area Reviews					
External Funding - HLF Bid and National Parks Partnership	Reasonable				
Asset Management					
Port Marine Safety Code		Limited			X
Branding					
Planning		Reasonable			
Corporate Health and Safety				Substantial	
Partnership Working				Reasonable	
IT Audits					
Toll Management Application					
Network Security					
Cyber Security			Reasonable		
End User Controls					
Disaster Recovery					
Virus Protection/Spyware, Data Backup and Data Centre controls					

APPENDIX 3 – EXECUTIVE SUMMARIES

Executive Summary – BA2302 Key Controls and Assurance

OVERALL ASSESSMENT	KEY STRATEGIC FINDINGS								
 <p>The diagram shows a central green circle labeled 'SUBSTANTIAL ASSURANCE' surrounded by a blue ring with the text 'Adequate & effective governance, risk and control processes'. To the right is a legend with four levels: Substantial Assurance (green), Reasonable Assurance (yellow), Limited Assurance (orange), and No Assurance (red).</p>	<ul style="list-style-type: none"> <li data-bbox="1144 371 2096 523">  Adequate controls were found to be in place for the following areas: Treasury Management/Investments; General Ledger; Asset Management; Budgetary Control; Accounts Receivable; Accounts Payable; Payroll; Cash and Bank; and Toll Income. <li data-bbox="1144 523 2096 643">  There is a need to ensure that supporting evidence for control account reconciliations is signed and dated by the reviewing officer. <li data-bbox="1144 643 2096 762">  The implementation of checks on VAT and Company Registration Numbers as part of the new supplier checks could mitigate the risk of fraud. <li data-bbox="1144 762 2096 916">  Two suggested actions have been raised to improve the efficiency and/or effectiveness of existing controls. These relate to procedure notes for journal checking and linking POs to the accounting system. 								
ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE	GOOD PRACTICE IDENTIFIED								
<p>The audit has sought to provide assurance over the following key risk: “Non-compliance with key financial controls”.</p>	<ul style="list-style-type: none"> <li data-bbox="1144 979 2096 1098">  Following a previous audit recommendation, the Authority has started to diversify its investment portfolio with the long-term aim to have 50% invested with the Debt Management Office (DMO). 								
SCOPE	ACTION POINTS								
<p>This audit looks at the fundamental systems that feed into the statement of accounts to provide assurance on the key financial controls. The areas reviewed as part of this audit are; Treasury Management/Investments, General Ledger, Asset Management, Budgetary Control, Accounts Receivable, Accounts Payable, Toll Income, Control Accounts, Payroll and Cash and Bank. It also includes a follow up of Internal Audit Recommendations.</p>	<table border="1" data-bbox="1144 1201 2096 1345"> <thead> <tr> <th data-bbox="1155 1201 1391 1273">Urgent</th> <th data-bbox="1391 1201 1626 1273">Important</th> <th data-bbox="1626 1201 1861 1273">Needs attention</th> <th data-bbox="1861 1201 2096 1273">Operational</th> </tr> </thead> <tbody> <tr> <td data-bbox="1155 1273 1391 1345" style="text-align: center;">0</td> <td data-bbox="1391 1273 1626 1345" style="text-align: center;">0</td> <td data-bbox="1626 1273 1861 1345" style="text-align: center;">2</td> <td data-bbox="1861 1273 2096 1345" style="text-align: center;">2</td> </tr> </tbody> </table>	Urgent	Important	Needs attention	Operational	0	0	2	2
Urgent	Important	Needs attention	Operational						
0	0	2	2						

Executive Summary – BA2303 Corporate Health and Safety

OVERALL ASSESSMENT

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

The strategic risk register contains two high scoring risks in relation to serious health and safety related incidents in operational works and boating.

This review provides assurance on the management of the following risk - Death or serious injury to officers, volunteers, or members of the public in relation to carrying out operational works.

SCOPE

We have provided assurance over Health and Safety framework controls including a review of the Authorities policy, H&S reporting, and support provided by the Authority to Hire Boat operators.

KEY STRATEGIC FINDINGS

- The Health and Safety at Work Policy and the Code of Practice for risk assessments require review and update in line with the defined cyclical timescales.
- The Hire Boat Licence Conditions were updated following a review of the Marine Accident and Investigation Branch report published in May 2022.
- Risk Assessments reviewed were found to be up to date and fit for purpose.
- Appropriate monitoring of health and safety incidents was evidenced through the annual incident report, which is presented to the Boat Safety Management Group although performance indicators could be considered to enhance incident reporting.

GOOD PRACTICE IDENTIFIED

- Evidence was provided to show regular meetings between the Director of Operations and the Head of Safety Management with regard to agreeing required actions to improve the overall Health and Safety arrangements.
- A review of the Broads Authority website confirmed that there is detailed and appropriate health and safety information published to provide guidance to the various stakeholders.

ACTION POINTS

Urgent	Important	Needs attention	Operational
0	0	2	1

Executive Summary – BA2304 Partnership Working

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

The audit has sought to provide assurance over the following key risk: “Failure to deliver externally funded schemes and partnership projects on time and within budget, leading to potential financial issues, lack of service delivery or adverse publicity.”

SCOPE

This area was last audited in 2009/10, and received Limited assurance. This audit checked, that all recommendations are still in place and being followed. Additionally, compliance with terms of the Nature for Climate Peatland Grant Scheme NCPGS: Discovery Grant agreement was reviewed. We have provided assurance that the requirements of the agreement are being met and the project is being managed in line with expectations.

KEY STRATEGIC FINDINGS



The Partnership Protocol and associated Checklist were introduced after the previous audit in 2010. These documents have not been updated and appear unused.



Fraud risk does appear in the risk registers at corporate and directorate level, but not in the risk register for the NCPGS Partnership.



There is £10,000 match funding in the Discovery phase of the NCPGS Project. In the 'Restoration' phase the requirement will be much higher.

GOOD PRACTICE IDENTIFIED



There are an estimated 13 million tonnes of CO2 stored in the peat of the Broads Authority. This project aims to maintain or improve that level of storage.



The NCPGS (Broads Peat Partnership Project) has clear links to the Aspirations and Themes contained in the Broads Plan.

ACTION POINTS

Urgent	Important	Needs Attention	Operational
0	1	1	2

Executive Summary – BA2301 Corporate Governance and Risk Management

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

The audit has sought to provide assurance over the following key risks: Unconstitutional decision making and realisation of risks, adversely impacting on the Authority's ability to operate effectively.

SCOPE

Our annual review of governance and risk management supports the Head of Internal Audit Opinion. This audit helps provide assurance that the systems in place to control and manage the Broads Authority are operating effectively and that significant risks are being identified and managed. The audit considered governance arrangements for decision making and the accountability and monitoring of performance.

KEY STRATEGIC FINDINGS



The 'Scheme of powers delegated to the Chief Executive and other authorised officers' is comprehensive and achieves its aims.



The Risk Management Policy provides details of how risks are to be defined, reviewed and managed at strategic and operational level, and who has responsibility for them.



Operational risks to be linked to organisational objectives in accordance with best practice.



Committee Terms of Reference are beyond their review date and require a detailed review and improvements made to their layout to aid transparency. The Hearings Committee (or similar committee) should be included in the published Committee Structure.

GOOD PRACTICE IDENTIFIED



The Member Code of Conduct uses the most up to date Local Government Association (LGA) version published. The Member Code of Conduct is well laid out, clear and concise.



The Risk Management Policy has been updated and approved by the Authority within the last 12 months.

ACTION POINTS

Urgent	Important	Needs attention	Operational
0	0	4	5

APPENDIX 4 – AUDIT RECOMMENDATIONS

Audit Title	Recommendation	Priority	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
BA2102 Port Marine Safety Code	Recommendation 9: A briefing paper to be provided to Navigation Committee outlining requirements for a legal review to ascertain if a General Direction is required for larger vessels.	2	Head of Safety Management	31/10/2021	31/12/2023	Outstanding	The Authority is currently able to manage the safety of large vessels within our waters with Works Licensing and/or by issuing Special Directions. The use of a General Direction has not been needed for many years. Therefore, the Authority needs to carry out a full review of the General Directions under the Pilotage Act and we will need input from a Navigational Legal Expert and a 3rd Party specialist in Pilotage. The Head of Ranger Services is currently developing the Authorities approach and needs for Pilotage and a paper will be presented to Navigation Committee in 2023 seeking advice.
BA2104 Corporate Governance and Risk Management	Recommendation 2: 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.	3	Senior Governance Officer	31/07/2021	31/12/2023	Outstanding	Progress is on hold, as we are reliant on IT resource availability, which is currently focused on more urgent work.
BA2203 HR and Payroll	Recommendation 1: 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	2	Directors	31/03/2022	30/11/2023	Outstanding	Several resilience plans have been completed and are in place, for the following areas: Strategic Services directorate; Finance, Asset Management and Governance. The rest of the resilience plans are currently being worked on.
BA2303 Corporate Health and Safety	The Health and Safety at Work Policy be reviewed and updated if necessary, in line with the defined cyclical timescales.	3	Head of Safety Management	31/10/2022	31/10/2023	Outstanding	The Health & Safety at Work Policy is currently in the process of a complete overhaul to provide a more structured policy.

APPENDIX 5 – LIMITATIONS AND RESPONSIBILITIES

Limitations inherent to the Internal Auditor's work

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

Opinions

The opinions expressed are based solely on the work undertaken in delivering the approved 2022/23 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 briefs 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 to the Broads Authority is for the year ended 31 March 2023. 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 Ltd examinations as the Authority's internal auditors should not be relied upon to disclose all fraud, defalcations or other irregularities which may exist.

APPENDIX 6 – EXTERNAL QUALITY ASSESSMENT REPORT EXTRACT

Conformance Opinion

The mandatory elements of the IPPF include the Definition of Internal Auditing, Code of Ethics, Core Principles and International Standards.

There are 64 fundamental principles to achieve with 118 points of recommended practice. We assess against the principles.

It is our view that internal audit activity conforms to 60 of the 64 relevant principles, with partial conformance on two principles. Two of the principles were not relevant to EIAS as they relate to situations that have not occurred to date.

This is summarised in the table below.

Summary of conformance	Standards	Generally conforms	Partially conforms	Does not conform	Not relevant	Total
Definition of IA and Code of Ethics	Rules of conduct	12				12
Purpose	1000 - 1130	8				8
Proficiency and Due Professional Care (People)	1200 - 1230	4				4
Quality Assurance and Improvement Programme	1300 - 1322	5	1		1	7
Managing the Internal Audit Activity	2000 - 2130	11	1			12
Performance and Delivery	2200 - 2600	20			1	21
Total		60	2	0	2¹	64

¹ These relate to circumstances which prior to the external quality assessment were deemed not relevant, namely the Disclosure of Non-conformance and Engagement Disclosure of Non-conformance, which have not been necessary to date.