Audit and Risk Committee

20 July 2021

Agenda item number 7

Internal Audit Annual Report and Opinion 2020/21

Report by Head of Internal Audit

Summary

This report provides the Authority with an Annual Report and Opinion for 2020/21, drawing upon the outcomes of Internal Audit work performed over the course of the year and a conclusion on the Effectiveness of Internal Audit.

Recommendation

The Committee is requested to:

1. Receive and approve the contents of the Annual Report and Opinion of the Head of Internal Audit.

2. Note that a reasonable audit opinion (positive) has been given in relation to the framework of governance, risk management and control for the year ended 31 March 2021.

3. Note that the opinions expressed together with significant matters arising from internal audit work and contained within this report should be given due consideration, when developing and reviewing the Authority's Annual Governance Statement for 2020/21.

4. Note the conclusions of the Review of the Effectiveness of Internal Audit.

1. Introduction/background

1.1. In line with the Public Sector Internal Audit Standards, which came into force from 1 April 2013; an annual opinion should be generated which concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control;

- A summary of the work that supports the opinion should be submitted;

- Reliance placed on other assurance providers should be recognised;

- Any qualifications to that opinion, together with the reason for qualification must be provided;

- There should be disclosure of any impairments or restriction to the scope of the opinion;

- There should be a comparison of actual audit work undertaken with planned work;

- The performance of internal audit against its performance measures and targets should be summarised; and,

- Any other issues considered relevant to the Annual Governance Statement should be recorded.

1.2. This report also contains conclusions on the Review of the Effectiveness of Internal Audit, which includes;

- The degree of conformance with the PSIAS and the results of any quality assurance and improvement programme;

- The outcomes of the performance indicators; and,

- The degree of compliance with CIPFA's Statement on the Role of the Head of Internal Audit.

1.3. The Annual Report and Opinion 2020/21 and the Review of the Effectiveness of Internal Audit are shown in the report attached.

1.4. On the basis of Internal Audit work performed during 2020/21, the Head of Internal Audit is able to give a reasonable opinion (positive) on the framework of governance,risk management and control at the Broads Authority.

1.5. The outcomes of the Effectiveness Review confirm that Internal Audit:

- Is compliant with the Public Sector Internal Audit Standards;

- Is continually monitoring performance and looking for ways to improve; and.

- Is complaint with CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations.

1.6. These findings therefore indicate that reliance can be placed on the opinions expressedby the Head of Internal Audit, which can then be used to inform the Authority's Annual Governance Statement.

Author: Emma Hodds, Head of Internal Audit

Date of report: 01 July 2021

Appendix 1 – Broads Authority Annual Report and Opinion 2020/21

Eastern Internal Audit Services

BROADS AUTHORITY

Annual Report and Opinion 2020/21

Responsible Officer: Emma Hodds – Head of Internal for Broads Authority

CONTENTS

1. INTRODUCTION

1.1 The Accounts and Audit Regulations 2015 require that "a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance".

1.2 Those standards – the Public Sector Internal Audit Standards - require the Chief Audit Executive to provide a written report to those charged with governance (known in this context as the Audit and Risk Committee) to support the Annual Governance Statement (AGS). This report must set out:

- The opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control during 2020/21, together with reasons if the opinion is unfavourable;
- A summary of the internal audit work carried from which the opinion is derived, the follow up of management action taken to ensure implementation of agreed action as at financial year end and any reliance placed upon third party assurances;
- Any issues that are deemed particularly relevant to the Annual Governance Statement (AGS);
- The Annual Review of the Effectiveness of Internal Audit, which includes; the level of compliance with the PSIAS and the results of any quality assurance and improvement programme, the outcomes of the performance indicators and the degree of compliance with CIPFA's Statement on the Role of the Head of Internal Audit.

1.3 When considering this report, the statements made therein should be viewed as key items which need to be used to inform the organisation's Annual Governance Statement, but there are also a number of other important sources to which the Audit and Risk Committee and statutory officers of the Authority should be looking to gain assurance. Moreover, in the course of developing overarching audit opinions for the authority, it should be noted that the assurances provided here, can never be absolute and therefore, only reasonable assurance can be provided that there are no major weaknesses in the processes subject to internal audit review. The annual opinion is thus subject to inherent limitations (covering both the control environment and the assurance over controls) and these are examined more fully at **Appendix 5**.

2. ANNUAL OPINION OF THE HEAD OF INTERNAL AUDIT

2.1 <u>Roles and responsibilities</u>

- The Authority is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements.
- The AGS is an annual statement by the Chairman of the Authority and the Chief Executive that records and publishes the Authority's governance arrangements.
- An annual opinion is required on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control, based upon and limited to the audit work performed during the year.

This is achieved through the delivery of the risk based Annual Internal Audit Plan discussed and approved with Management Team and key stakeholders and then approved by the Audit and Risk Committee at its meeting on 3 March 2020. Areas of testing were amended in each of the four reviews to ensure coverage could be provided on the impact of the Covid-19 Pandemic on the Authority. This was particularly relevant in the Governance and Risk Management review where assurance was provided over the Authorities recording of Covid-

19 related risks and incidents, its response to the pandemic. Arrangements for virtual meetings were also reviewed.

This opinion does not imply that internal audit has reviewed all risks and assurances, but it is one component to be taken into account during the preparation of the AGS.

The Audit and Risk Committee should consider this opinion, together with any assurances from management, its own knowledge of the Authority and any assurances received throughout the year from other review bodies such as the external auditor.

2.2   <u>The opinion itself</u>

The overall opinion in relation to the framework of governance, risk management and controls at the Broads Authority is **reasonable**, with all four audits concluding with a positive assurance grading in Key Controls and Assurance, Planning, Corporate Governance Risk Management and Port Marine Safety Code.

An adverse variance in Investment and Navigation income has been reported due to the impact of the Covid-19 Pandemic, however, throughout our testing of the Authorities governance risk management and control framework we have not identified any issues significant enough to impact upon the Authorities ability to provide core services.

In all areas reviewed, reasonable assurance has been demonstrated. No urgent priority findings have been raised at the Authority for 2020/21 and no important recommendations are outstanding. It is for that reason it is felt that a reasonable assurance opinion overall applies.

In providing the opinion, the authority's risk management framework and supporting processes, the relative materiality of the issues arising from the internal audit work during the year and management's progress in addressing any control weaknesses identified therefrom have been taken into account.

The opinion has been discussed with the Section 17 Officer prior to publication.

3.   **AUDIT WORK UNDERTAKEN DURING THE YEAR**

3.1   **Appendix 1** records the internal audit work delivered during the year on which the opinion is based. In addition, **Appendix 2** is attached which shows the individual assurances provided over recent financial years to provide an overall picture of the control environment.

3.2   <u>Summary of internal audit work</u>

The Audit and Risk Committee approved the Annual Internal Audit Plan for 2020/21, which is summarised at **Appendix 1** to this report and totalled 36 days as originally planned, encompassing:

- An annual opinion of Corporate Governance and Risk Management;
- A fundamental financial system review of key controls and assurance, including verification of completion of audit recommendations;
- Service audit of Planning
- Port Marine Safety Code.

A total of 23 recommendations were raised in 2020/21.

3.3   The following provides a summary of the results of these audits, with **Appendix 3** to this report providing the detailed Executive Summaries.

<u>Planning</u>

This audit concluded with a reasonable assurance, with two important and four needs attention recommendations agreed with management. Important recommendations were raised regarding planning enforcement. The first relates to retaining evidence and acknowledging complaints within 3 working days in line with the agreed Local Enforcement Plan, the second relates to informing complainants of the outcome within 20 days as per the Local Enforcement Plan. All recommendations from this audit have now been recorded as complete with process guidance updated accordingly.

<u>Key Controls and Assurance</u>

The audit looked at the fundamental systems that feed into the statement of accounts to provided assurance on the key controls. The areas reviewed were; Treasury Management/Investments, General Ledger, Asset Management, Budgetary Control, Accounts Receivable, Accounts Payable, Payroll, Toll Income, Control Accounts and Follow Up of Internal Audit Recommendations. The audit concluded with a reasonable assurance grading with 5 needs attention recommendations raised. Two have been completed and three are currently within deadline.

<u>Port Marine Safety Code</u>

This audit concluded with a reasonable assurance, with three important and five needs attention recommendations agreed with management. We have however provided the full Executive Summary of the report at Appendix 3, giving an overview of findings raised. The important recommendations relate to Governance, and Pilotage.

<u>Corporate Governance and Risk Management</u>

This audit concluded with a reasonable assurance grading, with one important and three needs attention recommendations agreed with management. The important recommendation relates to keeping the Authorities incident log up to date following Covid Incident Response Team meetings. This recommendation has be reported as complete.

3.4   <u>Follow up of management action</u>

In relation to the follow up of management actions the position at year end is that of the 23 recommendations raised by TIIA Ltd in 2020/21 and formally agreed by management, 11 are complete and 12 are within deadline.

3.4.1   A total of two needs attention recommendations remain overdue from the 2018/19 Branding Internal Audit review and one needs attention recommendation remains overdue from the 2019/20 Procurement review.

3.5   <u>Issues for inclusion in the Annual Governance Statement</u>

Internal Audit work has not identified any weaknesses that are significant enough for disclosure within the Annual Governance Statement.

4.   THIRD PARTY ASSURANCES

4.1   In arriving at the overall opinion reliance has not been placed on any third-party assurances.

5.   ANNUAL REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

5.1   Quality Assurance and Improvement Programme (QAIP)

5.1.1   <u>Internal Assessment</u>

A checklist for conformance with the PSIAS and the Local Government Application Note has been completed for 2020/21. This covers; the Definition of Internal Auditing, the Code of Ethics and the Standards themselves.

The Attribute Standards address the characteristics of organisations and parties performing Internal Audit activities, in particular; Purpose, Authority and Responsibility, Independence and Objectivity, Proficiency and Due Professional Care, and Quality Assurance and Improvement Programme (which includes both internal and external assessment).

The Performance Standards describe the nature of Internal Audit activities and provide quality criteria against which the performance of these services can be evaluated, in particular; Managing the Internal Audit Activity, Nature of Work, Engagement Planning, Performing the Engagement, Communicating Results, Monitoring Progress and Communicating the Acceptance of Risks. On conclusion of completion of the checklist full conformance has been ascertained in relation to the Definition of Internal Auditing, the Code of Ethics and the Performance Standards.

The detailed internal assessment checklist is provided to the Chief Financial Officer for independent scrutiny and verification.

5.1.2   <u>External Assessment</u>

In relation to the Attribute Standards it is recognised that to achieve full conformance an external assessment is needed. This is required to be completed every five years, with the first review having been completed in January 2017. The next assessment is due for 2022.

The external assessment was undertaken by the Institute of Internal Auditors and it has concluded that "**the internal audit service conforms to the professional standards and the work has been performed in accordance with the International Professional Practices Framework**". Thus, confirming conformance to the required standards.

The external assessment report has been previously provided to the Chief Financial Officer and the Audit and Risk Committee.

5.2   Performance Indicator outcomes

5.2.1   The Internal Audit Service is benchmarked against a number of performance measures as agreed by the Committee.

Actual performance against these targets is outlined in the following table:

Area / Indicator	Frequency	Target	Actual	Comments
<u>Audit Committee / Senior Management</u>				
1. Audit Committee Satisfaction – measured annually	Annual	Adequate	TBC	TBC
2. Chief Finance Officer Satisfaction – measured quarterly	Annual	Good	Good	Achieved
<u>Internal Audit Process</u>				
3. Each quarters audit's completed to draft report within 10 working days of the end of the quarter	Quarterly	100%	25%	Not achieved, 1 report issued within 10 working days of quarter end.
4. Quarterly assurance reports to the Contract Manager within 15 working days of the end of each quarter	Quarterly	100%	0%	Not achieved.
5. An audit file supporting each review and showing clear evidence of quality control review shall be completed prior to the issue of the draft report (a sample of these will be subject to quality review by the Contract Manager)		100%	100%	Achieved
6. Compliance with Public Sector Internal Audit Standards		Generally conforms	Generally conforms	Achieved
7. Respond to the Contract Manager within 3 working days where unsatisfactory feedback has been received.		100%	100%	Achieved
<u>Clients</u>				
8. Average feedback score received from key clients (auditees)		Adequate	Good	Achieved
9. Percentage of recommendations accepted by management		90%	100%	Exceeds
<u>Innovations and Capabilities</u>				
10. Percentage of qualified (including experienced) staff working on the contract each quarter		60%	60%	Achieved
11. Number of training hours per member of staff completed per quarter		1 day	1 day	Achieved

5.2.2 Performance has been significantly impacted in 2020/21 by the Covid-19 pandemic. The Internal Audit contractor took the decision to Furlough most of its workforce during the first lockdown as each Council prioritised front-line response over Internal Audit work. Since then the Internal Audit team have experienced further delays to delivery from audit staff sickness and in obtaining information from Officers as they understandably prioritised urgent response and recovery efforts.

Performance has not been in line within the boundaries of our agreed targets in some areas during 2020/21 such as the issuing of draft reports 10 day after quarter end. Despite this, all allocated work has now been completed. We will hold discussions with the contractor and undertake a lessons learnt exercise in Q1 of 2021/22 to determine the root cause of delays and ensure that these issues are resolved for the year ahead.

5.3 **Effectiveness of the Head of Internal Audit (HIA) arrangements as measured against the CIPFA Role of the HIA**

5.3.1 This Statement sets out the five principles that define the core activities and behaviours that apply to the role of the Head of Internal Audit, and the organisational arrangements to support them. The Principles are:

- Champion best practice in governance, objectively assessing the adequacy of governance and management of risks;
- Give an objective and evidence based opinion on all aspects of governance, risk management and internal control;
- Undertake regular and open engagement across the Authority, particularly with the Management Team and the Audit Committee;
- Lead and direct an Internal Audit Service that is resourced to be fit for purpose; and
- Head of Internal Audit to be professionally qualified and suitably experienced.

5.3.2 Completion of the checklist confirms full compliance with the CIPFA guidance on the Role of the Head of Internal Audit. The detailed checklist has been forwarded to the Chief Financial Officer for independent scrutiny and verification.

APPENDIX 1 – AUDIT WORK UNDERTAKEN DURING 2020/21

Audit Area	Assurance	No of Recs	Implemented	P1 OS	P2 OS	P3 OS	Not yet due
Annual Opinion Audits							
Corporate Governance and Risk Management	Reasonable	4	3	0	0	0	1
Fundamental Financial Systems							
Key Controls and Assurance	Reasonable	5	2	0	0	0	3
Service area audits							
Planning	Reasonable	6	6	0	0	0	0
Port Marine Safety Code	Reasonable	8	0	0	0	0	8
Total		**23**	**11**	**0**	**0**	**0**	**12**

Assurance level definitions		Number
Substantial Assurance	Based upon the issues identified there is a robust series of suitably designed controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our audit review were being consistently applied.	0
Reasonable Assurance	Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisations management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.	4
Limited Assurance	Based upon the issues identified the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.	0
No Assurance	Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.	0

Urgent – Priority 1	Fundamental control issue on which action to implement should be taken within 1 month.
Important Priority 2	Control issue on which action to implement should be taken within 3 months.
Needs Attention – Priority 3	Control issue on which action to implement should be taken within 6 months.

APPENDIX 2 ASSURANCE CHART

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Annual Opinion Audits						
Corporate Governance and Risk Management	Reasonable	Reasonable	Reasonable	Reasonable	Reasonable	X
Fundamental Financial Systems						
Key Controls and Assurance Work	Reasonable	Reasonable	Substantial	Substantial	Reasonable	X
HR and Payroll						X
Procurement				Reasonable		
Services Area Reviews						
Consultation Activities and Partnerships Provisions						
External Funding - HLF Bid and National Parks Partnership	Reasonable			Reasonable		
Asset Management		Reasonable				
Port Marine Safety Code		Reasonable			Reasonable	
Branding			Reasonable			
Planning					Reasonable	
IT Audits						
Toll Management Application						
Network Security						
Cyber Security						X
End User Controls						
Disaster Recovery			Reasonable			
Virus Protection/Spyware, Data Backup and Data Centre controls	Reasonable					

APPENDIX 3 – EXECUTIVE SUMMARIES

Assurance Review of Key Controls and Assurance Framework Arrangements

Executive Summary

OVERALL ASSURANCE ASSESSMENT

ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Treasury Management	0	0	1	0
General Ledger	0	0	1	0
Asset Management	0	0	2	0
Accounts Payable	0	0	1	0
Toll Income	0	0	0	0
Total	**0**	**0**	**5**	**0**

No recommendations raised in relation to accounts receivable, budgetary control, and payroll or control accounts.

SCOPE

This audit looks at the fundamental systems that feed into the statement of accounts to provide assurance on the key controls. The areas reviewed as part of this audit are; Treasury Management/Investments, General Ledger, Asset Management, Budgetary Control, Accounts Receivable, Accounts Payable, Payroll, Toll Income, Control Accounts, and Follow Up of Internal Audit Recommendations.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of five 'needs attention' recommendations being raised upon the conclusion of our work.
- This assurance opinion indicates that the overall level of control has reduced since the previous audit of Key Controls and Assurance in 2019/20, which concluded in a 'Substantial' Assurance opinion. This is due to the number of 'needs attention recommendations' being raised across the areas.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- Clear controls were shown to be in place with respect to Purchase Orders and authorisation which were shown to be functioning as expected.
- Starters, leavers and change in circumstances were operating as expected.
- Reporting and data processing were operating as expected with regards to Payroll.
- Additional payment claims were shown to be processed and authorised correctly.
- Toll Income Reconciliations, Batches, and Payments were shown to be completed and controls were in place.
- Creditor and Debtor accounts were reconciled with no balancing items.
- Bank Reconciliations were prepared and subject to review.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where five 'needs attention' recommendations have been made.

Treasury Management

- Investment authorisation via email to be recorded on the investment record.

General Ledger

- Journal authorisation via email to be recorded on the journal.

Asset Management

- Documented procedures are produced for the quarterly identification of assets and update of the Fixed Asset register.
- The asset management annual reconciliation is signed and dated by the preparer - the Chief Financial Officer.

Accounts Payable

- New supplier procedures to be reviewed and updated annually.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The audit reviewed the previous internal audit recommendations, of which none remain outstanding.

Other points noted

Any variances of £5k, in relation to the monthly budget monitoring process, are highlighted in red (with any over £10k reported to members), and budget holders are required to explain these variances to the Chief Financial Officer. Explanations of variances are recorded manually and scrutinised by the Chief Financial Officer. Discussions with the Chief Financial Officer confirm that the reasons for variances will be scanned so that these can be retained electronically and accessed by the Finance Team, Due to this process already being agreed to take place, no formal recommendation has been included within this report.

Assurance Review of Port Marine Safety Code

Executive Summary

OVERALL ASSURANCE ASSESSMENT

REASONABLE ASSURANCE

Adequate & effective governance, risk and control processes

- SUBSTANTIAL ASSURANCE
- REASONABLE ASSURANCE
- LIMITED ASSURANCE
- NO ASSURANCE

ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Governance*	0	2	4	0
Conservancy	0	0	0	0
Pilotage	0	1	1	0
Risk Assessment and Hazards	0	0	0	0
Total	0	3	5	0

* Governance includes the areas of Roles and Responsibilities; Consultation; Management of the Navigation; and Monitoring and Auditing. No recommendations have been made in respect of the areas of Marine Services and Emergency Response.

SCOPE

This review is an independent audit of the Broads Authority Safety Management System (SMS) (the Broads authority own Port Marine Safety Code (PMSC). The Port Marine Safety Code (PMSC) requires that Harbour Authorities should include provision for a systematic review of performance based on information from monitoring of the whole system. An audit and review of the marine SMS takes place every three years, informing the three-yearly publication of the marine safety plan and the Authority's performance against the previous plan, as required by the PMSC.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of three 'important' and five 'needs attention' recommendations being raised upon the conclusion of our work.
- The previous audit report for Port Marine Safety Code (BA18012) was issued in November 2017. It concluded in a 'Reasonable Assurance' opinion with four 'important' recommendations and five 'needs attention' recommendations being raised.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

Governance

- The Head of Safety attends all Boating Safety Management Group (BSMG) meetings. The BSMG provides advice on the on-going maintenance and delivery of the Marine Safety Management System; Provides advice and recommendations on boating and navigational safety; and acts as a consultative forum to facilitate two-way communications between the Broads Authority and other authorities and organisations with direct involvement in safety on the waterways.
- The Broads Authority (BA) identifies itself as the Duty Holder in the BA Port Marine Safety Code (PMSC) which is published on the BA website, stating that the members are severally and collectively the Duty Holder. This facilitates the Duty Holder making a clear published commitment to comply with standards laid down in the national PMSC.
- The roles and functions of key staff are outlined in the BA PMSC including the Director of Operations, Head of Safety Management and Head of Ranger Services. This ensures the roles associated with the PMSC are clear.
- The BA has an Enforcement Policy in place for the Navigation functions which was recently reviewed and updated in the 2020/21 financial year. This assists in meeting the requirements of the national PMSC i.e. that identified marine risks must be backed by an appropriate policy on enforcement.

Risk Assessment and Hazards

- Six monthly and annual incident reports are reported to the BSMG and Navigation Committee enabling the regular reporting of incidents and subsequent actions to address these where appropriate.

ISSUES TO BE ADDRESSED

The audit has also highlighted the following areas where three 'important' recommendations have been made.

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.

- The three-yearly statement of compliance with the code be signed and retained on file for future reference.

Pilotage

- A briefing paper to be provided to Navigation Committee outlining requirements for a legal review to ascertain if a General Direction is required for larger vessels.

The audit has highlighted the following areas where five 'needs attention' recommendations have been made.

Governance

- PMSC related documents and files, location and storage (both electronic and hardcopy) is reviewed to ensure these can be accessible to relevant members of staff in a timely basis.
- The BA PMSC be updated to reflect the inclusion of consultation with employees forum (or equivalent) and health and safety committee.
- The documents, reference numbered within the Broads Authority (BA) PMSC, are reviewed to ascertain their location and to appraise whether they are still relevant to the up to date safety management system in place, taking into account the requirements of the national PMSC document and the Guide to Good Practice for Marine Operations.
- All relevant employees be required to read and sign a copy of the PMSC on an annual basis.

Pilotage

- The Pilotage Policy be amended to reflect that it will be updated each time it is used, as opposed to annually.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The audit reviewed the previous internal audit recommendations, of which none remain outstanding.

Other points noted

- The Broads Authority Port Marine Safety Code has a communications section which refers to the Broads Authority Communications Strategy which details aims and procedural information for all communications both internally and to external bodies inclusive of the media. However, as identified in the BA1903 Branding Audit, this strategy is out of date as dated 2016. A recommendation was therefore made in the Branding audit too review and update this strategy. However, this recommendation has not yet been completed and this is being followed up with the Head of Communications who is responsible for implementing this.

Assurance Review of Planning Arrangements

Executive Summary

OVERALL ASSURANCE ASSESSMENT

ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Enforcement	0	2	3	0
Planning Applications	0	0	1	0
Total	0	2	4	0

No recommendations were made in respect of the areas of Local Plan Preparation; Appeals; and Heritage and Trees.

SCOPE

The objective of the audit is to review the systems and controls in place within Planning, to help confirm that these are operating adequately, effectively and efficiently.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of two 'important' and four 'needs attention' recommendations being raised upon the conclusion of our work.
- The previous audit report for Planning (BA1602) was issued in October 2015, with a 'Reasonable Assurance' opinion with two 'important' and one 'needs attention' recommendations being raised. This indicates a negative direction of travel for the Area of Planning.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

Planning Applications

- Two validation checklists are available on the Broads Authority website, which supplement the statutory requirements set out in the Procedure Order - The Town and Country Planning - Development Management Procedure (England) Order 2015. This reduces the risk of inconsistent approach in processing planning applications.
- Planning applications are determined by Planning Officers or the Planning Committee in accordance with the Authority's Scheme of Powers Delegated to Officers. This demonstrates that the delegated arrangements are operational and effective.
- Delegated decision report sheet, decision notice, and Planning Committee report minutes extract are all available on the Broad Authority website under each planning application. This demonstrates a transparent and clear planning approval process.
- The correct fees are charged and obtained before planning applications are processed. This ensures that accurate income is being received as expected.

Enforcement

- The Local Enforcement Plan is available on the Broads Authority website which explains the planning enforcement process and how this works in the Broads Authority executive area. This ensure the public are made aware of processes followed by the Authority regarding the enforcement of planning breaches.

Heritage and Trees

- Once a new appraisal is adopted by the Planning Committee, changes to the conservation areas are updated on the Authority's Geographic Information System (GIS) mapping. This reduces the risk of not capturing changes being made.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where two 'important' recommendations have been made.

Enforcement

- Complaints received be supported by evidence retained on file and complaints be acknowledged within three working days in accordance with the Local Enforcement Plan. This provides early reassurance that the complaint has been received and is being dealt with.
- Timely updates on progress of enforcement complaint investigations be provided to complainant to assure the public of work being carried out by the Authority in enforcing planning breaches. This helps mitigate the risk of a reduction in the Authority's receipt of public notifications of potential planning breaches.

The audit has also highlighted the following areas where four 'needs attention' recommendations has been made.

Planning Applications

- Planning fees reconciliation be reviewed by a senior officer other than the one preparing the reconciliation and this should be signed and dated by both preparer and the reviewer. This will help reduce the risk of financial loss to the Authority.

Enforcement

- The process for new enforcements be completed and this should include timescale for completing each stage of the enforcement process. This will mitigate against irregularity in staff handling of enforcement cases
- Complaint date recorded on the system is to be the actual date received by the Authority. This helps reduce the risk of delay in investigating and responding to complainant.
- Performance indicators be put in place for responding to complaints and investigating enforcement cases. This provides a means of measuring performance against set targets.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The audit reviewed the previous internal audit recommendations, of which none remain outstanding.

Assurance Review of Corporate Governance and Risk Management

Executive Summary

OVERALL ASSURANCE ASSESSMENT

ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Changes to committee meetings	0	0	1	0
Decision making during the pandemic including adherence to the constitution	0	1	1	0
Use of emergency powers	0	0	1	0
Inclusion of pandemic risk within the risk management process	0	0	0	0
Total	0	1	3	0

SCOPE A review of Corporate Governance has been completed, in particular covering the Authority's response to Covid-19 in the administration of committee meetings, including virtual meetings and the decision-making process. This review also covered the Authority's corporate risk management process and how the Covid-19 risk has been incorporated into this.

The review of Corporate Governance is carried out annually to support the Head of Internal Audit Opinion.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of one 'important' and three 'needs attention' recommendations being raised upon the conclusion of our work.
- A direction of travel is not provided since the scope of the previous review differed and reviewed accountability and monitoring of performance in addition to risk management in general.

POSITIVE FINDINGS

We found that the Authority has demonstrated the following points of good practice as identified in this review and we will be sharing details of these operational provisions with other member authorities in the Consortium:

Changes to committee meetings

- The Moderators role at virtual meetings includes preparing pre-meeting briefing notes for remote meeting processes. To facilitate this, there is a template on the Document Management System (DMS) for each committee where notes are updated before each meeting, with the agenda running order and anything else the Chair needs to know for that meeting including any items of urgent business, which officer will be presenting particular items and whether any specific items are for adoption or endorsement. These notes were prepared when committees were held physically, but now they tend to be more detailed due to the requirements of virtual meetings. This assists in the provision of effective committee meetings.

It is acknowledged there are areas where sound controls are in place and operating consistently:

Changes to committee meetings

- The Moderators role at virtual meetings includes the checking of audio and visual connections, and assistance with minor IT issues (access to IT officers if needed); advises Chair of lost connections, mutes/unmutes participant microphones, monitors 'raised hands' feature, and supports officers with 'shared screen' presentations. This assists in the provision of effective committee meetings.
- 'Standing Orders for the 'Regulation of Authority Proceedings: Remote meeting procedure rules' has been produced to account for the changes made in the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority Police and Crime Panel Meetings) (England and Wales) Regulations 2020. This is in effect, mandatory standing orders for those authorities that wish to hold meetings remotely, either wholly or partially. This therefore provides the means and guidance for the conduct of any remote meeting of the Authority.

Decision making

- All Members attending committee meetings have been offered 1-2-1 support from both the governance team and the IT team and this support is ongoing. To further support members, there is a 'Life-size remote meeting protocol and guidance for BA members' document which is accessible to all members. This assists in the provision of effective committee meetings.
- A report detailing the 'Response to the COVID-19 emergency and the financial position of the Broads Authority and local businesses' - is prepared and reported to committee (both the Broads Authority and Audit & Risk Committee), on a regular basis since the pandemic started. This provides a timely update to Members and provides the information for informed decisions to be made.
- Lessons learned are being captured on an ongoing basis, as a result of feedback from staff surveys undertaken and from the Authority's overall response to the pandemic. This provides opportunity for ways in which to increase the efficiency and effectiveness of processes and to build on experience.

Risk Management

- The pandemic risk has been considered in the corporate risk assessment process and a risk in relation to this has been included in the corporate risk register. This provides ongoing monitoring of this risk, an assessment of the likelihood and impact, and the mitigation in place to address this risk.

ISSUES TO BE ADDRESSED

The audit has also highlighted the following areas where one 'important' recommendation has been made.

Decision making

- The Actions/Key Messages Log is fully populated from the covid-19 Incident Response Team minutes held to date.

The audit has also highlighted the following areas where three 'needs attention' recommendations have been made.

Changes to committee meetings

- In relation to the document management system (DMS), 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.

Decision making

- All members are contacted to ask them to confirm that any Declaration of Interest are complete, up to date and accurate for the 2020/21 financial year.

Use of Emergency Powers

- The summary of progress table, which updates members on the progress of decisions made, to be updated to include the delegated power used in respect of the Residential Moorings Guide second round consultation and this is reported to the Broads Authority.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The audit reviewed the previous internal audit recommendations, of which none remain outstanding.

Other points noted

More detailed operational level risks are contained in separate Directorate Risk Registers. These Registers are managed by each Director. Where a new risk identified within a Directorate has a revised risk score above 16 (high risk), it is automatically referred to the Corporate Risk Register for monitoring by the Audit and Risk Committee and the Management Team. If new mitigation measures put in place then reduce the risk's score to below 16 (moderate to low risk), the risk will be removed from the Corporate Risk Register, but retained on the Directorate register.

The Directorate Risk Registers were due to be reviewed and updated in January 2021 but this review has been put back due to the impact of Covid and Management Team (MT) rearranging priorities as more urgent issues take precedent. Therefore, these registers are on the MT agenda to be reviewed during February 2021. Due to this, no recommendation has been raised within this audit.

The Lifesize VC platform had a major outage on 29/01/2021 during the full Broads Authority committee meeting. After a delay and in accordance with Standing Orders they adjourned the meeting, and it was reconvened for Tuesday 9 February.

The crash was caused externally by major outages across the Lifesize platform, so was not something that could be fixed internally with the IT officer being contacted as soon as there was a problem. The IT Officer then reported the fault and monitored the situation with Lifesize, and let the governance team know when connections were eventually restored. However, as the reconnection did not happen within a reasonable time (in line with Standing Orders) the decision was taken to adjourn the meeting.

This is the only time since using Lifesize that a problem like this has occurred. Lifesize is being used by the National Park Authorities through a special deal contract, which is due to expire in August 2021. The BA is then likely to move to using MS Teams.

APPENDIX 4 – AUDIT RECOMMENDATIONS

Audit Ref	Audit Area	Assurance Level	Completed bt 1 April 2020 to 31 March 2021			Outstanding			Total Outstanding	Not yet due for implementation		
			Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3		Priority 1	Priority 2	Priority 3
2018/19 Internal Audit Reviews												
BA1903	Branding	Reasonable						2				
2019/20 Internal Audit Reviews												
BA2001	HLF External Funding	Reasonable		1								
BA2003	Procurement	Reasonable		1	1			1				
BA2004	Corporate Governance and Risk Management	Reasonable		1	1							
2019/20 Internal Audit Reviews												
BA2103	Planning	Reasonable		2	4							
BA2101	Key Controls and Assurance	Reasonable			2							3
BA2102	Port Marine Safety Code	Reasonable									3	5
BA2104	Corporate Governance and Risk Management	Reasonable		1	2							1
TOTALS			0	6	10	0	0	3	0	0	3	9

Audit Title	Recommendation	Priority	Management Response	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
BA1903 Branding	Recommendation 2: The Broads Authority Communications Policy be updated to include the roles and responsibilities for overseeing management of correct branding. This should be included within a separate branding section which the policy does not currently have.	3	Agreed	Head of Communications	31/10/2019	30/09/2021	Outstanding	The new communications strategy has been delayed by COVID-19 comms activity. Although may elements of the strategy have been completed, We anticipate it will be in place by the end of September 2020.
BA1903 Branding	Recommendation 5: A review and update of the communications page on the authority's intranet be undertaken once the national Parks branding strategy and associated documents, including the local broads national park strategy and Broads Authority Communications Policy, are finalised.	3	Agreed	Head of Communications	31/10/2019	31/10/2021	Outstanding	Awaiting completion of the new communication strategy (see BA1903 above)
BA2003 Procurement	Procurement training is provided to all relevant members of staff, and Members, where applicable.	3	Agreed.	Chief Finance Officer	31/03/2020	31/08/2021	Outstanding	The training is outstanding due to CFO capacity to deliver it at the present time.

APPENDIX 5 – LIMITATIONS AND RESPONSIBILITIES

Limitations inherent to the Internal Auditor's work

The Internal Audit Annual Report has been prepared and TIAA Ltd (the Internal Audit Services contractor) were engaged to undertake the agreed programme of work as approved by management and the Audit and Risk Committee, subject to the limitations outlined below.

Opinions

The opinions expressed are based solely on the work undertaken in delivering the approved 2020/21 Annual Internal Audit Plan. The work addressed the risks and control objectives agreed for each individual planned assignment as set out in the corresponding audit briefs and reports.

Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate the risk of failure to achieve corporate/service policies, aims and objectives: it can therefore only provide reasonable and not absolute assurance of effectiveness. Internal control systems essentially rely on an ongoing process of identifying and prioritising the risks to the achievement of the organisation's policies, aims and objectives, evaluating the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. That said, internal control systems, no matter how well they have been constructed and operated, are affected by inherent limitations.   These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future Periods

Internal Audit's assessment of controls relating to the Broads Authority is for the year ended 31 March 2021. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in the operating environment, law, regulation or other matters; or,
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of Management and Internal Auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal Audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

The Head of Internal Audit, has sought to plan Internal Audit work, so that there is a reasonable expectation of detecting significant control weaknesses and, if detected, additional work will then be carried out which is directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected and TIAA Ltd examinations as the Authority's internal auditors should not be relied upon to disclose all fraud, defalcations or other irregularities which may exist.