

Implementation of Internal Audit Recommendations: Summary of Progress
Report by Head of Finance

Summary:	This report updates members on progress in implementing Internal Audit recommendations arising out of audits carried out since 2014/15.
Recommendation:	That the report be noted.

1 Introduction

- 1.2 It has been agreed that this Committee will receive a regular update of progress made in implementing Internal Audit report recommendations, focusing on outstanding recommendations and including timescales for completion of any outstanding work.
- 1.3 This report summarises the current position regarding recommendations arising out of internal audit reports which have been produced since 2014/15. It sets out in the appendix details of:
- recommendations not yet implemented
 - recommendations not implemented at the time of the last meeting which have since been implemented
 - new recommendations since the last meeting

2 Summary of Progress

- 2.1 In the previous report to this Committee in February, three medium and three low priority recommendations relating to End User Controls were identified as outstanding. Five of these continue to remain outstanding following significant capacity issues within the IT department for in excess of six months which drastically affected the work programme of that team. However following several unsuccessful rounds of recruitment a new member of staff joined the Broads Authority on 1 June and these recommendations will be implemented over the next few months.

3 Internal Audit Programme 2014/15

- 3.1 The final two audits from the 2014/15 programme have been completed since the last meeting of this Committee.

3.2 Key Controls (2014/15)

The regular annual audit of Key Controls was completed in May, following fieldwork in March and April. The objective of the audit was to review the systems and controls in place within the Authority's fundamental financial systems to ensure that these are operating adequately, effectively and efficiently. The audit also assessed progress in respect of implemented and outstanding agreed audit recommendations. This resulted in a "good" audit opinion with one low priority recommendation being raised. This is consistent with last year's rating of "good".

3.2.1 The audit identified areas for improvement relating to:

- opportunities to strengthen / improve the notes to the Statement of Accounts regarding the depreciation policy on Fixed Assets .

3.2.2 Good practice was noted relating to controls in place around: Treasury Management; General Ledger; Budgetary Control; Purchase Ledger; Sales Ledger; Payroll and Tolls income. Good progress was also noted with regard to the implementation of previous audit recommendations.

3.2.3 The recommendation raised has been completed.

3.3 Consultation Activities and Partnership Provisions

3.3.1 The objective of the audit was to review the Authority's activity relating to Consultation Activities and Partnership Provisions, to help confirm these are operating adequately, effectively and efficiently. This was the first time an audit on this area had been carried out but will be supplemented by a Marketing and Communications audit. This resulted in an "adequate" audit opinion with three medium and two low priority recommendations being raised.

3.3.2 The audit identified areas for improvement relating to:

Parish Forums

- Consideration should be given to providing a more formal feedback from the Parish Forum to the Broads Authority meeting covering attendees, issues raised and the advice given. There is a risk that the value and effectiveness of the meetings may be questioned if there is no public record of the issues discussed.
- Consideration should be given to increasing the Parish Forums participation in the setting of the Strategic Priorities by holding a meeting / workshop during the consultation period. If the members of the Parish Forums do not participate there is a risk that the Broads Authority Strategic Priorities do not meet the needs of the Community.

Consultative Review

- An evaluation of the effectiveness of the measures put in place to implement the consultative review recommendations should be carried out. If the effectiveness of the implemented recommendations is not

assessed, there is a risk that the envisaged outcome has not been achieved.

3.3.3 A number of positive were identified in relation to:

Broads Forum

- Terms of Reference exist and are reviewed and updated annually
- Broads Forum minutes are presented to the Broads Authority including action points
- The Broads Forum is a consultative group and it is consulted on strategic matters
- The meetings of the Broads Forum are open to the public who are encouraged to ask questions

Parish Forums

- Meetings of the forum are widely publicised using a variety of methods
- Feedback has been received from the people attending the forum saying how useful it has been
- All of the Town and Parish Councils within the Broads Authority area had been contacted by letter asking for their views on the authority's draft Strategic Priorities

Implementation of Consultative Review Findings

- An action plan has been developed and reviewed. A progress report was presented to the Management Team on the 6th September 2014 and a report was to be taken to members in January 2015.

Other Consultative Arrangements

- The committee structure shows which committees and forums are statutorily consultative and which are consultative / advisory
- The authority has the following policies setting out how the authority consults:
 - Statement of Community Involvement Policy; and
 - Engagement Guidelines – Widening and Strengthening Participation

Partnership Register and Governance

- A Partnership Register is in place which includes the name of the partnership, its purpose, the parties involved, Broads Authority lead officer, financial arrangements, operational risks and mitigation
- A Partnership Protocol is in place which provides a definition of what is and is not a partnership, and the process to be followed before entering into a partnership
- The Authority's Management Forum and Management Team review partnerships annually, confirming that partnerships are still meeting their aims and objectives and internal governance arrangements are appropriate and adequate

3.3.4 Three of the five recommendations remain outstanding in terms of the implementation of the recommendations. The first Parish Forum of 2015 was delayed until June 2015 to allow for appointments to be made following the District and Parish Elections. The formal feedback from the Forum held in Ranworth is at Appendix B of the Strategic Direction Report to the full Authority. The dates for further forum are yet to be determined although it is anticipated that these will coincide with the Authority's Annual Consultation with the Parishes on Strategic Priorities for the forthcoming year which is undertaken in the late Autumn. The Broads Forum had its annual meeting in April and elected a Chair and Vice Chair for the next 12 months after the need for nominations was flagged up at its February meeting. The review of the effectiveness of the Consultative Review will take place early in the next calendar year. A link to the Broads Blog has been included prominently on the right hand menu on all relevant sections (half of all the sections) of the Broads Authority website and all pages under these as it was not technically possible to put a link on the home page. This includes the Broads Forum page of the website. This action has been accepted by auditors as fulfilling the requirement.

4 Internal Audit Programme 2015/16

- 4.1 One audit from the 2015/16 programme has been carried out to date for Corporate Governance and Risk Management. To do date only in the draft report has been issued. The final report and recommendations will be reported to the September meeting.
- 4.2 Details of all new recommendations and the Authority's actions to date in response are set out in the appendix.

Background papers: None

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Date of report: 19 June 2015

Broads Plan Objectives: None

Appendices: APPENDIX 1 – Summary of Actions / Responses to Internal Audit Recommendations 2013/14 - 2014/15

Summary of Actions / Responses to Internal Audit Recommendations 2013/14 - 2014/15

Procurement: October 2013

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>2. Contracts Register The Authority should review and update its contract register to confirm that all known contracts are recorded. Responsible officers for individual contracts should be identified.</p> <p>The Contracts Register should be a record of all current contracts and used as a management tool to identify contracts which are due to expire and as a result prompt review and timely procurement activity.</p>	Medium	Head of Finance	Completed. The contract register has been reviewed and updated into a spreadsheet format to include additional information as recommended by the LGA best practice template. This includes reporting / triggers for actions required by responsible officers.	By 30/04/2014 Revised Target Date: 31/08/2014
<p>3. Purchase Ledger Review Monitoring and reporting of data from the purchase ledger should be undertaken on a periodic basis.</p> <p>In particular, a review of aggregate supplier spending (cumulative total of >£5k), should be undertaken to determine whether correct procurement procedures have been applied. This analysis should be undertaken in line with the review of the Contracts Register to determine whether the Contracts Register includes all</p>	Medium	Head of Finance	<p>Completed. The aggregate supplier spend data for 2013/14 has been reviewed as part of year-end processes. Of the 36 suppliers identified as part of the review Management Team reviewed the procurement processes used and agreed that the procurement methods had been appropriate.</p> <p>In future an annual review of aggregate supplier spend and</p>	By 30/04/2014 Revised Target Date: 31/10/2014

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Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>contracts.</p> <p>Instances of non-compliance with Contract Standing Orders should be reported to senior management and recurring issues identified to inform staff training.</p>			the contract register will be undertaken after the financial year end.	

Corporate Governance and Risk Management: May 2014

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>1. Declarations of Interest Declarations of interests by Members should be requested and submitted each year, irrespective of whether there have been any changes and reviewed by the Head of Governance.</p> <p>Any changes need to be publicised on the Authority's website in line with the requirements stipulated in the Localism Act 2011.</p> <p>The completion of updated annual declarations of interests by Members will help to confirm that the Authority's ethical standards and values are</p>	Low	Head of Governance and Executive Assistant	Completed. Members have been requested to submit their declarations of interest each year, after the Authority's Annual Meeting in July, requiring all updates (or confirmations that the declarations remain extant) to be provided in advance of the following meeting of the Authority in September.	By 26/09/2014

Summary of Actions / Responses to Internal Audit Recommendations 2013/14 - 2014/15

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being maintained and applied by all Members and comply with the requirements of the Localism Act 2011. Review of Declarations of Interest by the Head of Governance will help to confirm that the Authority is not at risk of reputational damage in case of any undeclared interests.				
<p>2. Risk Register The Risk Register should be updated to include:</p> <ul style="list-style-type: none"> 1) A 'Due Date' column should be added onto the Risk Register to clearly state the implementation date of mitigating actions in place. 2) A column should be added showing the score of the risk (probability x severity) following implementation of actions in place as well as additional actions identified by the risk owners. <p>A structured and cohesive Risk Register will help risk owners, management and staff to clearly identify their responsibilities relating to</p>	Low	Head of Governance and Executive Assistant	Completed. Changes have been incorporated in the Risk Register for the six monthly review by Risk Owners and the Management Forum, and are due for annual review by the Financial Scrutiny and Audit Committee at its meeting (23/09/2014).	By 23/09/2014

Summary of Actions / Responses to Internal Audit Recommendations 2013/14 - 2014/15

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
timeframes and deadlines on implementation of mitigating actions. It will also help to confirm that the mitigating actions identified are meaningful and help to reduce the risk probability and severity.				

End User Controls: December 2014

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>1. Screensaver configuration The Authority should deploy screensaver controls that include the following:</p> <ul style="list-style-type: none"> • The configuration of a default screensaver that cannot be changed by the user; • Implementation of an appropriate screen lock timeout, i.e. 10 minutes after inactivity, that initiates the screensaver automatically; and <p>A requirement for the user to re-enter their network password to unlock the</p>	Medium	Head of IT and Collector of Tolls	<p>Agreed with the Head of IT and Collector of Tolls at the debrief meeting.</p> <p>In progress, default Broads Authority screensaver created and will be implemented shortly.</p>	<p>By 31/05/2015</p> <p>Revised Target Date: 31/08/2015</p>

Summary of Actions / Responses to Internal Audit Recommendations 2013/14 - 2014/15

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
screensaver when returning to their screens.				
2. Corporate IT Group Terms of Reference The Authority should undertake a review of the Terms of Reference for the Corporate IT Group as the current document references individuals no longer with the Authority or where roles have changed. The review should also confirm that the group's remit continues to reflect the needs of the Authority.	Low	Head of IT and Collector of Tolls	Completed. Terms of Reference Reviewed and Agreed by Corporate ICT Group on 21 st January 2015.	By 31/05/2015
3. Formal Disposal Policy The Authority should give consideration to formally documenting an IT Disposal policy.	Low	Head of IT and Collector of Tolls	Agreed with the Head of IT and Collector of Tolls at the debrief meeting.	By 31/05/2015
4. WEEE Destruction certificates The Authority should ensure that a formal destruction certificate matching the receipts when items are collected, is received for every WEEE consignment.	Low	Head of IT and Collector of Tolls	Completed - Destruction certificates obtained for equipment recycled in 2014.	By 31/05/2015 Revised Target Date: 31/08/2015
5. Laptop hardware encryption The Authority should give	Low	Head of IT and Collector	Agreed with the Head of IT and Collector of Tolls at the	By 31/05/2015

Summary of Actions / Responses to Internal Audit Recommendations 2013/14 - 2014/15

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consideration to deploying hardware encryption to every laptop under its control.		of Tolls	debrief meeting.	Revised Target Date: 31/08/2015
<p>6. Blackberry device password controls The Authority should ensure that appropriate mobile device password controls are implemented as part of the deployment of Blackberry Enterprise Server (BES) version 12.</p>	Medium	Head of IT and Collector of Tolls	<p>Agreed with the Head of IT and Collector of Tolls at the debrief meeting.</p> <p>Mostly completed – BES12 installed and device password enforced on 20 devices. Approximately 10 devices still under BES5.</p>	<p>By 31/05/2015</p> <p>Revised Target Date: 31/08/2015</p>
<p>7. USB device controls Recommendation - The Authority should ensure that appropriate controls over USB devices are implemented when Windows Server 2008 is deployed. Such controls could include the following:</p> <ul style="list-style-type: none"> • Restrict usage to specific, Authority approved, devices only; • Restrict the ability to copy data to, or from, devices not permitted by the Authority; and • Ensure that appropriate Anti Virus/Malware scanning is initiated on reading the device's data. 	Medium	Head of IT and Collector of Tolls	Agreed with the Head of IT and Collector of Tolls at the debrief meeting.	<p>By 31/05/2015</p> <p>Revised Target Date: 31/08/2015</p>

Summary of Actions / Responses to Internal Audit Recommendations 2013/14 - 2014/15

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
8. Asset tags The Authority should initiate a process whereby all devices under its control are asset tagged and recorded within an appropriate asset register.	Low	Head of IT and Collector of Tolls	Completed. Agreed with the Head of IT and Collector of Tolls at the debrief meeting. Asset Tags purchased, all new devices are being tagged.	By 31/05/2015

Consultation Activities and Partnership Provisions: January 2015

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
1. Broads Forum Members Elect the Chair and Vice Chair on an Annual Basis Consideration should be given to taking nominations for the Chair at the meeting before the election meeting held in May. Consideration should also be given to having a staggered election cycle so that the position of Chair and Vice Chair are not open at the same time.	Low	Head of Governance	Completed. The Broads Forum Members will be asked to identify nominations for both the Chair and Vice-Chair appointments at the February meeting during the agenda item concerning "Matters to be discussed at the next meeting". This will allow Broads Forum members time to identify a Chair and Vice Chair before the May meeting if no nominations are forthcoming in the February	By 05/02/2015

Summary of Actions / Responses to Internal Audit Recommendations 2013/14 - 2014/15

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
			meeting. It is not considered practical to have a staggered appointment cycle as it is very possible that the Vice Chair will migrate into the Chair appointment at the end of a term of appointment.	
2. Parish Forum Feedback is Provided to the Broads Authority Consideration should be given to providing a more formal feedback report, covering attendees, issues raised and the advice given at the Parish Forum meetings.	Medium	Director of Planning and Resources / Strategy and Projects Officer	Formal feedback from each Parish Forum in the form of a short written summary will be provided to the Broads Authority Meeting following the relevant Parish Forum. The next Parish Forum is due in April/May with feedback report to be added as a standing item to Broads Authority Agendas from the May Meeting.	By 31/05/2015 Revised Target Date: 10/07/2015
3. Parish Forums are Consulted on Strategic Priorities Consideration should be given to increasing the Parish Forums participation in the setting of the Strategic Priorities by holding a joint meeting / workshop during the consultation period for the Parish Forums.	Medium	Director of Planning and Resources / Strategy and Projects Officer	Parish Forum (to which all Parishes will be invited) will be scheduled during the consultation period on the Strategic Priorities and will be highlighted as an agenda item. It is suggested that this be trialled for the consultation on the 2016-17 Strategic Priorities and the results reviewed to see whether it has	By 01/01/2016

Summary of Actions / Responses to Internal Audit Recommendations 2013/14 - 2014/15

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
			resulted in increased participation.	
<p>4. Consultative Review Action Plan An evaluation of the effectiveness of the measures put in place to implement the Review of Consultative Arrangements recommendations should be carried out.</p>	Medium	Director of Planning and Resources / Strategy and Projects Officer	<p>A Review of the effectiveness of the measures put in place following the Consultative Review to be completed. The timing of the review may require the re-establishment of the member working party, following the annual meeting in July and Broads Authority meetings in September and November 2015. It would be expected for a draft report to go to the January 2016 meeting and a final report to the March 2016 meeting.</p>	By 01/03/2016
<p>5. Implementation of Consultative Review Actions The Broads Forum section of the web site should be reviewed and a decision made as to whether a comments box should be included. If it is decided not to include a comments box, the Consultative Review action plan should be updated.</p> <p>A link to the Broads Blog should be</p>	Low	Head of Communications	<p>Action B3: The comments box is not required and contact with the Forum members should be through the individual point of contacts for the representative identified on the website or through the Forum's Public Question Time scheme. It is considered that no change is required.</p> <p>Completed. Action D2: Link</p>	By 01/04/2015

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provided on the Broads Authority web site homepage.			from the website to the Broads Blog to be introduced.	

Key Controls: May 2015

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>1. Ensure Statement of Accounts is Accurately Drafted to Reflect Fixed Asset Requirements</p> <p>The Authority should ensure when drafting the 2014-15 Statement of Accounts that information regarding the calculation of Fixed Assets is accurately portrayed in the notes.</p>	Low	Head of Finance	Completed. This has been rectified in the 2014/15 statement of accounts.	By 30/06/2015