Audit and Risk Committee

29 November 2022
Agenda item number 14

Implementation of internal audit recommendations- summary of progress

Report by Senior Accountant

Summary

This report gives a summary of progress in implementing Internal Audit recommendations arising out of audits carried out during 2019/20, 2020/21, 2021/22 and 2022/23.

Recommendation

To note the report.

Contents

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, 3 and 4 give details of the audits carried out in 2019/20, 2020/21, 2021/22 and 2022/23, in particular:

- recommendations not yet implemented;

- recommendations implemented since the last meeting; and

- new recommendations since the last meeting.

2. Summary of progress

2.1. Since the previous report to this committee in July, the final recommendation of the Procurement audit from 2019/20 has been completed. The outstanding recommendation from the Key Controls audit in 2021/22 has also been completed. The impact of workloads have meant that some actions have been further delayed. These have been updated in the appendix. The rest remain as scheduled.

3. Internal Audit Programme 2022/23

3.1. Since this report to committee in July the final reports from the first two audits in 2022/23 have been received. These are Corporate Health and Safety and Partnership Working. Details on both can be found below. The final two audits on Key Controls and Corporate Governance will be completed in December 2022 and the first quarter of 2023. These will be reported at the next meeting in March 2023.

4. Corporate Health and Safety

4.1. The objective of this audit was to review the Health and Safety framework controls including a review of the Authority's policy, H&S reporting and the support provided to by the Authority to the Hire Boat Operators. This resulted in a "substantial" audit opinion with two "needs attention" recommendations being raised (see Appendix 4).

4.2. Good practice was noted relating to sound controls that are in place and operating consistently. These are:

- 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.

4.3. One of the recommendations, as detailed in appendix 4, has already been completed with the remaining one on target for completion.

5. Partnership Working

5.1. The objective of this audit was to review the recommendations from the 2009/10 remained in place and were being followed. The audit also reviewed compliance with the Nature for Climate Peatland Grant Scheme (NCPGS) Discovery Grant. This resulted

in a "reasonable" audit opinion, with one "important" and one "needs attention" recommendations being raised (see Appendix 4).

5.2.   Good practice was noted relating to sound controls that are in place and operating consistently. These are

- There are an estimated 13 million tonnes of CO_2 stored in the peat of the Broads Authority. This project aims to improve that level of storage.

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

5.3.   One of the recommendations, as detailed in appendix 4, has already been completed with the remaining one on target for completion.

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Appendix 1 – Summary of actions and responses to Internal Audit 2019/20

Appendix 2 – Summary of actions and responses to Internal Audit 2020/21

Appendix 3 – Summary of actions and responses to Internal Audit 2021/22

Appendix 4 – Summary of actions and responses to Internal Audit 2022/23

Appendix 1 – Summary of actions and responses to Internal Audit 2019/20

Table 1
Procurement – December 2019

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

Appendix 2 – Summary of actions and responses to Internal Audit 2020/21

Table 2
Governance and Risk Management – March 2021

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
2. Changes to committee meetings In relation to the document management system (DMS), the following is undertaken: - Notes are added to deferred items to explain which committee date the item has been deferred to; and - To review if there is a way to match up/link the items on the forward plan to the generated items area. This mitigates the risk of not having a completed audit trail in place resulting in key items of business/decisions being missed if deferred matters are not assigned to the next convenient meeting.	Needs Attention	Senior Governance Officer	Agreed. Notes added to deferred items. Update: Governance team liaising with IT on whether more metadata can be added to improve the link between items in the Forward Plan and in the confirmed (generated report) area - progress on hold as reliant on IT resource availability, which is currently focussed on more urgent work.	By 31/12/2021 Updated to 31/12/2022

Table 3

Port Marine Safety Code – June 2021

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
1. Governance The PMSC Performance Indicators (PIs) published within the authority's PMSC and those published on the authority's website be reviewed to ensure they are consistent with each other and reflect all areas of the PMSC. The website should also be updated to reflect the latest annual PI outturns. This helps reduce the risk that performance of the PMSC is not reported in a consistent and timely manner leading to ambiguity over whether the PMSC is performing well and meeting targets as planned.	Important	Head of Safety Management	Agreed. Update: Please note that this recommendation was previously marked as complete in July 2021, but a further review of documents highlighted it was out of date. The PI's on the website are dated 2017/2018 – The PI's reflect the Broads Plan and needs to be incorporated into the new version of the SMS. This action is a work in progress, a meeting has been arranged on 21/06/22 with Director of Operations, Head of Operations & Head of Navigation to discuss the action plan in drafting new SMS version to reflect recent changes to our SMS.	By 31/10/2021 Updated to 31/01/2023
3. Pilotage Finalise the arrangements for General Directions for larger vessels.	Important	Head of Ranger Services	General Directions are rarely used by Broads Authority - most directions are 'Special'. This	By 31/10/2021

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
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.			requirement will require legal inputs and cost benefit analysis to assess its viability. Current requirements are met using Special Directions. 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.	Updated to 28/02/2023
7. Governance All relevant employees to be required to read and sign a copy of the PMSC on an annual basis. This assists in reducing the risk that employees are not familiar with the PMSC, leading to non-compliance with it.	Needs Attention	Head of Safety Management	Refresher training to be given at team meetings and attendance and signatures to be obtained. Update: Health & Safety Inductions for new starters now includes a PowerPoint presentation on PMSC/SMS this is also presented to new authority	By 31/10/2021 Updated to 31/12/22

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
			members. PMSC is a standard agenda item for the Safety Committee. Due to Covid-19 and safeguarding Operational we have had only one f2f full team meeting and other priority training was delivered at this time. The PMSC training will be delivered at the next Operational Technicians meeting in December 2022. Comment section updated and deadline extended to 31 December 2022.	

Appendix 3 – Summary of actions and responses to Internal Audit 2021/22

Table 4

HR and Payroll – December 2021

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
1. Staff Absences Staff resilience plans be reviewed to ensure that they are being used consistently across the organisation and that the activities are sufficient and effective when they have been used in practice. This reduces the risk of inconsistent or ineffective resilience plans increase the risk of service failure in the event of staff absence.	Important	Directors	Agreed. Update: This has not been completed for all Directorates due to other priorities and staff shortages.	By 31/03/2022 Updated to 31/03/2023
4. Policies and procedures All HR policies be reviewed and updated to ensure that they are reflective of current arrangements and working practices. If policies are out of date, there is a risk of staff being given incorrect information or following outdated practices.	Needs Attention	Head of HR	Agreed. Initial review by 30/06/2022 and complete review by 31/12/2022.	By 31/12/2022

Table 5

Key Controls – February 2022

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
1. Treasury Management The Authority should consider diversifying its investment portfolio across different banking institutions. A lack of investment diversification could result in a loss of funds should the financial institution holding the investment fail.	Needs Attention	Director of Finance	Agreed. Update: Options are currently being explored however it should be noted that current investments require 95 days' notice before funds can be transferred to another institution. Completed.	By 31/07/2022

Table 6

Maturity Assessment of Cyber Security – June 2022

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
1. Data Security Backup integrity and recovery testing must take place annually to ensure that they can be recovered as expected during an incident. We note that there are occasional file restores on request from users.	Needs Attention	Head of ICT and Collector of Tolls	Agreed.	By 31/01/2023

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
However, this cannot constitute adequate full testing as required by this level.				
2. Data Security Results of backup testing must be used to inform and improve the process via lessons learned sessions.	Needs Attention	Head of ICT and Collector of Tolls	Agreed.	By 31/01/2023
3. Incident Management A formal IT incident management process must be established, including triage and escalation requirements. We have noted that this is in place, but that it requires review, having been last reviewed in January 2019 prior to the start of the COVID-19 pandemic.	Important	Head of ICT and Collector of Tolls	Agreed. Update: The plan has been drafted but due to work pressures, the plan will be signed off at the end of November.	By 31/10/2022 Updated to 30/11/2022
4. Incident Management To achieve level IM3, full compliance with IM2 is required. In addition, IT staff must have a level of incident management training provided or disaster recovery/ business continuity exercises must be undertaken regularly. We note that this level would have been compliant in its own right had the scoring not required it to be marked as partial.	Important	Head of ICT and Collector of Tolls	Agreed. Update: Once the IT Disaster Recovery plan has been signed off, work to achieve level IM3 will be completed next.	By 31/10/2022 Updated to 31/01/2023
5. Incident Management To achieve level IM4, full compliance with IM2 and IM3 is required. In addition, incidents must be reported and presented to senior leadership. We note that this level	Needs Attention	Head of ICT and Collector of Tolls	Agreed.	By 31/01/2023

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
would have been compliant in its own right had the scoring not required it to be marked as partial.				
6. Incident Management To achieve level IM5, full compliance with IM2, IM3 and IM4 is required. In addition, incidents must include a review and 'lessons learned' sessions, as to improve the future response. We note that this level would have been compliant in its own right had the scoring not required it to be marked as partial.	Needs Attention	Head of ICT and Collector of Tolls	Agreed.	By 31/01/2023

Appendix 4 – Summary of actions and responses to Internal Audit 2022/23

Table 7

Corporate Health and Safety – July 2022

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
1. Health & Safety at Work policy 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.	Needs Attention	Head of Safety Management	Agreed. Whilst readying documentation for the H&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&S policy needs to achieve. The task has been identified as a priority IPR objective in 2022/23 performance year. Update: Currently being reviewed with the aim that the policy will be implemented on 1st April 2023.	By 01/04/2023
2. Risk Assessments The Code of Practice for risk assessments be reviewed and updated as necessary, in line with defined cyclical timescales in order to ensure that that guidance	Needs Attention	Head of Safety Management	Agreed. The Code of Practice for Risk Assessments is another area where we identified a review was needed. This followed on from an	By 31/10/2022

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
available to staff accurately reflects practices in operation. This will mitigate the risk that Health and safety issues to members of the public and reputational damage to the organisation.			audit via our insurers (Zurich). Again it's timetabled in as part of the IPR process, so progress and updates on the objective can be tracked via 1:1's. Completed.	

Table 8

Partnership Working – November 2022

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
1. Partnership Protocol The Partnership Protocol be updated following the publication of the latest Broads Plan, and its relevance be promoted to all staff who may engage in partnership working on behalf of the Authority. Steps should be taken to ensure that all relevant staff are made aware of the Protocol and its importance. The Protocol should include a reference to the role that the Authority's Financial Regulations has in the Probity Arrangements of any Partnership.	Important	Senior Governance Officer	Agreed	By 08/02/2023

Recommendations	Priority rating	Responsible Officer(s)	BA response/action	Timetable
The Partnership Protocol and Checklist should be updated at regular and agreed intervals, no longer than five years. This will mitigate the risk that partnerships may be entered into by staff on behalf of the Authority without being formally recoded and monitored.				
2. Fraud Risk The risk of fraud should be considered in all partnership risk registers. Without the specific mention of fraud in the risk register, there is an increased likelihood that it may be overlooked as a risk category.	Needs Attention	Peat Project Manager	Agreed and updated at the last project Board meeting held on 07/11/22.	Completed