

# Risk, Audit and Governance Committee

12 March 2024

Agenda item number 12

## Implementation of internal audit recommendations- summary of progress

Report by Senior Accountant

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### Summary

This report gives a summary of progress in implementing Internal Audit recommendations arising out of audits carried out during 2020/21, 2021/22, 2022/23 and 2023/24.

### 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, 2 and 3 give details of the audits carried out in 2020/21, 2022/23 and 2023/24, 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 report to this committee in July 2023, five of the recommendations from the Procurement audit, one of the recommendations from the Port Marine Safety Code audit and two of the recommendations from the Key Controls audit, all in 2023-24, have now been complete. The impact of workloads has meant that some of the other actions have been further delayed. These have been updated in the appendix. The rest remain as scheduled.

## 3. Internal Audit Programme 2023/24

3.1. Since this report to the Committee in July 2023 the reports from the Procurement, Port Marine Safety Code, Key Controls Audit and Corporate Governance and Risk Management in 2023/24 has now been completed.

## 4. Port Marine Safety Code

4.1. The objective of this audit was to complete an independent review of the Broads Authority Safety Management System (SMS). The Port Marine Safety Code (PMSC) requires that Harbour Authorities should include provision of a systematic review of performance based on information from monitoring of the whole system. This resulted in a “reasonable” audit opinion with five “important” recommendations being raised (see Appendix 3).

4.2. Good practice was noted relating to sound controls that are in place and operating consistently. Those relating to Port Marine Safety Code arrangements for decision making were:

- The roles and functions of key staff are well outlined in the MSMS including the Director of Operation, Head of Safety Management and Head of Ranger Services. This ensures the roles associated with the PMSC are clear.
- Incident reports are presented to the Boating Safety Management Group and Navigation Committee, enabling trends to be identified and subsequent actions taken to address these where appropriate.

## 5. Procurement

5.1. The objective of this audit was to review the compliance against the Broads Authority Contract Standing Orders has been undertaken. This area was last reviewed in 2019/20

and given a reasonable assurance grading. Compliance with Contract Standing Orders allows the Authority to demonstrate good governance and ensures legislation is followed therefore safeguarding reputation. This resulted in a “reasonable” audit opinion with one “important” and four “needs attention” recommendations being raised (see Appendix 3).

5.2. Good practice was noted relating to sound controls that are in place and operating consistently. Those relating to Procurement arrangements for decision making were:

- An annual accumulative spend analysis is undertaken to confirm a contract is in place for all suppliers with spend over £5k and that the contract covers the reviewed time period and value. Outcomes are reported to management team who take further action where required.

## 6. Key Controls

6.1. The objective of this audit was to look 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 were; Treasury Management/Investments, General Ledger, Asset Management, Budgetary Control, Accounts Receivable, Accounts Payable, Toll Income, Control Accounts, Payroll and Follow Up of previous Internal Audit Recommendations. This resulted in a “reasonable” audit opinion with two “important” and one “needs attention” recommendations being raised (see Appendix 3).

6.2. Good practice was noted relating to sound controls that are in place and operating consistently. Those relating to Key Controls arrangements for decision making were:

- The Authority has increased investments from one in the previous financial year to five in the current financial year, this has led to increased returns both due to the higher number of investments along with higher interest rates.

## 7. Corporate Governance and Risk Management

7.1. The objective of this audit was to carry out a review of governance and risk management to support the Head of Internal Audit’s opinion. The review considered governance arrangements for decision making and the accountability and monitoring of performance. The review also provides assurance over the Risk Management framework to give a view as to whether it has supported the achievement of strategic priorities. This resulted in a “substantial” audit opinion.

7.2. Good practice was noted relating to sound controls that are in place and operating consistently. Those relating to Corporate Governance and Risk Management arrangements for decision making were:

- The key principles for managing risk from the International Standard for Risk Management (ISO 31000) are evident in the Broads Authority’s risk management processes.

- Directorate Risk Registers and the Corporate Risk Register are reviewed and updated cyclically, for presentation at each meeting of the Risk, Audit and Governance (RAG) Committee.

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Date of report: 27 February 2024

[Broads Plan](#) strategic objectives: All

Appendix 1 – Summary of actions and responses to Internal Audit 2020/21

Appendix 2 – Summary of actions and responses to Internal Audit 2021/22

Appendix 3 – Summary of actions and responses to Internal Audit 2022/23

## Appendix 1 – Summary of actions and responses to Internal Audit 2020/21

**Table 1**

Governance and Risk Management – March 2021

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
<p><b>2. Changes to committee meetings</b>                      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 in place resulting in key items of business/decisions being missed if deferred matters are not assigned to the next convenient meeting.</p>	Needs Attention	Senior Governance Officer	<p>Agreed.                      Notes added to deferred items.</p> <p>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 confirmed (generated report) area - progress on hold as reliant on IT resource availability, which is currently focussed on more urgent work.</p> <p>Update: Due to IT resource availability, this recommendation has been delayed to 31/12/2023.</p> <p>Update: Due to IT resource availability, this recommendation has been delayed to 31/12/2024.</p>	<p>By 31/12/2021                      Updated to 31/12/2022                      Updated to 31/12/2023                      Updated to 31/12/2024</p>

**Table 2**

Port Marine Safety Code – June 2021

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
<p><b>3. Pilotage</b> Finalise the arrangements for General Directions for larger vessels. 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 vessels</p>	Important	Head of Ranger Services	<p>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> <p>Update: Due to the lack of large vessels navigating our waters the need for a General Direction has not arisen for a number of years and, if it did, we could deal with it under Special Directions. This item has been deferred to allow for a review of what is appropriate which will need specialist maritime legal advice.</p> <p>Update: The factors driving this work have changed since the paper went to committee in 31/10/2021. Updated to 28/02/2023. Updated to 31/12/2023 Audit and Risk Committee, 14 March 2023, agenda item number 12 6 Recommendations Priority rating Responsible Officer(s) BA response/action Timetable 2019, with COVID-19 and the long term closures of bridges on the lower Yare both affecting this. Control measures remain in place to</p>	<p>By 31/10/2021 Updated to 28/02/2023 Updated to 31/12/2023 Updated to 31/03/2024.</p>

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
			<p>control the risk through Special Directions which can be given ahead of each vessel movement. With very limited vessel movement over the last few years the requirement to put in place a General Direction to cover all larger vessel movements is now less of a priority against other projects. The Pilotage Policy is currently being reviewed as part of the wider Safety Management System review.</p> <p>Update: Full review of Pilotage undertaken by Marico Marine. A paper was taken to Navigation committee and Broads Authority, both in January accepting recommendation that a General Direction be put in place to restrict vessel size subject to a risk assessment being carried out to determine if the vessel size subject to a risk assessment being carried out to determine if the vessel can be safely accommodated on the system. Legal advice is currently being sought on this proposal and what a general direction would need to include.</p>	

## Appendix 2 – Summary of actions and responses to Internal Audit 2022/23

**Table 3**

Corporate Health and Safety – July 2022

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
<p><b>1. Health &amp; Safety at Work policy</b>                      The Health and Safety at Work Policy be reviewed and updated, if necessary, in line with the defined cyclical timescales. This will mitigate the risk of Health and safety issues arising due to outdated policy.</p>	Needs Attention	Head of Safety Management	<p>Agreed. Whilst reading documentation for the H&amp;S audit we recognised that our current policy required updating. This review has started and we have carried out the initial scoping to understand what the new H&amp;S policy needs to achieve. The task has been identified as a priority IPR objective in 2022/23 performance year.</p> <p>Update: Currently being reviewed with the aim that the policy will be implemented on 1st April 2023.</p> <p>Update: The review date has been updated to December 2023.</p> <p>Update: The Health &amp; Safety Policy is still in its draft stage as it needs to incorporate the BA's SMS.</p>	<p>By 01/04/2023                      Updated to 31/12/2023                      Updated to 30/06/2024</p>



**Table 4**

Corporate Governance &amp; Risk Management – May 2023

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
<p><b>1. Governance Framework</b> The ToRs of the Authority and Committees be updated following consideration of the report by VWV.</p>	Needs Attention	Monitoring Officer/Senior Governance Officer	<p>At its meeting on 14/3/23 the Audit &amp; Risk Committee agreed a set of actions to implement the recommendations of the VWV report and a relevant timetable. This included reviewing the ToR for committees.</p> <p>Complete.</p>	By 22/09/2023
<p><b>2. Governance Framework</b> Following the publication of the VWV report; include the Hearings Committee (or similar committee) in the published Committee Structure, given its roles and responsibilities, albeit an ad-hoc committee.</p>	Needs Attention	Monitoring Officer/Senior Governance Officer	<p>At its meeting on 14/3/23 the Audit &amp; Risk Committee agreed a set of actions to implement the recommendations of the VWV report and a relevant timetable. This included reviewing the ToR for committees and the establishment of a Standards Committee to replace the Hearings Committee.</p> <p>Complete.</p>	By 22/09/2023
<p><b>4. Risk Management Framework</b> During the service plan refresh exercise, the Authority to identify, link, record and manage risks that threaten the achievement of operational objectives.</p>	Needs Attention	Senior Governance Officer	In preparation for the next business plan, risks will be identified for each of the Directorate work plans and cross referenced to the Directorate risk registers.	By 31/03/2024

## Appendix 3 – Summary of actions and responses to Internal Audit 2023/24

**Table 5**

Port Marine Safety Code – November 2023

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
<p><b>1. Review and Audit</b> The internal Audit cycle and reporting process to be re-established in line with the process set out in the Authority's Marine Safety Management System (MSMS).</p>	Important	Head of Safety Management	<p>Although internal audits had been carried out by the Head of Safety Management and action points raised and resolved, the reporting aspect did not happen.</p> <p>Complete</p>	By 11/01/2024
<p><b>2. Review and Audit</b> Action to be taken to ensure that an appropriate statement about the standard of the organisation's performance against the PMSC is included in the Duty Holder's annual report. An annual PMSC report should also be presented to the Authority (as Duty Holder) which provides an overview of performance, to enable to the Duty Holder to make such a statement.</p>	Important	Head of Safety Management	The reviews and actions to ensure compliance to the PMSC have been taking place, it is the reporting of this and the overall compliance that needs reviving.	By 11/04/2024
<p><b>3. Review and Audit</b> Website data requires updating to reflect the correct PIs (as per the MSMS) and a process put in place to ensure the monthly monitoring of PI data and the data published on the website is up to date and its accuracy substantiated with supporting documentary evidence.</p>	Important	Head of Safety Management	The KPI data is captured and much of the data is reported to the Navigation Committee at each session they meet. This data is an appendix in the Chief Executives Summary report.	By 31/05/2024

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
<p><b>4. Review and Audit</b> Action to be taken to ensure that an appropriate compliance statement is made by the Duty Holder when this is next required by the MCA (likely to be in March 2024). This includes ensuring that appropriate reporting mechanisms are in place in line with the recommendations above, to enable the Duty Holder to make such a statement.</p>	Important	Head of Safety Management	We will contact the MCA and discuss the compliance report, the timing and format to ensure we are consistent with other PMSC duty holders.	By 31/07/2024
<p><b>5. Plan</b> Action be taken to ensure that the Authority complies with the requirement for a marine safety plan and associated reporting process, either in the form of a separate safety plan, or through relevant provisions being added to the MSMS and/or associated policies.</p>	Important	Head of Safety Management	Because of the statute and the way safety and improvements are planned within the broads, the details within a Marine Safety Plan are detailed and reported within the Broads Plan.	By 31/10/2024

**Table 6**

Procurement – November 2023

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
<p><b>1. Publishing of invoice data</b> Publish the details of how many invoices were paid within 30 days for as required by the Public Contracts Regulations 2015. Going forward, ensure the information is published at the end of each financial year.</p>	Important	Senior Accountant	Agreed.  Complete.	By 31/01/2024

<b>Recommendations</b>	<b>Priority Rating</b>	<b>Responsible Officer(s)</b>	<b>BA Response/action</b>	<b>Timetable</b>
<b>2. Guidance</b> Update Procurement Quick Reference Guide in accordance with the reviewed CSO and Procurement Strategy.	Needs Attention	Senior Finance Assistant	Agreed.  Complete.	By 31/05/2024
<b>3. Contracts Register</b> Ensure that the information on 'Value Added Tax that cannot be recovered' is included in the published register in accordance with the requirements of the Local Government Transparency Code 2015.	Needs Attention	Senior Accountant	As the Authority is able to reclaim VAT a note will be added to the register rather than an additional column being added.  Complete.	By 31/12/2023
<b>4. Contract Standing Orders</b> Review the CSOs and add reference to document retention including what documents need to be retained and for how long.	Needs Attention	Director of Finance	This is detailed in the Authority's data retention and information management policy which is available on the intranet. This will be cross referenced in SORC.  Complete.	By 31/05/2024
<b>5. Sustainability</b> Review the tender procedures, evaluate and incorporate how they can support the Authority's intention to become carbon neutral by 2030, as well as the objectives stated in the Procurement Strategy.	Needs Attention	Director of Finance	Director of Finance to update SORC as part of annual review in 2024.  Complete.	By 31/05/2024

**Table 7**

Key Controls – January 2024

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
<p><b>1. Asset Management</b> Management to ensure that all procedures are followed correctly including the relevant forms to be completed in full, and that disposals are authorised appropriately, with a clear audit trail retained.</p>	Important	Director of Finance	<p>All responsible Officers will be reminded of the importance of completing the asset disposal forms. The forms have been updated to highlight which form should be used as the Asset Officer is only responsible for land and property oversight. This will be reflected in the Asset Management Strategy review.</p> <p>Complete.</p>	By 31/01/2024
<p><b>2. Accounts Payable</b> Management to strengthen this control by updating the new supplier setup form with a field indicating how the number was obtained and procedural guidance updated accordingly and conducting additional website searches to verify the supplier's details where possible. For supplier amendments, management to ensure that a process is in place to record how the number was obtained.</p>	Important	Senior Accountant	<p>The new supplier set up form has been updated following the debrief meeting. Training to be delivered to all staff in the Authority on how to complete this by end of February.</p> <p>Complete.</p>	By 28/02/2024
<p><b>3. Asset Management</b> The Asset Management Strategy to be reviewed annually, with the date of last review and when due next, and the reviewer and approver clearly indicated within the document.</p>	Needs Attention	Asset Officer	Despite the Strategy being subject to an internal review during 2023 it was not reviewed by MT. The strategy will be updated in 2024 and taken to MT for approval.	By 31/03/2024

**Table 8**

Corporate Governance and Risk Management – February 2024

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/action	Timetable
<b>1. The Local Government Act 1972</b> Add expectations for attendance and consequences for non-attendance to the Members' Code of Conduct.	Needs Attention	Senior Governance Officer	This will be reviewed as part of the next members code of conduct update. The next review is due within the next 12 months. Governance will continue to monitor absence and notify members where they maybe in risk of breaching the 6-month rule. It will continue to be highlighted to new members via the terms and conditions.	By 31/03/2025