

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

Summary: This report updates members on progress in implementing Internal Audit recommendations arising out of audits carried out during 2015/16 and 2016/17.

Recommendation: That the report be noted.

1 Introduction

- 1.1 It has been agreed that this Committee will receive a regular update of progress made in implementing Internal Audit report recommendations, focusing on outstanding recommendations and including timescales for completion of any outstanding work.
- 1.2 This report summarises the current position regarding recommendations arising out of internal audit reports which have been produced for 2015/16 and 2016/17. It sets out in the appendix details of:
- recommendations not yet implemented
 - recommendations not implemented at the time of the last meeting which have since been implemented
 - New recommendations since the last meeting.

2 Summary of Progress

- 2.1 In the previous report to this Committee in September the final recommendation relating to Corporate Governance still remains outstanding but is due to be completed shortly.

3 Internal Audit Programme 2016/17

- 3.1 The first and second audit from the 2016/17 programme have now been completed, with further details below. At the date of this report the third audit on Key Controls is underway and the results from this audit will be reported to the next FSAC meeting on 25 July 2017.

4 External Funding

- 4.1 The objective of the audit was to review the systems and controls in place within External Funding, in particular for Broads Landscape Partnership and National Parks Partnership, to help confirm that these are operating

adequately, effectively and efficiently. This resulted in a “reasonable” audit opinion with three “important” and two “needs attention” recommendations.

4.2 The audit identified areas for improvement relating to:

Broads Landscape Partnership

- To develop procedural guidance for the Broads Landscape Partnership, thereby mitigating the risks of inconsistent practices occurring, inefficient and ineffective processes being applied and disrupted business continuity.
- The risk register and risk management strategy to be reported to the Broads Landscape Partnership Board as a standing agenda item. This should help reduce the risk that the Broads Landscape Partnership objectives are not achieved.
- To obtain signed copies of the Broads Landscape Partnership Project Board agreement from Easton & Otley College, Farm Conservation and River Waveney Trust, to help mitigate the risk that some partners do not deliver the scheme as intended.

National Parks Partnership

- The Broads Authority to request that the following items are raised at the National Parks Partnership Management Board: 1) Production of a risk assessment/register; 2) Declarations of interest to be added as a standing agenda item and; 3) The agreement and documentation of standards of conduct for Management Board members. This mitigates the risks that the National Parks Partnership aims are not achieved and there is non-disclosure of interests.
- To consider including the National Parks Partnership and Water Sensitive Farming Project with Tesco as separate risks within the next formal review of the Strategic Risk Register by the Management Forum. This would help highlight and subsequently reduce the key risks involved in these projects where, for example, there is significant potential for reputational risk.

4.3 Good practice was noted relating to sound controls that are in place and operating consistently around:

- The National Parks Partnership has been set up as a limited liability partnership (LLP), which is a joint venture made up of 15 national parks, including the Broads Authority, for the purpose of engaging with the private sector and gaining commercial sponsorship. This has already resulted in joint working between Tesco and the Broads Authority about potential funding, therefore meeting the Government’s drive for the Broads Authority to find new sources of funding for their work.
- An online project management tool called Basecamp is used by the Broads Authority to assist in the project management of the Broads Landscape Partnership. This tool provides a central place to manage projects and includes message boards and comment threads; real-time chat/pings; automatic check-ins; to-do lists; document / file storage and; a centralized schedule.
- Grant conditions for the Heritage Lottery Fund (HLF) Bid (Broads Landscape Partnership) are being met in a timely manner.

- There is a clear governance framework in place for the Broads Landscape Partnership and the Broads Authority is a key member/part of this.
- Clear deliverable/outcomes are in place for the Broads Landscape Partnership, with progress reports presented to the Board each time it meets.
- The Broads Landscape Partnership is project managed using an on line project management tool, which includes a project plan with key dates and budget information involving cash flow/expenditure against budget.

4.4 Four of the recommendations have been implemented with 1 still outstanding but on target for completion.

5 Review of Anti-Virus, Malware, Backups & Firewall Administration

5.1 The objective of the audit was to review the systems and controls in place for the administration of Anti-Virus, Malware, Backups and Firewalls, to help confirm that these are operating adequately, effectively and efficiently.

5.2 The audit identified areas for improvement relating to:

Firewall Administration

- The Authority to either ensure that there is support for the current version of the firewall or to update the firmware if the current version is not supported or is nearing End of Life, thus ensuring continued vendor support.
- The Authority to procure an appropriate log monitoring and reporting tool for reviewing internet activity to help ensure that internet bandwidth meets the Authority business needs and that network usage can be managed appropriately
- The Authority to look into the feasibility of subscribing to internet block lists to help ensure that the internet is used appropriately by all staff.

Anti-Virus/Malware Protection

- The Authority's IT acceptable Use Policy, known as Human Resources note number 18 needs to be updated to ensure that it contains adequate staff guidance on dealing with suspected virus infection and ensuring that hardware and software is only installed by IT staff. Thus ensuring that staff fully understand their responsibility in this area.

5.3 Good practice was noted relating to sound controls that are in place and operating consistently around:

- Sample testing indicates that Anti-Virus and Malware protection policies are being deployed to user machines and servers.
- Notification alerts for possible virus and malware infections are present and operating effectively.
- Firewall backups are taken whenever a change to the configuration changes regular basis. The backups are stored on the network and are backed up again by the corporate backup process.

- Onsite (Yare House) and Offsite (Dockyard) tape storage facilities are adequate.

5.4 All of the recommendations have been completed.

Background papers: None

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Date of report: 25 January 2017

Broads Plan Objectives: None

Appendices: APPENDIX 1 – Summary of Actions / Responses to Internal Audit Recommendations 2015/16 and 2016/17

Summary of Actions / Responses to Internal Audit Recommendations 2015/16 and 2016/17

Review of Members Governance: April 2016

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
3. Members Training & Support Management to conduct a review of the training strategy and to ensure that the strategy is reviewed on a regular basis going forward. Version control details to be added to ensure it is clear when the strategy was last updated. Regular review of the Members Training Strategy will help to ensure that the strategy remains appropriate to the Authority's changing requirements.	Needs Attention	Solicitor & Monitoring Officer	Agreed. BA to Review Training Strategy for Members when new Solicitor and Monitoring Officer takes up post, by 31/10/16. Update: Member training on the new code of conduct and disclosable/non-disclosable interests took place on 20/01/17. The training strategy will be updated following this years round of member appraisals which are due to be undertaken in February 2017.	By 30/11/16

External Funding: October 2016

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
1. Procedural guidance To develop procedural guidance for	Important	Broads Landscape	Agreed. Procedural guidelines will be produced	By 31/01/17

Summary of Actions / Responses to Internal Audit Recommendations 2015/16 and 2016/17

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>the Broads Landscape Partnership. This procedure should cover the administrative processes, including project management, governance, systems used such as base camp, and the staff involved.</p> <p>The procedures should be version controlled.</p> <p>The compilation of such procedural guidance would enable a consistent approach to be applied with the day to day management of the service. Procedures can also be used as a training tool and to highlight process improvements and efficiencies. This will help to mitigate the risks of inconsistent practices occurring, inefficient and ineffective processes being applied and disrupted business continuity.</p>		Partnership Programme Manager	<p>in draft by the end of January to be presented to the next Board meeting (March) for approval.</p> <p>Update: Still on target for draft to be produced by end of January and to be presented to the Board on 02/03/17.</p>	
<p>2. Risk Reporting The risk register and risk management strategy to be reported to the Broads Landscape Partnership Board.</p> <p>Risks to be prioritised based on</p>	Important	Broads Landscape Partnership Programme Manager	Agreed and completed. Risk register is now a standing item on the agenda for all Board meetings.	Completed by issue of final report.

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Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>likelihood and impact, with associated mitigation plans, implementation dates, and responsible owners. It should also be highlighted if the risk is outside of the Partnerships risk tolerance/appetite. Risks to be added as a standing agenda item to the Board.</p> <p>Without effective reporting and escalation of key risks, consultations on risks is limited and related controls required to effectively mitigate them are not put in place, thereby increasing the overall risk of the Broads Landscape Partnership objectives not being achieved.</p>				
<p>3. Risk & Board Procedures The Broads Authority to request that the following items are raised at the National Parks Partnership Management Board: - Production of a risk assessment/register, where risks are clearly identified in relation to the aims of the National Parks Partnership. Mitigation plans to be put in place where necessary and reporting of risks to the Board on a regular basis.</p>	Important	Chief Executive	<p>Agreed.</p> <p>Completed. A copy of the audit report was sent to National Parks Partnerships by the Chief Executive week commencing 09/01/17, so they could see the rationale behind the request.</p>	By 31/12/16

Summary of Actions / Responses to Internal Audit Recommendations 2015/16 and 2016/17

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<ul style="list-style-type: none"> - Declarations of interest to be added as a standing agenda item at the National Parks Partnership Management Board meetings. - The agreement and documentation of standards of conduct for Management Board members. <p>Identification of key risks is an important element of good corporate governance and mitigates the risks to the achievement of the National Parks Partnership aims. Without assessment of key risks, these could go unnoticed and subsequently not be mitigated appropriately, thereby resulting in the overall aims of the National Parks Partnership not being achieved. Declarations of interests and standards of conduct contribute to good business ethics, reducing the risks that there are undisclosed conflicts of interests and detrimental behavior.</p>				
<p>4. Partnership Agreements To obtain signed copies of the Broads Landscape Partnership Project Board agreement from Easton & Otley College, Farm Conservation and River Waveney Trust .</p>	Needs Attention	Broads Landscape Partnership Programme Manager	Agreed and completed. All outstanding partnership agreements have now been received.	Completed by issue of final report.

Summary of Actions / Responses to Internal Audit Recommendations 2015/16 and 2016/17

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>The partnership agreement signifies an intent to collaborate and to establish a framework of partnership working within which the Broads Landscape Partnership scheme can be successfully developed and delivered. All partners signing up to this agreement mitigate the risk that some partners do not deliver the scheme as intended and not in line with the agreed aims and objectives.</p>				
<p>5. Risk Register To consider including the National Parks Partnership and Water Sensitive Farming Project with Tesco, as separate risks within the next Formal review of the Strategic Risk Register by the Broads Authority Management Forum. The risks reported within the National Park Partnerships Report (Broads Authority 22 January 2016 Agenda Item No 17) to be scored and compared to the risk appetite to contribute to the above consideration. The National Parks Partnership and Water Sensitive Farming Project with Tesco are new initiatives for the</p>	Needs Attention	Chief Executive	<p>Agreed.</p> <p>Completed. Additional risk added around External Funding to the Strategic Risk Register. A copy of this is on this agenda.</p>	By 31/03/17

Summary of Actions / Responses to Internal Audit Recommendations 2015/16 and 2016/17

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
Broads Authority, involving working with a multitude of organisations including private companies, acknowledging this on the strategic risk level would help mitigate the key risks involved such as reputation.				

Review of Anti-Virus, Malware, Backups & Firewall Administration

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>1. Firewall Management The Authority to review the support lifecycle for the firewall's firmware releases and to update the firmware if the current version is not supported or is nearing End of Life.</p> <p>Ensuring that the firmware is up to date will help to ensure continued support from the appliance vendor. Where firmware versions are not upgraded on a timely basis, there is an increased risk that the firewall appliance will not be adequately supported by the vendor.</p>	Important	Head of IT & Collector of Tolls	<p>Agreed.</p> <p>Completed. Firmware has been upgraded.</p>	By 31/01/17
<p>2. AV/Malware Protection The Authority to review and update</p>	Needs Attention	Head of IT & Collector of	Agreed.	By 31/01/17

Summary of Actions / Responses to Internal Audit Recommendations 2015/16 and 2016/17

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>the Human Resources note number 18 to include staff guidance on dealing with a suspected virus infection on their machines and an explicit clause stating that all Hardware and Software must be installed by IT staff only.</p> <p>Updating the policy will help to ensure that all staff fully understand their responsibilities concerning virus and hardware/software controls. If the policy is not subjected to review, there is an increased risk that staff are not kept adequately informed about virus and hardware/software control requirements.</p>		Tolls	Completed. Policy updated.	
<p>3. Firewall Administration The authority to procure an appropriate log monitoring and reporting tool for reporting on internet activity conducted by staff.</p> <p>The procurement of an appropriate monitoring and reporting tool will help demonstrate how the internet bandwidth is used by staff and potentially reduce the need to procure extra bandwidth.</p>	Needs Attention	Head of IT & Collector of Tolls	<p>Agreed.</p> <p>Completed. In place and being used to tackle any issues identified.</p>	By 31/01/17

Summary of Actions / Responses to Internal Audit Recommendations 2015/16 and 2016/17

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
Where such monitoring and reporting is not available, there is an increased risk that the Authority's existing internet service will not adequately support Business priorities.				
<p>4. Firewall Administration The Authority to give consideration to subscribing to block lists to facilitate internet content filtering.</p> <p>Subscribing to lists of this nature will help to ensure that the internet service provided by the Authority is used appropriately. The lack of content filtering increases the risk of inappropriate internet usage and could result in increased costs and reputational damage.</p>	Needs Attention	Head of IT & Collector of Tolls	<p>Agreed.</p> <p>Completed. Trial being undertaken.</p>	By 31/01/17