

**Internal Audit's Terms of Reference, Code of Ethics,
Audit Strategy, Strategic and Annual Audit Plans
and a Summary of Internal Audit Coverage for 2012/13**
Report by Head of Internal Audit

Summary: This report provides an overview of the stages followed prior to the formulation of the Strategic Audit Plan for 2012/13 to 2014/15 and the Annual Audit Plan for 2012/13. The Annual Audit Plan will then serve as the work programme and initial terms of reference for the Authority's Internal Audit Services Contractor, Deloitte Public Sector Internal Audit Ltd, and provide the basis upon which the Head of Internal Audit will subsequently give Audit Opinions on the systems of internal control, risk management and corporate governance at the Broads Authority for the year 2012/13.

The report additionally aims to clarify the links between Internal Audit's Terms of Reference, Performance Indicators, Strategy, and its Strategic and Annual Audit Plans, as well as detailing the way in which Internal Audit will operate at the Authority in the year ahead, in order to satisfy the CIPFA Code of Practice for Internal Audit in Local Government and Statement on the Role of the Head of Internal Audit in Public Service Organisations.

In reviewing and approving the audit documentation, the Financial Scrutiny and Audit Committee is making appropriate provisions to ensure that the Internal Audit requirements as stated in Section 17 of the Norfolk and Suffolk Broads Act 1988, section 12(2) of the Local Government Finance Act 1982, c.32, the Accounts and Audit Regulations 2003 and the Accounts and Audit (Amendment) (England) Regulations 2006, are being properly met, and due support is being given to securing an Internal Audit Service, which is compliant with CIPFA guidance on the subject.

Recommendation: The Committee is requested to approve:

- (i) Internal Audit's Terms of Reference and Performance Indicators for 2012/13;
- (ii) Internal Audit's revised Code of Ethics for 2012/13;
- (iii) Internal Audit's Strategy for 2012/13;
- (iv) the Strategic Audit Plan for 2012/13 to 2014/15;
- (v) the Annual Audit Plan for 2012/13; and
- (vi) the Summary of Internal Audit Coverage for 2012/13.

1 Introduction/Background

- 1.1 In accordance with legislative, regulatory and best practice requirements, the Broads Authority has made arrangements for a continuous internal audit to examine the accounting, financial and other operations of the organisation. This is effectively achieved through contractual and group agreement arrangements, which exist between the Broads Authority and South Norfolk Council, whereby the Head of Internal Audit, based at South Norfolk Council, has developed on behalf of the Broads Authority, an Internal Audit Strategy to determine future audit coverage of the organisation's business operations, and alongside this, Terms of Reference and Performance Indicators, together with an updated Code of Ethics, a 3-Year Strategic Audit Plan, an Annual Audit Plan for 2012/13 and a Summary of Internal Audit Coverage for 2012/13.

2 Terms of Reference for Internal Audit

- 2.1. The Terms of Reference for Internal Audit are reviewed and updated annually, and form the basis by which Internal Audit Services will be provided to the Broads Authority. Operational arrangements for 2012/13 are essentially confirmed in **Appendices 1 and 1a**.
- 2.2. The Terms of Reference were last examined by the Committee in February 2011, and have since been amended to fully align with the organisation's latest set of Financial Regulations and to explain how Internal Audit will develop a dialogue with other regulatory and inspection agencies, as and when required. There has also been some expansion of our Terms of Reference to be more explicit about the provisions in place to monitor the status of Internal Audit recommendations and to supply further information regarding the computer audit needs assessment process.
- 2.3. We have likewise found it necessary to update the Performance Indicators which we use to review our achievements in year, in relation to service delivery and general effectiveness. Here, we have included an additional indicator to recognise in the course of 2012/13, we will be aiming to achieve full compliance with the CIPFA Statement on the Role of the Head of Internal Audit.

3 Code of Ethics

- 3.1 The Code of Ethics sets out the expected behaviours of Internal Audit staff and can be found at **Appendix 2**. We have added a new paragraph 4.2 to reflect that the Head of Internal Audit should be carrying out his/her duties in accordance with best practice guidance circulated by CIPFA in its Statement on the Role of the Head of Internal Audit

4 Internal Audit Strategy

- 4.1 The Internal Audit Strategy (see **Appendix 3**) establishes how the annual programme of audit assignments has been developed, in terms of the process followed when undertaking the Annual Audit Needs Assessment, the risk factors applied and how this information is then used to populate the Strategic and Annual Audit Plans. In developing the Strategy for 2012/13, members should note that we are now formulating 3-Year rather than 5-Year Strategic Audit Plans. This has been done after reviewing the latest CIPFA guidance on the drawing up of Audit Plans and feedback received from Section 151/17 Officers across the Norfolk Internal Audit Consortium when consulted about adopting a change of approach to long term audit planning.
- 4.2 In the course of revisiting the Strategy, we have been obliged to make a number of changes to the documentation. To summarise, we have further developed the bullet points at paragraph 2 so that there is more information about the aims of the Strategy. At paragraph 3.6, we have noted that a new computer audit needs assessment is imminent and until the results of this exercise are to hand, we cannot confirm future computer auditing requirements and finally, with reference to paragraph 4.1, we have provided more details about the level of consultation carried out before 2012/13 audit coverage proposals are presented to the Financial Scrutiny and Audit Committee.

5 The Strategic Audit Plan for April 2012/13 to March 2014/15

- 5.1 The overarching objective of the Strategic Audit Plan is to provide a comprehensive programme of review work over the next three years, with each year providing sufficient audit coverage to give annual opinions, which can be used to inform the organisation's Annual Governance Statement.
- 5.2 Although this Plan, included at **Appendix 4**, is provided for the Committee's information and approval, and to demonstrate where resources may be allocated in the future, we recognise that the organisation will be embarking on another management restructure in 2012/13 and this may well put a different complexion on auditing requirements for 2013/14 and beyond. Planning proposals submitted today however, are based on current operational arrangements and have been formulated in conjunction with the latest version of the Corporate Risk Register available at the time of carrying out our Annual Audit Needs Assessment. Although we have been working on a copy of the Risk Register as at October 2011, we appreciate that Corporate Management Team has recently updated this document, utilising the outcomes of a Risk Management Workshop held in October and that this is also being submitted to Members today for their debate and endorsement. It is noted that the Head of Internal Audit did participate in the workshop and as a consequence, has ensured that the Audit Needs Assessment exercise effectively captured the issues discussed at this event; hence all relevant risks have been properly taken into account.

- 5.3 The Strategic Audit Plan is somewhat different to that approved last February, in so far as computer audit coverage has been altered to provide 2-yearly rather than annual input and given that we are in the process of conducting a new Computer Audit Needs Assessment in the final quarter of 2011/12, as mentioned previously, we are not yet able to confirm precise details as to what aspects of the Broads Authority's IT infrastructure and applications we will be examining in future years, although we have set aside 7 days to deliver related work in 2012/13 and 2014/15.
- 5.4 In our previous Strategic Audit Plan, there had been a Partnership audit earmarked for 2012/13, but having discussed the merits and timings of such a review with Corporate Management Team on 30 January 2012, it was subsequently agreed that delaying this piece of work to 2013/14 would be more advantageous for the Authority, as this revised timing would fit in well with an audit focus on the STEP and PRISMA projects, both of which would be coming to an end, and our resources would be better used to review the overall achievements of the two initiatives, the quality of their project management and whether there are any lessons to be learnt which should be acknowledged and acted upon when managing new projects in the future.
- 5.5 Members are also reminded that aside from our work in relation to Corporate Governance and Risk Management, and our Key Controls and Assurance work, we have been asked to complete all other audit assignments within 7-day job budgets (the maximum permissible although some audit work does encompass fewer days), whereas previously, we had determined 8-9 day job budgets to facilitate comprehensive audit reviews. We therefore reiterate that the reduction in time inevitably impacts on the extent of audit testing and fieldwork that can be provided, but we will continue to work to these parameters and prioritise our coverage accordingly.

6 The Annual Audit Plan for April 2012 to March 2013

- 6.1 Having developed the Strategic Audit Plan, the Annual Audit Plan can then be extracted from it, as can be seen in **Appendix 5** to the report. The new Annual Audit Plan totals 35 days, a reduction of 10 days (22.2%) on the 2011/12 Annual Audit Plan. Although there is a significant drop in planned days, we confirm that we will still be able to provide a minimum level of audit coverage necessary to develop the Head of Internal Audit's annual opinion for 2012/13.

7 Summary of Internal Audit Coverage for 2012/13

- 7.1 The Summary information, attached at **Appendix 6** is designed to give management and members alike an overview of audit work planned for 2012/13. The information also acts as a useful document for both External Audit and the Internal Audit Services contractor. In the case of External Audit, it supplies information on the general direction that individual audits will take in the coming year, and with regard to the Internal Audit Services contractor, it is a starting point for audit planning meetings with management. However, there also needs to be an element of flexibility, as the scope and subsequent

parameters for some audits will not become clear until discussions have been held with management and service risks have been fully explored, as well as key aspects of service delivery where added value might be sought in the course of audit scrutiny of operational arrangements.

Background papers: Nil

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Date of reports: 30 January 2012

Appendices

- APPENDIX 1 - Terms of Reference for Internal Audit for 2012/13
- APPENDIX 1a - Performance Indicators for Internal Audit
- APPENDIX 2 - Internal Audit – Code of Ethics for 2012/13
- APPENDIX 3 - Internal Audit Strategy for 2012/13
- APPENDIX 4 - Strategic Audit Plan – April 2012 to March 2015
- APPENDIX 5 - Annual Audit Plan – April 2012 to March 2013
- APPENDIX 6 - Summary of Internal Audit Coverage for 2012/13

**THE BROADS AUTHORITY
TERMS OF REFERENCE FOR INTERNAL AUDIT FOR 2012/13**

1. THE STATUTORY BASIS FOR INTERNAL AUDIT

- 1.1 The requirement for an Internal Audit Service is outlined within the Accounts and Audit Regulations 2011, which state that “A relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.”
- 1.2 The Broads Authority is charged with making appropriate accounting and audit arrangements in accordance with Section 17 of the Norfolk and Suffolk Broads Act 1988 and section 12(2) of the Local Government Finance Act 1982, c.32. This position has been confirmed in the Authority’s “Scheme of Powers Delegated to Officers”. The Treasurer and Financial Adviser (Section 17 Officer) to the Authority is responsible for the proper administration of the Authority’s financial affairs including:
- (i) the regulation and control of finance, and the making of safe and efficient arrangements for the receipt of monies;
 - (ii) Audit Commission and **internal audit matters** including the appointment of auditors;
 - (iii) pension fund matters; and,
 - (iv) Insurances.
- 1.3 With reference to the role of Internal Audit within the Broads Authority, this is examined within Section 36 of the Authority’s Financial Regulations, which recognises that ‘the Authority is required to maintain an adequate and effective internal audit function in accordance with the Accounts and Audit Regulations 2003 (as amended) and to comply with significant aspects of the CIPFA Code of Practices for Internal Audit in Local Government. Overall control of the internal audit function is the responsibility of the Head of Internal Audit, in consultation with the Treasurer and Financial Adviser, Director of Change Management and Resources, and other officers as appropriate’.
- 1.4 Auditing arrangements at the Authority are additionally strengthened by the establishment and operation of a Financial Scrutiny and Audit Committee, which has been in place since 2009 and is charged with reviewing the outputs of the Internal Audit Service at the Broads Authority, including such items as Audit Plans and the outcomes of Audit assignments.
- 1.5 When delivering an Internal Audit Service to the Authority, the quality of the service has been aligned to that provided to other members of the Norfolk Internal Audit Consortium. Consequently, these Terms of Reference seek to ensure the Authority satisfies the Accounts and Audit Regulations 2011
- 1.6 A further requirement of the regulations stipulates that Councils and other public sector organisations conduct a review of the effectiveness of their Internal Audit function at least once a year, and that review should be undertaken by the same body that reviews the Annual Governance Statement. At the Broads Authority, this exercise is undertaken by the Financial Scrutiny and Audit Committee.

- 1.7 When performing a review of systems of Internal Audit, as commented upon in 1.5 above, current practices involve scrutiny of the way in which the function operates and the extent of compliance it is achieving in relation to the CIPFA Code of Practice for Internal Audit in Local Government and CIPFA's Statement on the Role of the Head of Internal Audit in Public Service Organisations. The Broads Authority's Internal Audit function will thus be measured against these particular Standards in the same way that the other members of the Norfolk Internal Audit Consortium are evaluated.

2. THE RESPONSIBILITIES AND OBJECTIVES OF INTERNAL AUDIT

- 2.1 Internal Audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance, by evaluating its effectiveness in achieving the organisation's objectives.
- 2.2 As specified in the Authority's Financial Regulations, at paragraph 36.4, Internal Audit's primary roles are:
- to objectively examine, evaluate and report on the adequacy of the control environment within the Authority; and
 - to assist managers in preventing and detecting fraud and abuse.

3. THE STATUS OF INTERNAL AUDIT, REPORTING LINES AND WORKING RELATIONSHIPS

- 3.1 The Internal Audit Service at the Broads Authority is delivered by means of a Consortium arrangement between the Broads Authority, Broadland, Breckland, North Norfolk and South Norfolk District Councils and Great Yarmouth Borough Council, collectively known as the Norfolk Internal Audit Consortium. All six authorities have signed an agreement under which South Norfolk Council procures the services from an external contractor on behalf of all Consortium members. The contract for providing the service was awarded to Deloitte Public Sector Internal Audit Ltd (the external contractor) with effect from 1 October 2007.
- 3.2 The Head of Internal Audit based at South Norfolk Council is responsible for managing the delivery of the Internal Audit Service, acts in the capacity of Contract Manager and is the main point of contact with the external contractor.
- 3.3 At South Norfolk Council, Internal Audit is situated within the Corporate Resources Directorate. The Head of Internal Audit reports directly to the Deputy Chief Executive for administrative purposes, but is independent of the planning and operation of the service. In addition to this, the Head of Internal Audit has direct reporting access to the Chief Executive, Deputy Chief Executive and Corporate Management Team, and elected members through the Governance, Accounts and Audit Committee, Cabinet and Full Council, and has been given the right to report unedited in her own name, as she considers necessary.
- 3.4 At the Broads Authority, the Head of Internal Audit and/or Deputy Audit Manager will have periodic progress meetings with the Director of Change Management and Resources and the Treasurer and Financial Adviser. The frequency of these meetings will vary according to the timing of audit assignments and Committee reporting requirements to ensure that delivery of the audit programme for the year is regularly discussed; appropriate

assistance is given to the Treasurer and Financial Adviser in the discharge of his/her statutory responsibilities and there is adequate consultation with management generally prior to the presentation of Audit Plans and Annual Audit Reports to the Financial Scrutiny and Audit Committee.

- 3.5 Essentially, the Head of Internal Audit will report directly to the Treasurer and Financial Adviser and individual members of the Management Team, as appropriate, upon completion of internal audit reviews, and will then advise the Financial Scrutiny and Audit Committee of the outcomes of work performed by the Internal Audit Service in his/her Annual Report.
- 3.6 Provision exists for the Head of Internal Audit to report to the Financial Scrutiny and Audit Committee on a regular basis with regards to a range of matters including:
- Annually updated Terms of Reference, Performance Indicators and Code of Ethics for Internal Audit.
 - The Internal Audit Strategy and accompanying Strategic and Annual Audit Plans, together with a summary of Internal Audit Coverage for the forthcoming year.
 - Progress achieved against the agreed Annual Audit Plan together with management summaries from final audit reports.
 - Progress achieved against Agreed Action Plans arising from completed reviews subject to final audit reporting.
 - The findings and conclusions of planned audit work and any Special/Ad-hoc investigations commissioned by the Treasurer & Financial Adviser, the Director of Change Management and Resources or the Financial Scrutiny and Audit Committee.
 - The outcomes of annual Audit Committee Self Assessment exercises.
 - The outcomes of the Annual Review of the Effectiveness of the Internal Audit Service.
- 3.7 The Head of Internal Audit is required to produce an Annual Report within three months of the end of the Annual Plan period, which will contain opinions on the effectiveness of the systems of internal control and risk management operating at the Authority, as well as an opinion on the adequacy of arrangements in relation to corporate governance. These three opinions will be based on work undertaken by Internal Audit throughout the financial year. These opinions additionally inform the Annual Governance Statement for the Authority.
- 3.8 In order to provide adequate internal audit coverage as specified in the Annual Audit Plan, the Authority's Financial Regulations at paragraph 36.5 permit the Head of Internal Audit or his/her authorised representatives to:
- enter, at all reasonable times, any premises or land and have access to all property in the keeping or ownership of the Authority;
 - have access at all times to all records, documents and correspondence relating to all financial and other transactions of the Authority or non-official funds operated by staff of the Authority;
 - require and must receive any explanations as are necessary;
 - require any employee of the Authority to produce cash, stores or any other property of the Authority or that of an unofficial fund under his/her control; and
 - remove records, documents or assets required for further investigation.

3.9 Internal Audit will also interact with External Audit in accordance with an agreed Joint Audit Working Protocol, which has been developed to ensure that the services of Internal and External Audit are as integrated as possible, in order to maximise the effectiveness of the overall approach to audit operated with the Broads Authority.

3.10 Furthermore, Internal Audit will develop a dialogue with other regulatory and inspection agencies that interact with the organisation, in order to avoid any potential duplication of work, to share the outcomes of internal audit work as required and to place reliance on the work of the other bodies, as and when appropriate.

4. THE ROLE OF MANAGEMENT IN RELATION TO THE INTERNAL CONTROL ENVIRONMENT AND INTERNAL AUDIT

4.1 The Chief Executive, Directors and Heads of Service are responsible to the Treasurer and Financial Adviser for the achievement of appropriate levels of internal financial controls within their directorates.

4.2 A duty of care also rests with the Chief Executive, Directors, Treasurer and Financial Adviser and Heads of Service, where appropriate, to respond promptly to all internal audit reports, providing a response to all audit recommendations and if the relevant officer is not prepared to accept an audit recommendation then that should be discussed with the Treasurer and Financial Adviser. In addition, where audit recommendations have been accepted, management should be overseeing the implementation of agreed action plans within pre-agreed timescales and provide evidence to Internal Audit that the systems of internal control have been duly strengthened.

4.3 The Director of Change Management will provide a status update on the implementation of agreed audit recommendations to each meeting of the Financial Scrutiny and Audit Committee, whilst the Head of Internal Audit will provide a year end position statement on management's delivery of audit recommendations, following completion of an audit follow-up/verification exercise at the Authority.

5. INTERNAL AUDIT'S INDEPENDENCE AND ACCOUNTABILITY

5.1 Internal Audit is sufficiently independent of the activities that it audits to enable its Auditors to perform their duties in a manner, which facilitates impartial and effective professional judgements being reached when formulating audit recommendations and opinions on the internal control environment.

5.2 Internal Auditors have no operational responsibilities and thus, are not required to deliver or manage non-audit services.

6. THE SCOPE OF WORK CARRIED OUT BY INTERNAL AUDIT

6.1 The scope for Internal Audit is essentially 'the control environment comprising risk management, control and governance'. As a consequence, Internal Audit will review and evaluate all aspects of the Authority's operations, resources, services and responsibilities in relation to other bodies.

6.2 Currently, the Head of Internal Audit or the Deputy Audit Manager will perform an audit needs assessment to determine a minimum acceptable level of audit coverage, which needs to be delivered on an annual basis. This entails

carrying out a risk assessment of all potential auditable areas to discern those systems that should be subject to audit scrutiny. When determining where audit input should be concentrated, best practice will be followed, i.e. the organisation's assurance and monitoring mechanisms, including risk management arrangements, will be taken into account prior to the completion of the audit planning process. It is not uncommon for core financial systems to feature in terms of high-risk subject areas meriting audit review. However, other non-financial systems and functions are usually also identified, which include corporate governance, disaster recovery and planning/development control, etc.

- 6.3 The scope of Internal Audit work will also extend to services provided through partnership arrangements. With reference to paragraphs 3.9 and 3.10 of this document, the Head of Internal Audit will decide, in consultation with all the relevant parties, whether Internal Audit should conduct the work to obtain the required assurance themselves or rely on the assurances provided by other auditors and/or regulatory/inspection agencies.
- 6.4 Internal Audit, where sufficient expertise exists, will provide additional services, encompassing computer audits, contract audits, fraud related and consultancy work. Moreover, the outcomes of this work, where forthcoming, will contribute to the opinion, which Internal Audit provides on the control environment.
- 6.5 With reference to computer audit requirements, these are determined by the Internal Audit Services contractor, who performs a computer audit needs assessment on a three yearly cycle. The assessment is undertaken in consultation with key IT personnel and the Director of Change Management and Resources. A total of 40 discrete auditable areas, which together are considered to comprise the key aspects of the IT environment within the Broads Authority are evaluated. A separate analysis is also carried out to complement these areas to determine the organisation's key applications and upcoming projects, with the results of this work additionally feeding into the Needs Assessment. Having analysed this information, risk priority ratings are next extracted and used to generate both strategic and annual audit plans.

7. DEALING WITH FRAUD AND CORRUPTION MATTERS

- 7.1 It is the responsibility of the Authority's Management Team to manage the risk of fraud and corruption, making adequate provisions for the prevention and detection of fraud and corruption. It is further acknowledged that audit procedures alone, even when performed with due professional care, cannot guarantee that fraud or corruption will be prevented or detected. Nevertheless, Internal Auditors will be alert in all their work to risks and exposures that could allow fraud or corruption to occur, in order to assist management in preventing and detecting fraud and abuse.
- 7.2 In line with Section 35 of the Authority's Financial Regulations, all officers and members are responsible for giving immediate notification to the Monitoring Officer, Director of Change Management and Resources or the Head of Finance, where there are grounds to suggest any financial impropriety or irregularity concerning income, expenditure, cash, stores, or other property of the Authority or held by the Authority.

8. **INTERNAL AUDIT RESOURCES**

- 8.1 As alluded to previously in paragraph 3.1, the Internal Audit Service is delivered by means of a Consortium arrangement between the Broads Authority, Broadland, Breckland, North Norfolk and South Norfolk District Councils and Great Yarmouth Borough Council. All six authorities have signed an agreement under which South Norfolk Council procures the services from an external contractor on behalf of all six. In turn, the Head of Internal Audit at South Norfolk Council is responsible for managing the delivery of the Internal Audit Service, acts in the capacity of Contract Manager and is in regular contact with the external contractor.
- 8.2 The service is delivered according to a Strategic Audit Plan and an Annual Plan developed by the Head of Internal Audit or Deputy Head of Internal Audit. The Audit Plans are developed in consultation with the Director of Change Management and Resources, the Treasurer and Financial Adviser and other members of the Authority's Management Team, and are based upon an audit needs assessment, which is primarily a risk assessment of the various systems and processes within the Authority, covering all the organisation's objectives and activities and their associated risks. Once the relevant systems have been defined, their relative importance for audit purposes is established and the frequency of subsequent audit coverage is identified and incorporated into the Strategic Audit Plan. Annually, the Strategic Audit Plan will be rolled forward taking into account changing risk caused by new developments (e.g. new systems, revisions to existing systems and/or working practices, new legislation, any organisational restructuring, changing priorities/business objectives, expansion of partnerships, etc).
- 8.3 The Strategic Audit Plan sets out the number of audit days required to adequately review the areas identified and indicates an order of priority for audit assignments, in terms of the frequency with which each auditable area should be examined.
- 8.4 Once planned work requirements have been determined, these will be compared to resource availability. The Head of Internal Audit is responsible for ensuring that Internal Audit resources are sufficient to meet its responsibilities and achieve its objectives. Where there is an imbalance between planned audit coverage and Internal Audit resources to discharge these duties, and it has been concluded that resources are inadequate for the purpose, the Head of Internal Audit will raise her concerns with the Director of Change Management and Resources and the Treasurer and Financial Adviser and proposed solutions will be discussed before Audit Plans are taken forward to the Financial Scrutiny and Audit Committee for formal approval.
- 8.5 In the event of special investigations arising, or ad hoc reviews being requested, agreement for these variations to original Audit Plans will be discussed and agreed with the Director of Change Management and Resources and the Treasurer and Financial Adviser, and Variation Orders will be raised and issued to the external contractor. The same arrangements will apply to audits subsequently needing to be deleted from Audit Plans. All revisions to the Audit Plans will be brought to the attention of the Financial and Audit Committee through Internal Audit's Activity and Annual Reports.

- 8.6 As specified in the Internal Audit Services contract, the external contractor will provide appropriate staff in terms of grades, qualifications, skills and experience, in order to ensure satisfactory delivery of Audit Plan requirements. These staff must comply with a stated level of competence (as outlined in the Internal Audit Services specification) and will maintain and develop their competence through targeted training and continuing professional development, evidence of which will be provided to the Head of Internal Audit at quarterly intervals throughout the financial year.

9. REPORTING UPON AUDIT ASSIGNMENTS

- 9.1 As audit fieldwork is drawing to an end, a debrief meeting will be arranged with client officers to discuss audit outcomes. The debrief meeting should take place five days before the fieldwork is completed, to enable the factual correctness of audit findings to be confirmed and to allow an opportunity for client side to respond to internal control weaknesses identified and put forward any additional information not previously submitted to the auditors.
- 9.2 Upon completion of each audit assignment, an Internal Audit report will be prepared that:
- Provides an opinion on the risks and controls of the area reviewed, and this will contribute to the annual opinion on the control environment.
 - Provides a formal record of points arising from the audit and management responses to issues raised, to include acceptance of audit recommendations with implementation timescales, as well as reasons for rejecting recommendations.
 - Prompts management to implement agreed actions within targeted dates.
- 9.3 The Head of Internal Audit or Deputy Audit Manager approves a draft version of all reports before their issue to the relevant officer. A full copy of the authorised draft report will then be circulated to the relevant Director, Treasurer and Financial Adviser and Head of Service.
- 9.4 In addition to debrief meetings at the end of audit fieldwork, there will also be the opportunity to have an Exit Meeting involving the Head of Internal Audit or the Deputy Audit Manager, the Treasurer and Financial Adviser and the relevant officer(s) attached to the service area being audited, to discuss detailed aspects of draft audit reports and agree action plans.
- 9.5 Accountability for management's response to Internal Audit advice and recommendations lies with the Chief Executive, Directors, Treasurer and Financial Adviser and/or Heads of Service, as appropriate, who can either, accept and implement guidance given or formally reject it. However, if audit proposals to strengthen the internal control environment are disregarded and there are no compensating controls justifying this course of action, an audit comment will be made in the final audit report, reiterating the nature of the risk that remains and recognising that management has chosen to accept this risk. Furthermore, depending on the severity of the risk, the matter may be escalated upwards and drawn to the attention of the Financial Scrutiny and Audit Committee.
- 9.6 Final audit reports (full copy and/or management summaries, as appropriate) will be issued in line with agreed working protocols to the relevant nominated officers, e.g. Chief Executive, Director, Treasurer and Financial Adviser and

Head of Service. The Financial Scrutiny and Audit Committee will also receive copies of management summaries via Annual Audit Reports.

- 9.7 Each audit report is subject to follow up by Internal Audit, whereby evidence of action taken will be sought. As mentioned previously at paragraph 4.3, the outcomes of follow up work will subsequently be brought to the attention of the Financial Scrutiny and Audit Committee.

10. MONITORING THE OVERALL PERFORMANCE OF INTERNAL AUDIT

- 10.1 Internal Audit monitors its performance in a number of ways, which are set out in the Service Specification within the Internal Audit Services Contract. Aspects of the service subject to scrutiny include:

- The extent to which the Annual Audit Plan is achieved.
- Completion of audit projects in accordance with agreed timetables for delivery of audit fieldwork, draft and final reports.
- Providing an acceptable lead-in time between the finalisation of audit briefs and the commencement of audit fieldwork.
- Demonstrating that audit coverage has been undertaken in line with original audit brief requirements.
- Ensuring conclusions and recommendations in audit reports are reasonable, appropriate and practical, and supported by the evidence collected.
- Comparing proposed audit recommendations to agreed audit recommendations, to verify that recommendations are justifiable and practical; and
- satisfactory post audit feedback is obtained from auditees upon completion of audit projects.

- 10.2 Performance is measured against contractual targets as well as local performance indicators, which evaluate the quality of the service being provided to the Broads Authority, and these are itemised in **Appendix 1a**.

Appendix 1a

Performance Indicators for the Internal Audit Service

Internal Audit performance is monitored as detailed below.

Indicator	Target	Purpose
% audit recommendations accepted by management	90%	Acceptance of audit recommendations by management ensures that where improvements are required to the internal control environment, appropriate action will be taken to secure these enhancements. However, there can be occasions where recommendations are disputed. In these cases, there may be justifiable reasons for management not supporting the recommendation, e.g. compensating controls have been put in place. Conversely, management can take the decision to accept the risks identified, particularly if insufficient resources preclude action being taken. However, this will mean that there are vulnerabilities in systems of internal control, which are not being addressed.
% high priority recommendations implemented	100%	Management's commitment in implementing high priority recommendations ensures that high profile risks/fundamental flaws in systems of internal control are suitably resolved.
Number of days between the issue of Internal audit briefs and commencement of audit fieldwork	10 working days	Management should have sufficient time to consider and shape audit objectives driving review work before the fieldwork starts. Hence, adequate consultation is permitted enabling management to make a contribution to terms of reference thereby ensuring the audit adds value to their service area.
Number of days between the expected completion of audit fieldwork (as per the audit brief) and actual completion of audit fieldwork	0 working days	This indicator seeks to check that audit fieldwork finishes in a timely manner and thus audits progress as expected, and there are no unnecessary delays.
Number of days between the completion of audit fieldwork and issue of draft report	10 working days	The draft report is the first stage after which management will have written confirmation of the audit outcomes. Issue on a timely basis provides better opportunity for management to be able to comment, and also ensures that the audit plan is delivered as expected.
Number of days between the issue of the draft and final report	15 working days	Delivery of a timely final report ensures that management can commence the process of addressing internal control weaknesses.
Number of days between the completion of the fieldwork and issue of a final report	25 working days	This is a combination of the two performance indicators above and reflects the total time incurred in completion of the audit process.

Indicator	Target	Purpose
Average score given to audit feedback	Adequate	This is the main indicator of audit quality and is based upon the feedback received by management for individual audit assignments, which range on a 6-point basis, namely poor, weak, less than adequate, adequate, good and excellent.
Compliance with the CIPFA Code of Practice for Internal Audit	Full	In 2006, CIPFA set a Code of Practice for Internal Audit, which identifies a checklist of benchmarks against which Internal Audit should perform. At each site, we aim for full compliance with the self-assessment checklist that is completed annually and feeds into a review of the effectiveness of internal audit.
Compliance with the CIPFA Statement on the Role of the Head of Internal Audit	Full	This Statement sets out what CIPFA considers being best practice for Heads of Internal Audit in terms of providing a summary of the core responsibilities entailed in the role to support the Council in achieving its objectives, by giving assurance on its internal control arrangements and playing a key part in promoting good corporate governance. A checklist has been developed from the guidance, which is completed annually and feeds into our review of the effectiveness of internal audit.

**BROADS AUTHORITY
INTERNAL AUDIT – CODE OF ETHICS FOR 2012/13**

1. Introduction

- 1.1 This Code of Ethics sets the minimum standards for the performance and conduct of the Broads Authority's Internal Auditors. It is intended to clarify the standards of conduct expected from the Internal Auditors when carrying out their duties. This Code applies to all staff responsible for delivering Internal Audit within the Broads Authority, Great Yarmouth Borough Council and South Norfolk, North Norfolk, Breckland and Broadland District Councils, but does not supersede or replace the requirement on individuals to comply with ethical codes issued by professional institutes of which they are members or student members and any organisational codes of ethics or conduct.

There are four main principles:

- Integrity
- Objectivity
- Competence; and,
- Confidentiality.

2. Integrity

- 2.1 The Broads Authority's Internal Auditors should demonstrate integrity in all aspects of their work. Their relationship with colleagues and external contacts should be one of honesty and fairness. This establishes an environment of trust, which provides the basis for reliance on all activities carried out by the Internal Auditors.

3. Objectivity

- 3.1 Objectivity is a state of mind that has regard to all considerations relevant to the activity or process being examined without being unduly influenced by personal interest or the views of others. Internal Auditors should display professional objectivity when providing opinions, assessments and recommendations.

4. Competence

- 4.1 Internal Auditors should apply the knowledge, skills and experience needed in the performance of their duties. They should carry out their work in accordance with the standards contained within the CIPFA's Code of Practice for Internal Audit in Local Government 2006. They should not accept or perform work that they are not competent to undertake, unless they have received adequate training and support to carry out the work to an appropriate standard.

- 4.2 It is also essential that the Head of Internal Audit operates in accordance with the best practice guidance recommended in CIPFA's Statement on 'The Role of the Head of Internal Audit' and undertakes an annual compliance check against the core principles stated therein.

5. Confidentiality

- 5.1 Internal Auditors must safeguard the information they receive in carrying out their duties. There must not be any unauthorised disclosure of information unless there is a legal or professional requirement to do so.
- 5.2 Confidential information gained in the course of audit duties must not be used to effect personal gain.

6. Operational Arrangements

6.1 Achieving Compliance with the Code of Ethics

- 6.1.1 On an annual basis, the Head of Internal Audit, the Deputy Audit Manager and the Deloitte Auditors will revisit the Code of Ethics to reinforce their understanding of and confirm their on-going commitment to the obligations placed upon them as specified in this document, and ensure that they continue to fully comply with these when discharging their day-to-day duties in relation to the Broads Authority.

6.2 Maintaining Audit Independence

- 6.2.1 In addition, it is essential that Internal Audit personnel are able to demonstrate independence and hence, objectivity. To this end, Internal Audit staff are obligated to declare potential conflicts of interest as they arise, so as to enable other staff to be assigned to specific reviews, thereby avoiding any compromising of independence. Audit objectivity will also be upheld, in so far as Internal Auditors will not be able to carry out audits in an area where they have had previous operational roles within the last 18 months.

6.3 Securing Integrity

- 6.3.1 In order to be assured that the Internal Auditors demonstrate integrity in all aspects of their work, a requirement also exists that quality control processes have been developed to safeguard the Broads Authority's position in this matter.

6.4 Demonstrating Competence

- 6.4.1 It is a pre-requisite that all Internal Audit staff are aware of and understand:
- The organisation's aims, objectives, risk and governance arrangements;
 - The purpose, risks and issues affecting the service area to be audited;
 - The terms of reference for the audit assignment so that there is a proper appreciation of the parameters within which the review will be conducted; and,
 - The relevant legislation and other regulatory arrangements that relate to the service areas to be audited, e.g. Statutes, the Authority's Scheme of Powers delegated to Officers, the Authority's Financial Regulations and

Standing Orders relating to Contracts, Partnership/Service Level Agreements, Internal Strategies/Policies/Procedural Notes.

6.5 Observing Confidentiality

- 6.5.1 A breach of confidentiality by an Internal Auditor will not be tolerated and will result in the expulsion of the individual from the Internal Audit Services contract.

**THE BROADS AUTHORITY
INTERNAL AUDIT STRATEGY FOR 2012/13**

1. INTRODUCTION AND OVERVIEW

- 1.1 The objectives of the Broads Authority's Internal Audit Strategy are set out in Internal Audit's Terms of Reference, although they can essentially be summarised as follows:

'To deliver a risk-based audit plan in a professional, independent manner, to provide the organisation with an opinion on the level of assurance it can place upon the internal control environment, systems of risk management and corporate governance arrangements, and to make recommendations to improve these provisions, where further development would be beneficial'.

- 1.2 In accordance with contractual arrangements, each year, an Audit Needs Assessment is undertaken by the Head of Internal Audit or the Deputy Audit Manager as part of the audit planning process, culminating in the development of a Strategic Audit Plan, with an Annual Audit Plan being extracted from the latter for adopting in the succeeding financial year. In previous years, we have formulated rolling 5-year Strategic Audit Plans but this year will be trialling a 3-year Strategic Audit Plan. The end date of new Plan effectively ties in with the financial year when the existing Internal Audit Services Contract with Deloitte Public Sector Internal Audit Ltd is due to expire.
- 1.3 A Computer Audit Needs Assessment is also performed on a 3-yearly basis by the Internal Audit Services contractor, and the outcomes of this exercise additionally feed into the Strategic Audit Plan and the Annual Audit Plan for the new financial year.

2. WHAT THE INTERNAL AUDIT STRATEGY SETS OUT TO ACHIEVE

- 2.1 The purpose of the Internal Audit Strategy is to establish the nature of the methodology to be adopted by Internal Audit to facilitate:
- How the service will be delivered to the Authority.
 - The provision to the Treasurer and Financial Adviser, the Director of Change Management and Resources and the Authority as a whole of three audit opinions each year on the Authority's systems of internal control and risk management, and corporate governance arrangements.
 - Ensuring that appropriate evidence has been collected in support of the opinions expressed, after which the latter should be used to inform the Authority's Annual Governance Statement.
 - The audit of the Authority's systems of internal control, risk management and governance through Strategic and Annual Audit Plans is undertaken in a way that affords suitable priority to the organisation's objectives and risks.
 - Audit resources have been appropriately identified to deliver an Internal Audit Service, which meets required professional standards, provides acceptable minimum levels of audit coverage and optimises the use of audit time available.
 - Providing annual scrutiny of fundamental financial systems to generate assurance that the proper arrangements for financial control are in place, work which External Audit can place reliance upon.
 - Supporting senior management at the Authority as much as possible and adding value.

3. DEVELOPMENT OF THE CURRENT INTERNAL AUDIT STRATEGY

3.1 The strategy is risk driven in so far as it relies on an Audit Needs Assessment, which analyses the Broads Authority's operations, resources, services and responsibilities in relation to other bodies, to identify where future audit input needs to be focused. In the course of undertaking the audit needs assessment, due regard has been given to the following information:

Corporate Documentation

- Statement of Accounts 2010/11
- Annual Governance Statement 2010/11
- National Parks Authority Performance Assessment – Peer Review Group Report and Improvement Action Plan Report, presented to the Broads Authority on 20 January 2012
- Report of the National Park Authority Performance Assessment of the Broads Authority, produced November 2011
- Broads Authority Summary Self Assessment and Improvement Plan, October 2011
- Business Plan 2011/12 to 2014/15
- Strategic Priorities 2011/12, presented to the Broads Authority on 20 January 2012
- Draft Strategic Priorities 2012/13, presented to the Broads Authority on 20 January 2012
- Strategic Risk Register and Risk Management Strategy as at 17 October 2011
- Consolidated Budget 2011/12 to 2012/13, presented to the Broads Authority on 20 January 2012

Audit Commission Documentation

- Audit Commission Annual Governance Report 2010/11, presented to the Financial Scrutiny and Audit Committee on 23 November 2011
- Audit Commission Audit Plan 2010/11, presented to the Financial Scrutiny and Audit Committee on 12 July 2011

3.2 Six key risk factors were then applied to potential auditable areas and their impact on the organisation was evaluated in terms of:

- Materiality - monetary value and volume of transactions;
- Significance – with reference to the objectives and activities of the Broads Authority;
- Complexity of the organisation's systems/activities in terms of their operation and auditability;
- Modifications to the organisation's systems/activities or the likelihood of changes (i.e. new arrangements) being introduced within the duration of Audit Plans being put forward;
- Inherent risk, i.e. the existence of threats relevant to the organisation, because of the nature of its business activity, the regulatory framework, its size, its growth, its history, etc; and,
- Profile of auditable areas, reflecting on the political sensitivity of the systems/activities.

- 3.3 With reference to inherent risk, the Audit Needs Assessment is cognisant of those areas where historically, there has been the potential for fraud and corruption, e.g.
- Manipulation of Financial Records
 - Cash Collection
 - Credit Income
 - Creditor Payments
 - Stocks and Stores (where applicable)
 - Contracts and Procurement
 - Loans and Investments
 - Payroll and Expense Claims
 - Disposal of Assets
 - Awarding of Planning Consents
 - Awarding of Grant Funds
 - Awarding of Licences
 - Gifts and Hospitality.
- 3.4 Having carried out a risk assessment, closely aligned to the Strategic Risk Register, frequencies have next been assigned to the planned audit coverage, ranging from annual scrutiny to reviews performed on a three or four-yearly cycle.
- 3.5 When undertaking the annual audit needs assessment, it is acknowledged that resource constraints currently experienced by the Authority will inherently restrict the number of audit days that may be available to review operational arrangements. It is not feasible, for example, to undertake an extensive list of systems and computer audits throughout the Authority year-on-year; but the Strategic and Annual Audit Plans developed as a consequence of the annual audit needs assessment process, are devised to provide an affordable and acceptable minimum level of audit coverage which is beneficial for the Authority, and allows sufficient scope for the Head of Internal Audit to produce the requisite annual assurances.
- 3.6 As mentioned previously in paragraph 1.3, a Computer Audit Needs Assessment is also performed by the Internal Audit Services contractor in parallel to the Audit Needs Assessment work carried out by the Head of Internal Audit or the Deputy Audit Manager. The Computer Audit Needs Assessment effectively evaluates the key risks affecting the IT environment within the Council and having identified risk priority ratings, it is then possible to use this information to populate a Strategic Computer Audit Priority Analysis and Annual Computer Audit Plans. This exercise was last undertaken in February 2009 and is due to be repeated in early February 2012. For the purposes of the newly formulated Strategic Audit Plan's completeness and hence, to cover the period 2012/13 to 2014/15, a provision of seven days has been allocated each year for computer audit work.
- 3.7 The Annual Plan for the Broads Authority is benchmarked against other similar organisations (national park authorities and equivalent). Figures extracted are compared to the draft Strategic Audit Plan to check whether an acceptable number of audit days are being put forward on an annual basis.

4. FORMULATION OF THE STRATEGIC AND ANNUAL AUDIT PLANS

4.1 Having completed the Annual Audit Needs Assessment and prepared a draft Strategic Audit Plan, the latter was subsequently discussed with the Director of Change Management and Resources on 25 January 2012, although earlier consultations about initial planning requirements had already taken place on 7 November 2011 when the Head of Internal Audit met with the Corporate Management Team. A second meeting with CMT took place on 30 January 2012 and on the basis of feedback received subsequently, it has been possible to further refine the Strategic Audit Plan, consider changing priorities and confirm the final composition of the Annual Audit Plan for 2012/13 with appropriate dates for carrying out the relevant reviews. It should also be noted that the new Treasurer and Financial Adviser for the Broads Authority has received copies of draft strategic audit planning proposals and their comments obtained, and in addition, there has been a sharing of the Planning documentation for 2012/13 with External Audit to canvass its views on internal audit coverage being put forward in relation to the new financial year.

4.2 Following consideration and approval of the new Audit Plans by the Financial Scrutiny and Audit Committee, the Head of Internal Audit or Deputy Audit Manager will instruct the Internal Audit Service contractor (Deloitte Public Sector Internal Audit Ltd) to adopt the Annual Audit Plan as their work programme for 2012/13.

5. REVIEWING PLANNED AUDIT COVERAGE TO ENSURE ITS ON-GOING ADEQUACY

5.1 Audit planning is a dynamic process and the environment in which the Broads Authority operates is frequently subject to change, whether through the introduction of new systems, the enhancement/modification of existing systems, revised statutory requirements applying to the organisation or other developments affecting the way in which the Authority conducts its business. As a consequence, Internal Audit Plans are continually monitored by the Head of Internal Audit and/or Deputy Audit Manager to ensure that they remain timely and comprehensive in their proposed coverage. Throughout the coming year therefore, the Plans may have to be amended to reflect new priorities that might surface and possibly, have to react to existing risks that may subsequently escalate, diminish, disappear or be superseded by new risks, as they affect the Authority. For this reason, flexibility will be shown towards planned audit coverage, to ensure that it is constantly responsive to changing needs and new requirements.

Strategic risk register				
Directorate	Audit Focus	Description in Strategic Risk Register	Rating	Risk Profile
Change Management and Resources	Corporate governance and risk management	Failure to comply with Legal Requirements	3	Low Probability & Critical Severity
Change Management and Resources	Work to review the Annual Governance statement	Financial overspend/Significant Loss of income	3	Low Probability & Critical Severity
Change Management and Resources	Key controls & assurance work - Accountancy Services, Sundry Debtors, Creditors, Treasury Mngt, Budgetary Control, Payroll and HR, Asset Mngt and Toll Income arrangements, plus audit follow up work. Additional focus to be given to Procurement arrangements in 2013/14.	Financial overspend/Significant Loss of income	3	Low Probability & Critical Severity
		Non Availability of Key Staff	4	Significant Probability & Medium Severity
		Ineffective management of Assets	2	Significant Probability & Low Severity
		Death or Serious Injury to Member of Staff or the Public	3	Low Probability & Critical Severity
Change Management and Resources	Asset management - subsumed into key controls and assurance work, as detailed above	Ineffective management of Assets	2	Significant Probability & Low Severity
		Death or Serious Injury to Member of Staff or the Public	3	Low Probability & Critical Severity
Change Management and Resources	Toll Income - subsumed into key controls and assurance work, as detailed above and linked to Application review below	Financial overspend/Significant Loss of income	3	Low Probability & Critical Severity
		Loss of IT / Communications Systems	3	Low Probability & Critical Severity
Change Management and Resources	Payroll/Human Resources - subsumed into key controls and assurance work, as detailed above	Non Availability of Key Staff Capability	4	Significant Probability & Medium Severity
Operations	Fens Ecological Project (although HLF Bursary Fund was identified in the original Annual Audit Plan for 2009/10)	Denial of Public Access to the Broads	2	Low Probability & Medium Severity
Planning and Strategy	Partnership working	Ineffective Engagement with Key Partners / Stakeholders	4	Significant Probability & Medium Severity
		Ineffective Project Management	2	Low Probability & Medium Severity
Planning and Strategy	Partnership working with a focus on how the STEP and PRISMA projects have been delivered, with attention given to lessons learned and how they should be influencing the handling of future projects	Ineffective Engagement with Key Partners / Stakeholders	4	Significant Probability & Medium Severity
		Ineffective Project Management	2	Low Probability & Medium Severity

Frequency	Actual Days 2008/09	Actual Days 2009/10	Actual Days 2010/11	Actual Days 2011/12	Proposed Days 2012/13	Proposed Days 2013/14	Proposed Days 2014/15
Annually	3	5	5	5	5	5	5
	3						
Annually	5	12	14	13	15	18	15
	3						
	3						
	5						
At request of mngt		5					
Initially agreed a 3-yearly cycle of audit coverage with mngt		7					
Mngt request to coincide with completion of STEP project and near completion of PRISMA project						7	

Strategic risk register					Frequency	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Directorate	Audit Focus	Description in Strategic Risk Register	Rating	Risk Profile								
Planning and Strategy	Planning	Denial of Public Access to the Broads	2	Low Probability & Medium Severity	4-yearly				7			
		Failure to comply with Legal Requirements	3	Low Probability & Critical Severity								
Change Management and Resources	Audit follow up - from 2012/13 onwards, job budget to be added to Key Controls and Assurance audit				Annually	1	2	2	2			
Change Management and Resources	IT overview / Computer Audit Needs Assessment.	Loss of IT / Communications Systems	3	Low Probability & Critical Severity	3-yearly	3						
	IT overview / Computer Audit Needs Assessment to include some revisiting of Disaster Recovery arrangements.	Loss of Offices including Field Bases	3	Low Probability & Critical Severity					3			2
	Disaster recovery - deferred from 2007/8	Loss of Offices including Field Bases	3	Low Probability & Critical Severity		5						
	Toll Income Application review	Financial overspend/Significant Loss of income	3	Low Probability & Critical Severity			1		7			
	IT Governance and Strategy	Loss of IT / Communications Systems	3	Low Probability & Critical Severity				9				
	IT Audit (to be allocated based on CANA undertaken in Quarter 4 of 2011/12)	Loss of IT / Communications Systems	3	Low Probability & Critical Severity						7		7
	Audit Management				Annually	13.4	11	10	8	8	8	8
Total						44.4	43	40	45	35	38	37

Summary of Internal Audit Coverage for 2012/13

The following table sets out the proposed coverage of each audit identified in the Annual Audit Plan for 2012/13. The more detailed scoping of reviews will be determined at the planning stage for each audit, with terms of reference being confirmed in audit briefs, drawn up in consultation with client officers. Individual audits will also consider the quality of management information generated within the relevant service area(s) to assist decision-making and performance monitoring, and there will additionally be some focus given to the monitoring of corporate/service risks and ongoing maintenance of procedures and business continuity/disaster recovery plans, where appropriate.

Title	Description
Corporate Governance and Risk Management	<p>This audit will adopt a different approach to corporate governance scrutiny than has been the case in previous years. In 2012/13, there is an intention to examine change control/governance arrangements at the Authority, prompted by the fact that the Organisational Structure has reduced from four to three Directorates (i.e. Operations, Planning and Strategy and Change Management and Resources) from May 2011 onwards, and is expected to migrate to two Directorates (Operations and Planning and Resources) from April 2013. We will look at how the Broads Authority has managed this process and the subsequent impact of revised provisions on operations generally, e.g. provision of core services, officer roles and responsibilities, scheme of delegation, etc.</p> <p>We will also revisit the Authority's monitoring of corporate risks, and assess the systems in place to manage those risks.</p>
Key Controls and Assurance Work	<p>This audit has a wide scope, and is designed to gain assurance over the financial processes feeding into the Authority's overall internal control framework. This is achieved through sample testing of key controls in the following areas:</p> <ul style="list-style-type: none"> • Accountancy Services • Sundry Debtors • Creditors • Treasury Management • Budgetary Control • Payroll and Human Resources • Asset Management • Tolls Income. <p>In the course of being on-site, we will additionally carry out verification work in relation to implemented and outstanding agreed audit recommendations.</p>

Summary of Internal Audit Coverage for 2012/13

Computer Audit requirements to be confirmed	We had been planning to review Network Domain Security at the Authority but in the last Quarter of 2011/12 are undertaking a new Computer Audit Needs Assessment, which may identify changing priorities and a need to direct our computer audit expertise into another area warranting scrutiny. As soon as we have greater clarity over where our resources would be most beneficial, we will confirm with senior management as to how the 7-day provision we have included in the Annual Audit Plan for 2012/13 will be utilised and submit revised Strategic and Annual Audit Plans to the Financial Scrutiny and Audit Committee.
Audit Management	<p>The Head of Internal Audit and Deputy Audit Manager provide audit management input to the Internal Audit Service for the Broads Authority.</p> <p>Work will involve regular liaison with the Treasurer and Financial Adviser, as well as the Director of Change Management and Resources regarding development of new strategic and annual audit plans, progress made in relation to the delivery of the currently approved Annual Audit Plan, monitoring the extent to which agreed audit recommendations have been implemented and preparing the Head of Internal Audit's Annual Report and Opinion. The audit management time is also used to review the work of the Internal Audit Services contractor, maintain regular dialogue with External Audit, attend the Financial Scrutiny and Audit Committee and review the Authority's Annual Governance Statement prior to its presentation to members.</p>