

## **Audit and Risk Committee**

### **AGENDA**

**23 July 2019**

**2:00pm**

- |   | Page  |
|---|-------|
| 1. <b>To receive apologies for absence</b>  |       |
| 2. <b>To note whether any items have been proposed as matters of urgent business</b>                      |       |
| 3. <b>To receive declarations of interest</b>   |       |
| 4. <b>To receive and confirm the minutes of the Audit and Risk Committee meeting held on 5 March 2019</b> | 3 - 9 |
| 5. <b>Public Question Time</b><br>To note whether any questions have been raised by members of the public |       |

### **FINANCIAL SCRUTINY**

- |   |         |
|---|---------|
| 6. <b>Internal Audit Annual Report and Opinion 2018/19</b><br>Report by Head of Internal Audit (herewith)                   | 10 - 38 |
| 7. <b>Review of Annual Governance Statement and Code of Corporate Governance</b><br>Report by Head of Governance (herewith) | 39 - 71 |
| 8. <b>Draft Statement of Accounts 2018/19</b><br>Report by Chief Financial Officer (herewith)                               | 72 - 76 |
| 9. <b>Investment Strategy and Performance Annual Report 2018/19</b><br>Report by Chief Financial Officer (herewith)         | 77 - 78 |

## AUDIT

- |     |  |           |
|-----|--|-----------|
| 10. | <b>External Audit</b><br>Report by Chief Financial Officer (herewith)  | 79 - 95   |
| 11. | <b>Audit and Risk Committee Self-Assessment</b><br>Report by Internal Audit Manager (herewith)                                   | 96 - 104  |
| 12. | <b>Implementation of Internal Audit Recommendations:<br/>Summary of Progress</b><br>Report by Chief Financial Officer (herewith) | 105 - 124 |

## OTHER MATTERS

- |     |   |     |
|-----|---|-----|
| 13. | <b>Grant Funding Agreement</b><br>Report by Chief Executive and Chief Financial Officer<br>(herewith)   | 125 |
| 14. | <b>To consider any other items of business which the<br/>Chairman decides should be considered as a matter of<br/>urgency pursuant to Section 100B (4) (b) of the Local<br/>Government Act 1972</b> |     |
| 15. | <b>To answer any formal questions of which due notice has<br/>been given</b>  |     |
| 16. | <b>To note the date of the next meeting – Tuesday 12<br/>November 2019 at 2.00pm at Yare House, 62-64 Thorpe<br/>Road, Norwich, NR1 1RY</b>   |     |

## **Broads Authority**

### **Audit and Risk Committee**

Minutes of the meeting held on 5 March 2019

#### **Present:**

Mr Louis Baugh (Chairman)  
Prof. Jacquie Burgess  
Ms Gail Harris  
Mrs Nicky Talbot  
Mr Haydn Thirtle

#### **In Attendance:**

Ms Esmeralda Guds - Administrative Officer  
Miss Emma Krelle - Chief Financial Officer  
Dr John Packman - Chief Executive

#### **Also in Attendance:**

Ms Faye Haywood – Internal Audit Manager  
Ms Vicky Chong – Audit Manager, External Audit Ernst & Young LLP

#### **2/1 To receive apologies for absence**

Apologies for absence were received from Greg Munford and Mark Hodgson, Associate Partner from Ernst & Young.

#### **Recordings**

The Chair announced that the meeting would be recorded and that the copyright remains with the Authority. A copy of the recording could be requested.

No members of the public were present.

#### **2/2 Appointment of Vice Chair**

The Chair reported that nominations for the Vice Chair had been invited in line with the new procedures adopted following the Authority's May meeting.

Nicky Talbot had been proposed and as there were no other nominations, it was

RESOLVED

that Mrs Nicky Talbot be appointed as Vice Chairman of the Audit and Risk Committee for the forthcoming year.

**2/3 Declarations of Interests**

Nothing to declare as stated in Appendix 1

**2/4 To note whether any items have been proposed as matters of urgent business**

No matters or urgent business were raised.

**2/5 To receive and confirm the minutes of the Audit and Risk Committee meeting held on 11 December 2018 (included)**

The minutes of the meeting held on 11 December 2018 were approved as a correct record and signed by the Chairman.

**2/6 Public Question Time**

No questions were raised by members of the public.

**2/7 Investment Strategy and Performance Report 2018/19 and DRAFT Capital, Treasury and Investment Strategy 2019/20**

The Committee received a report containing details of the Authority's investment of surplus cash and the Draft Capital, Treasury and Investment Strategy 2019/20.

The full 'year-end analysis' on the performance of the Authority's investments is presented at the July meetings and Members agreed they preferred receiving the midyear performance report at the February meetings.

There was some discussion around borrowing between local authorities and whether the Broads Authority should explore the option of making short term loans. However, the Committee concluded that loan fees and the risk of repayments not being met, would be too high.

A Member commented whether the decision to re-invest should be a decision made by the Committee. It was explained that the purpose of the Investment Strategy was to determine whether and how much investment would be spent and that the Chief Financial Officer had the delegated powers to implement these strategies.

The non-treasury investment which was included in the 2018/19 strategy was Ludham Field Base, which had been sold in August 2018. It was clarified that the proceedings of the sale were ring fenced in a capital receipts reserve for future capital expenditure or repayment of debts. The split of the reserve is 60 percent National Park, 40 percent Navigation.

The Members discussed the Authority's Reserves, and whether these were in

excess of what was expected for the size of the Authority. It was explained that this level of reserves was required, not just to meet the Authority's long-term plans and ambitions but also when attracting external funding which was often based on match funding. Furthermore, it was highlighted that the navigation reserve was sensitive to changes in boat numbers.

The Chief Financial Officer said that in 2022-23 a high proportion of the vehicle fleet would be due for replacement so annual contributions were made into the earmarked reserves so sufficient funds would be available for future capital replacements.

The committee noted the current arrangements regarding the investment of surplus cash and recommended that the Draft Capital, Treasury and Investment Strategy would be approved by the Broads Authority.

## **2/8 Consolidated Income and Expenditure: 1 April to 31 January 2019 Actual and 2018/19 Forecast Outturn**

The Members received a report which provided them with details of the actual income and expenditure for the ten months period to 31 January 2019, and provided a forecast of the projected expenditure at the end of the financial year (31 March 2019).

The Chief Financial Officer commented that a number of savings meant that the accounts had moved from a deficit to a surplus position. Some of this was due to salary savings but £73,000 was due to increased toll income and higher rates of interest.

In regards to the CANAPE project and the fluctuation of the Euro, the Chief Financial Officer clarified that the exchange rate used in the application was a cautious rate which allowed for fluctuations. It was confirmed that the European projects would continue to be paid post Brexit.

The Chief Executive highlighted that apart from extra investment income and income from additional private and hire craft, the Authority had also received additional planning fee income due to the Government increasing fees. The extra income had been used for extra resources in enforcement and on members of staff within the Planning Department.

Members noted the report.

## **2/9 Internal Audit Strategic and Annual Plans 2019/20**

The Chief Financial Officer introduced the Internal Audit Manager who took members through the report.

The Annual Internal Audit Plan served as the work programme and initial terms of reference for the Authority's Internal Audit Services Contractor, TIAA Ltd. It further provided the basis upon which the Head of Internal Audit would subsequently give an Annual Audit Opinion for 2019/20.

The Committee was reminded that the Inter Audit Charter had been amended slightly to reflect the role of the Internal Manager and how this role supported the Head of Internal Audit.

It was highlighted that the Internal Audit Strategy was a repeat of last year and therefore had remained the same.

The Annual Internal Audit Plan would look at four areas which were; Governance, Key Controls, Procurement and Heritage Lottery Fund External Funding.

It was confirmed that the Internal Audit would take place over a total of 36 days.

The Members appreciated that Internal Audit closely looked at the bigger projects such as the Heritage Lottery Fund (HLF) as externally funded projects were likely to encounter more community-based issues. It was explained how the Broads Authority's responsibility for CANAPE and HLF projects was different.

CANAPE finances were scrutinised in detail by an additional audit firm as required by European funding rules. Each partner within the bid also appointed its own first level control auditor to undertake the checks on their expenditure.

With the Heritage Lottery Fund project each of the partners had their own percentage of match funding to contribute towards their project. Where the Authority was reimbursing partners expenditure, it was up to the Water Mills and Marshes team to satisfy themselves that correct procurement rules were being followed.

It was made clear that auditors and officers worked together. The purpose of the audit was about checking procedures were being followed and offering advice on best practise.

The committee approved the Internal Audit Charter for 2019/20; the Internal Audit Strategy for 2019/20; and the Annual Internal Audit Plan for 2019/20.

## **2/10 External Audit**

The Chief Financial Officer introduced the Audit Manager of External Audit from Ernst & Young LLP and welcomed her to her first Audit and Risk Committee meeting.

The Audit Manager took the Committee through the report which appended the Audit Plan for 2018/19 audit and the Local Government Audit Committee Briefing by Ernst & Young.

Some concerns were raised in regards to the timing of the year end audit and a Member stressed that making a date available sooner rather than later was particularly important for a small Authority with limited resources. A further concern was the risk that all three audits, Whitlingham, CANAPE and External Audit, would take place at the same time.

The Auditors noted the concerns and said a date for the substantive testing would be made available as soon as possible.

There was some discussion around the large turn over of auditors within the audit team in recent months and how it was important to strike the right balance between continuity and a fresh view.

Members welcomed the reduction of £3,207 in the audit fee compared to the 2017/18 audit fee.

The Committee noted the Audit Plan for the 2018/19 audit and the briefing including the key questions for Audit Committees as set out on page 10 of the report.

## **2/11 Implementation of Internal Audit Recommendations: Summary of Progress**

The Chief Financial Officer took the Members through the report which updated them on progress in implementing Internal Audit recommendations arising out of audits carried out during 2017/18 and 2018/19.

The Members were informed that since the last meeting the first three audits had been completed. Corporate Governance & Risk Management and Disaster Recovery received a reasonable assurance. Key Controls had for the first time a substantial assurance, with no formal recommendations raised.

There was an update in regards to the Port Marine Safety Code recommendation of using a peer review or an MCA health check. The Committee was informed that it had been decided not to proceed with the recommendation as the cost for the audit, £5,000, which was 35% of the internal audit budget, was considered too high.

The Committee received a further update in regards to recommendation number 7 confirming that the Hazard Review had been scheduled for 13 March 2019. The Boat Safety Management Group and the Navigation Committee would receive training in March/April to review the outcome.

It was explained that the audit on Branding was to ensure that the use of National Park Branding and processes of implementation throughout the organisation were consistent.

Members were informed that the Authority was in the process of procuring legal services as the Solicitor & Monitoring Officer had resigned and was due to leave the Authority at the end of March. Currently a deputy Monitoring

Officer was in place but this meant that Management Team would be responsible for some of the outstanding audit tasks relating to Corporate Governance and Risk Management. It was therefore suggested to amend references of Monitoring Officer to Chief Executive and Management Team. The Authority was also looking at transferring GDPR responsibilities to another officer.

Members noted the report.

**2/12 To consider any other items of business which the Chairman decides should be considered as a matter of urgency pursuant to Section 100B (4) (b) of the Local Government Act 1972**

There were no items of urgent business for consideration.

**2/13 To answer any formal questions of which due notice has been given**

No formal questions of which due notice was given had been received.

**2/14 Exclusion of the Public**

The Committee agreed excluding the public from the meeting under section 100A of the Local Government Act 1972 for consideration of the item below on the grounds that it involves the likely disclosure of exempt information as defined by Paragraphs 1, 3 and 5 of Part 1 of Schedule 12A to the Act as amended, and that the public interest in maintaining the exemption outweighs the public benefit in disclosing the information.

No members of the public were present and the recording of the meeting was suspended.

**2/15 To receive and confirm the exempt minutes of the Audit and Risk Committee meeting held on 11 December 2018**

The exempt minutes of the meeting held on 11 December 2018 were approved as a correct record and signed by the Chairman.

**2/16 Date of the next meeting**

Members noted that the date of the next Committee meeting would be held on Tuesday 23 July 2019 at Yare House, 62-64 Thorpe Road, Norwich, commencing at 2:00pm.

The meeting concluded at 3.22 pm.

CHAIRMAN



**APPENDIX 1**

**Declaration of Interests**

Committee:            Audit and Risk Committee

Date of Meeting:    5 March 2019

<b>Name</b>  <b>Please Print</b>	Agenda/ Minute No(s)	<b>Nature of Interest</b> (Please describe the nature of the interest)	Please tick here if the interest is a Pecuniary Interest ✓
Louis Baugh		None	
Jacquie Burgess		None	
Gail Harris		None	
Nicky Talbot		None	
Haydn Thirtle		None	

**Internal Audit Annual Report and Opinion 2018/19**  
Report by Head of Internal Audit

**Summary:**

This report provides the Authority with an Annual Report and Opinion for 2018/19, 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 2019.
- 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 2018/19.
- 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 2018/19 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 2018/19, 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 compliant with CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations.

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

Background Papers:	None
Author:	Emma Hodds, Head of Internal Audit
Date of Report:	17 May 2019
Broads Plan Objectives:	None
Appendices:	Annual Report and Opinion 2018/19

# Eastern Internal Audit Services



## BROADS AUTHORITY

### Annual Report and Opinion 2018/19

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

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## 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 2018/19, 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 Roles and responsibilities

- 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 6 March 2018. Any justifiable amendments that are requested during the year are discussed and agreed with senior management. 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 The opinion itself

The overall opinion in relation to the framework of governance, risk management and controls at the Broads Authority is **reasonable**, with all audits concluding with a positive opinion. We therefore have no Internal Audit considerations for the Annual Governance Statement.

There are therefore no issues raised by internal audit that are significant enough for inclusion in the Annual Governance Statement, however we would like to point out one issue that we feel should be referenced in the AGS in relation to an invoice fraud that occurred shortly after year end. Please see section 3.5 of this report.

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 Summary of internal audit work

The Audit and Risk Committee approved the Annual Internal Audit Plan for 2018/19, 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 Brading; and
- Disaster Recovery.

A total of 18 recommendations were raised and agreed by management in 2018/19. In addition, three operational effectiveness matters points were raised for management consideration.

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

#### Branding

This audit concluded with a reasonable assurance, with six needs attention recommendations agreed with management. Recommendations related to update of the communications work plan and policy, updating the induction checklist to highlight role of communication team and branding requirements, guidance to be produced covering the use of logos, relaunching of comms page on intranet and devising a statement restricting the copying and usage of the

company logo included on the website. All of these recommendations will be concluded by October 2019.

#### Disaster Recovery

This audit concluded with a reasonable assurance, with one important and four needs attention recommendations agreed with management. The important recommendation due for completion by end of July 2019, relates to ensuring that management are aware of recovery timescales for back up tapes and that these timeframes are reflected in business continuity plans.

#### Key Controls and Assurance

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 substantial assurance grading with no recommendations raised.

#### Corporate Governance and Risk Management

This audit concluded with a reasonable assurance grading, with two important and five needs attention recommendations agreed with management. The first important recommendation due for July 2019, relates to updating the risk management strategy to reflect the framework and recent changes to governance arrangements. The second important recommendation due for June 2019 relates to reviewing the strategic risk register to ensure that only strategic risks threatening the delivery of objectives are included and monitored by senior management and the board going forward.

### 3.4 Follow up of management action

In relation to the follow up of management actions the position at year end is that of the 18 recommendations raised by TIIA Ltd in 2018/19, all 18 are not yet due for implementation.

A total of two needs attention recommendations remain overdue from 2017/18. The following table is the overall summarised year end position, and the management responses for the outstanding recommendations are provided at **Appendix 4**.

Number raised	21	
Complete	19	90%
Outstanding	2	10%

### 3.5 Issues for inclusion in the Annual Governance Statement

Whilst a substantial assessment was reported for controls tested during the Key Controls internal audit, we have since been informed by the Chief Finance Officer that an invoice fraud incident has occurred resulting in a payment being made erroneously. External Audit have also been informed of the details of the incident. A formal investigation has now been undertaken and concluded by the Chief Finance Officer.

No issues were identified in this area during the Key Controls internal audit report 2018/19 and we therefore believe this to be an isolated incident. Internal Audit is due carry out Key Controls testing again in this area during quarter three of 2019/20 and we will increase our coverage of this area in response to the risks highlighted above.

## 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 Internal Assessment

A checklist for conformance with the PSIAS and the Local Government Application Note has been completed for 2018/19. 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 has been forwarded to the Chief Financial Officer for independent scrutiny and verification.

#### 5.1.2 External Assessment

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 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.

Two improvement points were raised in relation to the assessment. The first relates to updating and documenting current risks pertinent to delivery of the TIAA contract. The second relates to the Internal Audit Manager carrying out yearly deep dive assurance exercises on a sample of TIAA audit files to give assurance that the audit procedures are being followed in line with the PSIAS. We can confirm that these actions are now complete.

## **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	Good	TBC
2. Chief Finance Officer Satisfaction – measured quarterly	Annual	Good	Good	Achieved
<u>Internal Audit Process</u>				
3. Each quarters audits completed to draft report within 10 working days of the end of the quarter	Quarterly	100%	100%	Achieved – 4 assurance reports.
4. Quarterly assurance reports to the Contract Manager within 15 working days of the end of each quarter	Quarterly	100%	100%	Achieved - All quarterly reports received with 15 working days of the end of each quarter.
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%	n/a	No issues to address.
<u>Clients</u>				
8. Average feedback score received from key clients (auditees)		Adequate	Good	Exceeded, 3 responses received.
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%	100%	Exceeds
11. Number of training hours per member of staff completed per quarter		1 day	1 day	Achieved

5.2.2 It is encouraging to note that all performance measures have been achieved, with three of these exceeding targets. Client feedback has been provided in response to all the audits completed and has been extremely positive recognising the professional service provided & also the value that internal audit has brought to the Authority. The contractor has also provided the Authority with a higher percentage of qualified / experienced staff to undertake the audit reviews.

It is also extremely encouraging to note that all four audit reviews were finalised by 11 April 2019, thus ensuring that audits are completed within financial year and ensuring that this annual opinion can be ready in line with the earlier reporting requirements associated with the audit of the accounts.

### **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.

## APPENDIX1 – AUDIT WORK UNDERTAKEN DURING 2018/19

Audit Area	Assurance	No of Recs	Implemented	P1 OS	P2 OS	P3 OS	Not yet due
<b>Annual Opinion Audits</b>							
Corporate Governance and Risk Management	Reasonable	7	0	0	0	0	7
<b>Fundamental Financial Systems</b>							
Key Controls and Assurance	Substantial	0	0	0	0	0	0
<b>Service area audits</b>							
Branding	Reasonable	6	0	0	0	0	6
Disaster Recovery	Reasonable	5	0	0	0	0	5
<b>Total</b>		<b>18</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18</b>

<b>Assurance level definitions</b>		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.	1
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.	3
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

	Current Contract				
	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Annual Opinion Audits</b>					
Corporate Governance and Risk Management		Reasonable	Reasonable	Reasonable	X
Governance	Reasonable				
<b>Fundamental Financial Systems</b>					
Key Controls and Assurance Work	Reasonable	Reasonable	Reasonable	Substantial	X
Procurement					X
<b>Services Area Reviews</b>					
Consultation Activities and Partnerships Provisions					
External Funding - HLF Bid and National Parks Partnership		Reasonable			X
Asset Management			Reasonable		
Port Marine Safety Code			Reasonable		
Branding				Reasonable	
Planning	Reasonable				
<b>IT Audits</b>					
Toll Management Application					
Network Security					
End User Controls					
Disaster Recovery				Reasonable	
Virus Protection/Spyware, Data Backup and Data Centre controls		Reasonable			

## Assurance Review of the Key Controls and Assurance Framework Arrangements

### Executive Summary

<p><b>OVERALL ASSURANCE ASSESSMENT</b></p> 	<p><b>ACTION POINTS</b></p> <table border="1" data-bbox="1164 635 2004 849"> <thead> <tr> <th>Control Area</th> <th>Urgent</th> <th>Important</th> <th>Needs Attention</th> <th>Operational</th> </tr> </thead> <tbody> <tr> <td>Accounts Payable</td> <td>0</td> <td>0</td> <td>0</td> <td>1</td> </tr> <tr> <td>Total</td> <td>0</td> <td>0</td> <td>0</td> <td>1</td> </tr> </tbody> </table> <p>No recommendations were made in respect of treasury management and investments, general ledger, asset management, budgetary control, accounts receivable, payroll and toll income.</p>	Control Area	Urgent	Important	Needs Attention	Operational	Accounts Payable	0	0	0	1	Total	0	0	0	1
Control Area	Urgent	Important	Needs Attention	Operational												
Accounts Payable	0	0	0	1												
Total	0	0	0	1												
<p><b>SCOPE</b></p> <p>This audit looked at the fundamental systems that feed into the statement of accounts to provide assurance on the key controls. The areas reviewed as part of the audit 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.</p>																

## RATIONALE

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- The systems and processes of internal control are, overall, deemed 'Substantial Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of no recommendations being raised upon the conclusion of our work.
- The audit has raised one 'operational effectiveness matter', which sets out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services.
- This assurance opinion indicates that the overall level of control has improved since the previous audit of Key Controls and Assurance in 2017/18, which concluded in a 'Reasonable' assurance opinion.

## POSITIVE FINDINGS

---

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

- Investments tested were documented and authorised.
- Loans and investments are reconciled to the general ledger and bank statements.
- Journals are raised sequentially and approved independently.
- The general ledger suspense account is reviewed on a monthly basis and any long outstanding items are cleared.
- All capital additions and disposals reviewed were authorised in accordance with procedures.
- A quarterly report of expenditure is downloaded from the ledger and reviewed for items to be capitalised.
- The asset register is reconciled to the ledger once a year and access to the register is restricted to appropriate staff.
- Budget monitoring reports are shared with budget holders on a monthly basis, from the end of the first quarter, which highlights any variances above £5,000. These are accompanied by an email from the Financial Accountant requesting an explanation of variances and changes to forecast outturn (year-end positions); commentary to explain significant variances (+/- £5,000) within their budgets and; requests for budget virements (budget transfers).
- Budgetary information, both capital and revenue is reconciled to the general ledger on a monthly basis.
- Invoices are independently checked prior to posting to the ledger.

- All invoice payments require two stage authorisation, thereby ensuring that only accurate and approved payments are processed.
- BACs runs had been signed and dated, prior to the payment run, by an appropriate officer.
- Starters, leavers and amendments to the payroll are checked to ensure that they have been actioned correctly by the payroll provider, thus ensuring the Authority's payroll is accurately maintained.
- There is a clear audit trail of actions taken to recover unpaid tolls, ensuring that debt recovery follows a prescribed and effective process and with all monies due to the Authority being pursued / received.
- Toll payments can be checked on the Tolls Management System by Rangers in the field, reducing the Authority's costs for printing plaques.

## **ISSUES TO BE ADDRESSED**

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The audit has raised no recommendations.

### Operational Effectiveness Matters

The operational effectiveness matter, for management to consider relate to the following:

- Consideration be given to invoices supported by a purchase order going through a level one review only and not being sent for level two authorisation. This would reduce unnecessary controls where they are not required.

### Previous audit recommendations

The audit reviewed the previous internal audit recommendations, both of which have been confirmed as implemented.



# Assurance Review of Corporate Governance and Risk Management

## Executive Summary

### OVERALL ASSURANCE ASSESSMENT



### ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Risk Management	0	2	4	1
GDPR	0	0	1	0
Total	0	2	5	1

### SCOPE

The objective of the audit is to review the adequacy, effectiveness and efficiency of the systems and controls in place over Corporate Governance and Risk Management.

## 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 five 'needs attention' recommendations being raised upon the conclusion of our work.
- The audit has also raised one 'operational effectiveness matter', which sets out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services.

## POSITIVE FINDINGS

---

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

### Risk Management

- The Strategic Risk Register (SRR) is kept up to date through six monthly reviews by the Monitoring Officer and Management Forum. It is then reported to the Audit and Risk Committee (ARC) thereby assisting the Broads Authority to meet the requirements of its Code of Corporate Governance, specifically in managing risks and performance.
- Partnership related risks are assessed on an ongoing basis and are included on the SRR. An annual report on partnership arrangements is reported to the Full Broads Authority. This report provides details of the Strategic Partnerships which are currently registered with the Broads Authority and highlights which actions are required to address weaknesses and in so doing, the Broads Authority manages risks in this area.

### GDPR

- Recommendations from the previous GDPR audit (BA1804) have been verified as complete and are confirmed as still in operation. A GDPR risk is included on the SRR and controls recorded as in place to mitigate this risk comprise of a GDPR action/compliance plan and a GDPR working group.

## ISSUES TO BE ADDRESSED

---

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

### Risk Management

- The Risk Management Policy be reviewed and updated as required to reflect the current governance arrangements and responsibilities for risk, including those assigned to the ARC. This mitigates the risk that out of date processes are being used leading to incorrect decision making and inadequate corporate governance arrangements
- An exercise is undertaken to review the SRR to identify which risks are strategic and which are operational, and to ensure all risks are linked to their potential to influence the achievement of strategic objectives. This helps to ensure that risk are identified on both a service and strategic level allowing for proper understanding of the authorities risk profile and allows for the appropriate prioritisation of mitigation actions.

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

### Risk Management

- A review and update of the authority's intranet is undertaken, incorporating any revised documents which is re-launched with staff identifying any training needs. This contributes to improved staff understanding of the risk management framework helping to reduce the risk that incorrect processes are followed leading to misinformed decisions being made that affects the achievement of objectives.
- A standard risk implications section to be introduced on the committee report template with accompanying guidance. This assists in ensuring that risks to the Authority's objectives are fully understood and made clear for the Committee to make an informed decision.
- The 'Review of the SRR' reports to the ARC contains an explanation of risks that have changed from the previous SRR. This assists in alleviating the risk that the committee does not receive a full picture of the status of risks and if they are being mitigated as expected.
- A scoring criteria is defined for low, high and medium risks, in relation to both likelihood and severity/impact. This helps to ensure that risks are appropriately assessed and proportionate mitigation actions are assigned.

### GDPR

- Evidence that Norfolk County Council (NCC) have implemented the Information Commissioner Officer (ICO) recommendations, since the data breach incident, is requested. In addition, all data breaches, including those which have been formally reported and those which the ICO have been consulted on, to be centrally recorded. This mitigates the risks of similar breaches re-occurring and that there is an inaccessible incomplete audit trail of breaches.

### Operational Effectiveness Matters

The operational effectiveness matters, for management to consider relate to the following:

#### **Risk Management**

- Consideration is given to revising the risk terminology from initial and revised risk to inherent risk (risk without any controls in place) and residual risk (taking into account the existing controls) and a further target risk score if the residual risk is not within the risk appetite. This clearly shows which risks are being managed to within the risk appetite on existing controls and those risks which require additional mitigation. Consideration is also given to reviewing other risk matrices including the 5 by 5 matrix which offers more detail and clarity and can highlight the extremes. It also provides more flexibility and scope in determining a risk appetite.

#### Previous audit recommendations

The audit reviewed the previous internal audit recommendations for the GDPR Audit (BA1804), of which none remain outstanding.

# Assurance Review of Branding

## Executive Summary

### OVERALL ASSURANCE ASSESSMENT



### ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Broads Authority branding - strategies, guidelines / procedures	0	0	3	0
Broads Authority branding - use of the broads authority logo	0	0	3	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>0</b>

No recommendations were made in respect of Broads Authority branding in terms of routes of communication including the use of social media; and Broads National Park Branding. Although the caveat to the latter is at the time of testing, the national branding strategy for the national parks and subsequent local branding narrative had not been finalised and therefore testing was limited in this area.

### SCOPE

The objective of the audit is to review the adequacy, effectiveness and efficiency of the systems and controls in place over the Branding process.

## 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 six 'needs attention' recommendations being raised upon the conclusion of our work.

## POSITIVE FINDINGS

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We found that the Council 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:

### National Park branding - routes of communication and promotion of the area

- A bespoke piece of Broads National Park art work was presented to Norwich Train Station by the Broads Authority which adorns two walls of the waiting room beside platform one. The art work is the third to be installed in major 'gateways' to the Broads National Park with others at Norwich Airport and Great Yarmouth Train Station.

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

### Broads Authority branding - strategies, guidelines / procedures

- The Broads Authority has systems in place to address the new Public Sector Bodies Accessibility Regulations 2018 which refers to making sure that websites, applications and other digital media can be accessed by all, including those with disabilities such as visual, motor and other impairments. This contributes to effective access by the public to key resources including material which involve the use of branding.
- The Broads Authority has produced a set of Brand Standards for the Broads National Park, designed for anyone producing materials carrying the Broads brand, which are available to download from the Broads Authority website.
- A sample test of material including both Broads Authority and Broads National Park logos, confirmed that they met branding requirements.

### Broads Authority branding - routes of communication including the use of social media

- The Communications Officer (Digital) monitors the use of social media which includes ensuring that the correct branding and logos are applied. This incorporates the use of a software application called 'Buffer', designed to manage accounts in social networks by providing the means for a user to schedule posts to Twitter, Facebook, Instagram, and LinkedIn, as well as analyse results and engage with the community.

## ISSUES TO BE ADDRESSED

---

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

### **Broads Authority branding - strategies, guidelines / procedures**

- The communications work plan be updated to include the finalisation of the local Broads National Parking Branding Strategy; branding training; update of the intranet communications page; and internal guidance/criteria in relation to the use of Broads Authority and Broads National Parks logos. This helps mitigate the risk that key tasks are not completed in a timely manner.
- The Broads Authority Communications Policy be updated to include the roles and responsibilities for overseeing management of correct branding within a specific branding section. This assists in reducing the risk that responsibilities for branding are unclear.
- The role of the communications team, including an introduction to the Broads Authority and Broads National Park brands, be included within the authority's induction checklist helping to mitigate the inconsistent and incorrect use of branding leading to detrimental promotion of the Broads Authority and its status as a national park.

### **Broads Authority branding - use of the broads authority logo**

- Guidance be produced for staff which covers the criteria for applying either the Broads Authority or Broads National Park logo, or when both logos are applicable, including reference to partnership and project work, specifically the approach to take when applying project logos in addition to the Broads Authority and Broads National Park logos. This mitigates the risk of inconsistent and incorrect logo application leading to ambiguity and inadequate promotion of the area as a national park.
- A review and update of the communications page on the authority's intranet be undertaken once the National Parks branding strategy and associated documents are finalised. This should be relaunched alongside the provision of staff and member training, mitigating the risk that incorrect processes are followed leading to inconsistent and/or incorrect branding being applied which affects the achievement of branding objectives.
- The inclusion of a statement that copying and use of the Council logo is not permitted without prior approval from the respective Communications Teams on the Broads Authority website, would help reduce the risk of the Council logos being used inappropriately.

### **Operational Effectiveness Matters**

There are no operational effectiveness matters for management to consider.

### **Previous audit recommendations**

This is the first audit undertaken of this area and therefore, there are no previous audit recommendations.

### Other points noted

The national branding strategy for the national parks is being developed and it is intended that this will help to inform local branding and narratives for all 15 National Parks. In particular, the Broads Authority intends to complement the national branding story within its own branding work. However, at the time of testing, the national branding strategy had not been finalised and therefore testing was limited in this area which would have incorporated the broad's authority local branding story/narrative which would flow from this. A conference was held the week beginning 25<sup>th</sup> March 2019, between all the national parks heads of communications, to discuss the draft version of the national branding strategy. In addition, the Broads Authority Communications Policy is also due to be updated following the national branding strategy and local branding, the National Parks Communications Strategy also being at a draft stage.

Furthermore, the Broads Authority was successful in the selection process to host an expanded Communications Team for the National Parks and is awaiting approval from all National Park Chairs in order to begin recruitment; a decision is expected by March/April 2019.



# Assurance Review of Disaster Recovery Arrangements

## Executive Summary

### OVERALL ASSURANCE ASSESSMENT



### ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Adequacy of DR Provision	0	0	0	0
Backup and Recovery Capabilities	0	0	1	0
DR Testing	0	0	1	0
Alignment with Business Continuity Plans	0	1	0	0
DR Development for New Systems	0	0	1	0
Third Party Management	0	0	0	1
Dockyard Physical Access Controls	0	0	1	0
<b>Total</b>	<b>0</b>	<b>1</b>	<b>4</b>	<b>1</b>

No recommendations were raised for Continuous Improvement

### SCOPE

Disaster Recovery has not yet been reviewed at Broads Authority. The systems that support the Authority's Disaster Recovery processes have been moved to the Dockyard at Griffin Lane Norwich with the facility itself having been renovated and extended to support this work. As a result of this the DR plan has been updated. This audit has been requested to help provide assurance that the appropriate controls are in place.

## RATIONALE

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- 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 four 'Needs Attention' recommendations being raised upon the conclusion of our work.
- The audit has also raised one 'Operational Effectiveness Matter', which sets out a matter identified during the assignment where there may be an opportunity for a service enhancement to be made to increase both the operational efficiency and enhance the delivery of value for money services.

## POSITIVE FINDINGS

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

- There is a documented Disaster Recovery (DR) plan document that has recently been reviewed to take account of recent improvements made to the DR facilities. It is also shared amongst relevant IT staff. Periodic review and communication of relevant plans reduces the risk that the plans are not fit for purpose and not shared as appropriate.
- Responsibility for DR is shared between the Head of IT & collector of Tolls and the Senior ICT Support Officer with assistance as required from other IT staff. The shared responsibility reduces the risk of relevant plans and operational procedures not being fit for purpose.
- The DR plan includes appropriate invocation and escalation procedures in support of similar processes and procedures within the Business Continuity Plan. These reduce the risk of a lack of a coordinated response to DR incidents.
- The audit noted a lack of historic DR testing, although this is being addressed through the documentation of a proposed DR test plan within the DR plan document that has undergone recent review. The process has already started with a small test recovery of a server at the Dockyard as part of the recent DR facility improvement work. The creation of DR test plans will help to demonstrate the viability of the DR infrastructure and related processes.
- The audit noted the ability to divert telephone calls from Yare House to the Dockyard office, which helps to ensure continuity of customer service during an incident.
- The audit noted the presence of external CCTV coverage, which is recorded and retained for 10 weeks. CCTV coverage helps to detect unauthorised access to the Dockyard site.
- The entrance to the Dockyard DR facility did not have a lock fitted, although it was also noted that there is ongoing work to resolve this to help ensure the physical security of the facility.

- The lack of Uninterruptible Power Supply (UPS) at the DR facility is being addressed. This will help to ensure the controlled shutdown of the DR infrastructure following a power outage. UPS facilities provide a temporary battery backup that provides a 'window of opportunity' to power down all relevant equipment in a controlled manner prior to power being restored.

## **ISSUES TO BE ADDRESSED**

---

The audit has highlighted the following area where one 'Important' recommendation has been made:

### **Alignment with Business Continuity Plans**

- There is a need to ensure that senior management are made aware of the fact that any Business Continuity invocations that require data recovery from the tape backup, rather than the onsite disc backups, and may not be able to support the requirement to recover certain services within 24 hours. This will ensure that this risk is shown to have been formally accepted (or otherwise).

The audit has also highlighted the following areas where four 'Needs Attention' recommendations have been made:

### **Backup and Recovery Capabilities**

- The Authority needs to enhance their data replication facilities to include priority systems such as Finance and Tolls to help ensure timely recovery of these systems following an incident.

### **DR Testing**

- There is a need to ensure that all DR tests are formally documented in test reports to reduce the risk of the DR plans not being fit for purpose caused by lessons learned not being documented and accounted for in the DR plans.

### **DR Development for New Systems**

- Project Management processes require the inclusion of work to understand the DR support implications of implementing new or changed systems, which will ensure adequate continuity of support following any changes.

### **Dockyard Physical Access Controls**

- The DR Server rack needs to be moved to a more appropriate location within the DR facility so that the side panels can be put back to help ensure the security of the infrastructure that the rack contains.

### **Operational Effectiveness Matters**

- Consideration to be given to completing the contact details for third party suppliers by adding telephone contact details.

**APPENDIX 4 – AUDIT RECOMMENDATIONS**

			Completed bt 01/04/2018 to 31 March 2019			Outstanding			Total	Not yet due for implementation		
Audit Ref	Audit Area	Assurance Level	Priority 1	Priority 2	Priority 3	Priority 1	Priority 2	Priority 3	Outstanding	Priority 1	Priority 2	Priority 3
<b>2017/18 Internal Audit Reviews</b>												
BA1801	Asset Management	Reasonable		1				1				
BA1802	Port Marine Safety Code	Reasonable		2				1				
BA1803	Key Controls & Assurance	Reasonable			1							
BA1804	Corporate Governance	Reasonable		1								
<b>2018/19 Internal Audit Reviews</b>												
BA1901	Corporate Governance and Risk Management	Reasonable									2	5
BA1903	Branding	Reasonable										6
BA1904	Disaster Recovery	Reasonable									1	4
<b>TOTALS</b>			<b>0</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>15</b>

Audit Title	Recommendation	Priority	Management Response	Responsible Officer	Due Date	Revised Due Date	Status	Latest Response
BA1801 Asset Management	Recommendation 3: The Authority agrees timescales for completing lease agreements with key stakeholders to reduce delays.	3	Agreed	Solicitor & Monitoring Officer	01/04/2018	31/05/2019	Outstanding	Legal Services Tender has been further delayed and a standing list will need to be approved by the authority. Next meeting is in May 19.
BA1802 Port Marine Code	Recommendation 7: Briefings given to the Navigation Committee and BSMG on the risk assessment process, hazard identification and assessment and the ALARP principle are documented and recorded in the minutes. Briefing packs in relation to the risk assessment process, hazard identification and assessment and the ALARP principle (which are provided to the stakeholder group involved in the review of hazards) should also be made available to all new appointees to the Navigation Committee and the BSMG. Consideration is also given to providing these to all members of the Navigation Committee and the BSMG	3	Agreed	Head of Safety Management	28/02/2019	30/04/2019	Outstanding	There has been a slight delay encountered due to changes in our committee timetable. The Hazard Review has been scheduled for the 13 March 2019 in which the panel members will receive training on risk assessment prior to the start of the review. BSMG and Navigation Committee will both also receive similar training at their subsequent meetings in March and April respectively when considering the output from the review.

## **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 2018/19 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 2019. 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.

**Review of Annual Governance Statement and Code of Corporate Governance**  
Report by Head of Governance

**Summary**

Every year the Broads Authority reviews its governance and internal control systems, including risk management, and publishes an Annual Governance Statement supported by a Code of Corporate Governance to show how it is complying with the principles of good governance.

The draft Statement is attached for Members' consideration, together with the latest Code of Corporate Governance.

**Recommendations**

- (i) That the Committee notes, subject to the implementation of improvements identified in the Statement, that the Authority's systems of governance and internal control are considered to be adequate and effective.
- (ii) That the Committee recommends the Annual Governance Statement for approval by the Broads Authority on 26 July 2019. Any observations or recommendations by the Committee will be reported verbally at that meeting.
- (iii) That the Committee notes the Code of Corporate Governance.

**1 Annual Governance Statement**

- 1.1 As a public body, the Broads Authority is responsible for making sure it has strong and up-to-date systems of governance and internal control that comply with the principles of 'good governance'. Under the Accounts and Audit Regulations 2015, we must publish an Annual Governance Statement (Appendix 1) on the effectiveness of our systems during the year, and an action plan to address any identified weaknesses. The Statement accompanies the annual Statement of Accounts and must be published by 31 July following the financial year to which it relates.
- 1.2 The Statement is guided by the '[Delivering Good Governance in Local Government: Framework](#)', which includes principles on: Integrity, ethical values and the rule of law; stakeholder engagement; sustainable economic, social and environmental benefits; leadership and resources; risk and performance; and transparency, reporting and review. Our internal and external audit, internal review

and other reports, and the Code of Corporate Governance all provide evidence for the Statement.

- 1.4 The Audit and Risk Committee (ARC) will review the Statement on 23 July 2019 and present any suggested amendments or recommendations to the Broads Authority on 26 July. Once the Authority approves the Statement, it is signed by the Chair and Chief Executive and the Action Plan 2019/20 is implemented.

### **3 Code of Corporate Governance 2019**

- 3.1 The Code of Corporate Governance (Appendix 2) helps us to develop our governance framework based on best practice and external guidance. The Code is updated annually, with significant changes reported in the Annual Governance Statement and any actions included in the Action Plan. The Code is signed by the Chair and Chief Executive and published at [www.broads-authority.gov.uk/about-us/how-we-work](http://www.broads-authority.gov.uk/about-us/how-we-work).

### **2 Audit opinion**

- 2.1 The Annual Report and Opinion for 2018/19 by the Head of Internal Audit concludes that the Authority's framework of governance, risk management and controls is **reasonable**, with all audits concluding with a positive opinion.
- 2.2 While no issues raised by internal audit were significant enough for inclusion in the Statement, the report highlighted an issue relating to an invoice fraud that resulted in the Authority making a payment erroneously. External Audit was also informed about this incident, which took place in 2019/20, and the Chief Financial Officer has carried out a formal investigation.

Authors:	Maria Conti, Emma Krelle
Date of report:	8 July 2019
Appendices:	1: Draft Annual Governance Statement 2018/19, Action Plan 2019/20 and Action Plan 2018/19 progress report 2: Code of Corporate Governance 2019



# Broads Authority

## **DRAFT** Annual Governance Statement 2018/19 and action plan 2019/20

Published July 2019

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# 1. Introduction

- 1.1. As a public body the Broads Authority is responsible for making sure its governance and internal control framework is robust, up-to-date and in line with the principles of good governance. This is about conducting our business in accordance with the law and proper standards, using public money wisely and efficiently, and having appropriate arrangements in place to protect our assets and meet our strategic aims. It is also about our staff and Members representing the shared values and culture of the organisation.
- 1.2. To show how we are complying with good governance, we prepare an Annual Governance Statement <sup>1</sup>and publish it alongside our annual Statement of Accounts in July. The Statement is guided by the Framework document [Delivering Good Governance in Local Government](#), which has principles focusing on integrity, ethical values and the rule of law; stakeholder engagement; sustainable economic, social and environmental benefits; leadership and resources; risk and performance; and transparency, reporting and review.
- 1.3. Alongside the Statement we produce an action plan to address any weaknesses identified by internal and external audit, self-assessment and other reports, and by our [Code of Corporate Governance](#) (Appendix 2). Our Action Plan 2019/20 and an update on last year's plan are at Appendices 1(b) and 1(c).

# 2. Our governance framework

## Purposes and duties

- 2.1. The Broads Authority is a statutory body with similar responsibilities to those of the English, Welsh and Scottish National Park Authorities<sup>2</sup>. It is the local planning authority, and a harbour and navigation authority. It has a duty to manage the Broads to conserve and enhance its natural beauty, wildlife and cultural heritage, to promote opportunities for the public to understand and enjoy its special qualities, and to protect the interests of navigation.
- 2.2. In managing the area, the Authority must have regard to the national importance of the Broads for its natural beauty and opportunities for open-air recreation, the desirability of protecting its natural resources from damage, and the needs of agriculture and forestry and economic and social interests of those who live or work in the area. The Authority also has the duty to maintain the navigation area to such standard as appears to be reasonably required and to develop and improve it as it thinks fit.

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<sup>1</sup> Regulation 6(1)(a) and (b) of the Accounts and Audit Regulations 2015

<sup>2</sup> The Broads Authority was established under the Norfolk and Suffolk Broads Act 1988.

Further provisions for the management of the area were made through the Broads Authority Act 2009.

## Strategic plans

- 2.3. The [Broads Plan](#) is the key partnership strategy for the Broads, setting out a long-term vision and short-term objectives to benefit of the environment, local communities and visitors. The current Plan was adopted in March 2017 and we publish 6-monthly [progress updates](#) in May and November.
- 2.4. In May 2018, following formal consultation and an examination in public, we adopted the Broads Local Plan, which sets out the policies used in determining planning applications for the plan period to 2036.
- 2.5. Under the Broads Plan sit more detailed guiding strategies, generally focusing on a single theme and covering a short-term period. In the last year we have reviewed and updated action plans for the Broads Integrated Access Strategy and the Broads Biodiversity & Water Strategy.
- 2.6. We publish our Annual Business Plan in May, outlining our work priorities for the coming year and summarising last year's progress. The Business Plan is a link between the strategies for the Broads and our team work plans. Each year we also identify a small set of strategic priorities, focused on Authority-led projects that have high resource needs or a very large impact on the Broads, or that are politically sensitive. This helps us target our resources and make the most of partnership working and external funding opportunities. We report progress at each Broads Authority meeting.

## National Parks Review and Peer Review

- 2.7. Over the past 18 months, two reviews have been looking at our governance. In 2018 the Government commissioned a review of National Parks and Areas of Outstanding Natural Beauty (AONBs) looking at the coverage of these designated areas, how they deliver their responsibilities and how they are financed, and whether there is scope for expansion. The review team visited the Broads in November 2018 and their report is expected in September 2019.
- 2.8. In 2017 we invited an expert Peer Review Team to examine our leadership, governance, policies and procedures and suggest any changes to improve our effectiveness. In May 2018, in response to the Team's recommendations, we implemented a number of changes. The next stage is to review the effectiveness of the changes. It has been agreed that the Team's Chair, together with a Lead Member and a Managing Director responsible for two of the Norfolk constituent local authorities, will carry out a brief desk-based review in 2019/20.

## Committees and management

- 2.9. The Broads Authority has unique governance arrangements, reflecting the interests of both national and local stakeholders. Of its 21 Members, ten are appointed by the Secretary of State, nine are locally elected County and District Councillors and two are appointed by the Authority from the Navigation Committee. Other than Planning Committee and those matters delegated to the Chief Executive, all matters are dealt

with by the full Broads Authority as the prime decision maker. Routine decision making is delegated by Members to Officers of the Authority through the Scheme of Delegated Powers.

- 2.10. An action from the Peer Review was to amend the Authority's committee cycle. The full Authority now meets for formal business six times a year, with two of the scheduled meeting dates used for site visits or workshops to give Members more opportunity for informal interaction outside the main business meetings. There is a new process for the annual appointment of Chairs and Vice-Chairs, committee membership and appointments to outside bodies, to create a more transparent appointment process and allow Members to express their preferences for serving on Committees and outside bodies. The Authority also set up a Chairs' Group to give Chairs and Vice-Chairs a more active role in maintaining an overview of the work of the various committees, and to better support the Chair and Chief Executive.
- 2.11. Another action from the Peer Review was to repurpose the Financial Scrutiny and Audit Committee as the Audit and Risk Committee (ARC) with an amended Terms of Reference, to make its role clearer to the public. The ARC is an advisory committee meeting three times a year. It is responsible for examining our governance, internal control and risk management framework, and taking a strategic view on whether our allocated resources are being used effectively.
- 2.12. Our functions as a [Local Planning Authority](#) are carried out by the Planning Committee, with powers delegated to Officers in line with national legislation. It is a decision-making committee and normally meets every four weeks. Planning decisions, whether made at Committee or through delegated powers, are published on our Planning website.
- 2.13. The Navigation Committee advises the Authority's on significant matters affecting the navigation area. While it does not make decisions, if the Authority does not accept the Committee's recommendations it must give reasons. As a result of the Peer Review, meetings of the Committee were reduced from six to five per year, with members also invited to the Authority's twice-yearly site visits/workshops.
- 2.14. Our final formal committee is the Broads Local Access Forum, a semi-independent body that advises the Authority on improving public access to land within the Broads executive area.
- 2.15. The Authority has two Independent Persons, appointed for a 4-year period, who are regularly consulted to help the Authority achieve high ethical standards. The current postholders were appointed in 2016.
- 2.16. The Authority has four statutory officers who carry out specific duties. They are the Head of Paid Service (Chief Executive), Section 17 Officer (Chief Financial Officer), Navigation Officer (Head of Ranger Services) and Monitoring Officer. The Chief Executive, Chief Financial Officer, Director of Strategic Services and Director of Operations make up our Management Team. We are also required to have a Data

Protection Officer, and this role is currently held by the Director of Operations as a qualified Data Practitioner.

### Financial arrangements

- 2.17. It is considered that the Authority's financial management arrangements conform with CIPFA's [Statement on the Role of the Chief Financial Officer in Local Government](#) (2016). As a key member of the Management Team, the Chief Financial Officer is actively involved in material business decisions to help the Authority develop, resource and implement its strategic plans sustainably and in the public interest.
- 2.18. We have a number of procedures in place to make sure we obtain best value for money in all we do, and we review them all on a regular basis. The Financial Regulations, reviewed in March 2018, were updated to reflect that the Section 17 Officer and Treasury is now managed in-house. Our Counter Fraud, Corruption and Bribery Strategy and our Procurement Strategy were also updated in March 2018, and our Standing Orders Relating to Contracts in May 2018. We also reviewed our Advertising and Sponsorship Policy in February 2019 and our Capital, Treasury and Investment Strategy in March 2019.
- 2.19. We monitor the effectiveness of our internal financial control systems through the consideration of regular internal audits, performance management and budget monitoring reports, and through ARC reports.

## 3. Decision making and openness

- 3.1. Our arrangements for decision making are set out in publicly available documents. These include Standing Orders, Scheme of Delegated Powers and a Protocol on Member and Officer Relations. An action for 2019/20 is to commission an external review of all our constitutional documents to make sure they are fit for purpose, in line with best practice and legislation, simple and streamlined.
- 3.2. Our committees each have distinct terms of reference. Meetings are held in public, apart from some agenda items which are exempt under legislative guidance, and members of the public may ask questions. Since 2017, all our meetings are audio recorded.
- 3.3. Staff roles and responsibilities are defined through job descriptions and regularly updated policies and procedures, including a code of conduct and annual performance appraisals. The Authority is accredited by Investors in People (IIP), having had its Silver accreditation rating reconfirmed in December 2018 for a period of one year.
- 3.4. In line with the Government's commitment to freedom of information and local government transparency, we publish requested data such as spending, assets and our organisational structure, on our website at [www.broads-authority.gov.uk](http://www.broads-authority.gov.uk). Our commitment to protecting people's privacy and processing personal data in

accordance with data protection legislation is set out within our [Data Protection Policy](#).

## 4. Ethics and integrity

- 4.1. Under the Localism Act 2011 we have the duty to promote and maintain high standards, and we seek to embed this throughout our governance and internal control systems. The seven principles of public life (known as the Nolan Principles) are incorporated in the Members' Code of Conduct, which was updated in November 2018 to process complaints more efficiently. Our Independent Persons provide external scrutiny of its standards processes.
- 4.2. We have produced our own set of core values which we promote to our staff and Members through posters and screen savers, codes of conduct and protocols, recruitment, interview and appraisal processes, and development programmes.

### Our Core Values

We show commitment - Working together for a common purpose; Showing flexibility, trust and enthusiasm; Delivering on our promises.

We are caring - Setting realistic and properly resourced workloads; Supporting each other to get things done; Giving praise and daring to challenge.

We are exemplary – Being visible, approachable and professional; Making sound judgements on strong evidence; Aiming higher, smarter and always inspiring.

We are open and honest – Being fair and consistent in our words and actions; Always willing to ask, listen and respond; Doing what's right and being accountable.

We are sustainable – Looking after our resources wisely; Understanding the impact of our choices; Doing work that adds real value.

## 5. Engaging with stakeholders

- 5.1. We encourage our partners, interest and user groups and local communities to engage with us in various ways. This includes drop in events such as partnership working groups and Parish Forums, direct contact such as officers or members attending user group meetings, public events like the Royal Norfolk Show, digital and social media feeds and newsletters, and formal written consultations such as the recent process for the Broads Local Plan. We also seek user opinions through our annual visitor survey and the ongoing user analysis for our website, Facebook and Twitter feeds.
- 5.2. In 2018 we reviewed all our engagement methods, including a survey of all organisations represented on the consultative Broads Forum. As a result, we replaced the Forum with [Broads Engage](#), which brings together all the ways people can hear

about and have a say on the use and management of the Broads. We held Broads Engage workshops in November 2018 and April 2019, each attended by around 50 representatives from a wide range of interest groups. The feedback from attendees was positive, and their input has informed the updating of the Broads Integrated Access Strategy and Broads Biodiversity & Water Strategy.

## 6. Managing risk and performance

- 6.1. The ARC's responsibilities include gaining assurances from a range of measures and reports that the Authority is obtaining value for money in the use of its resources, and that risk and performance are being actively managed to achieve best results. We have identified actions in this year's Action Plan (Appendix 1a) to strengthen our risk management processes.
- 6.2. In 2018/19, we upgraded our IT Disaster Recovery Infrastructure and it will be tested in 2019/20. We will also update and improve our Risk Registers at strategic and operational level, and our Business Continuity Plan, which lessens the impact of a major incident affecting some or all of our operations.
- 6.3. We have internal financial controls to reflect good practice and make sure our finances are managed securely to minimise risk. These include approved budgets, separation of duties and authorised signatures. We also maintain a database of all our land and property assets and an Asset Management Strategy that includes an asset disposal policy, to help us plan our maintenance and replacement programme and reduce the risk of unexpected costs.
- 6.4. Our performance across our operations is assessed at regular Management Team meetings, with financial reports and budgets considered monthly and reports provided to Members at each Authority meeting.
- 6.5. There is a whistleblowing policy for our staff, and the Monitoring Officer has a duty to write a report if the Authority or any of its committees proposes action that would be unlawful or amount to maladministration.

## 7. Internal and external audit

- 7.1. Our internal and external auditors are the main independent sources of assurance on the operation of our governance framework and the Statement of Accounts. Other sources include organisations such as Investors in People, and our Independent Persons who provide independent scrutiny on our procedures.
- 7.2. An external provider reviews the effectiveness of our internal control systems, which includes our internal audit function. This helps to emphasise audit's key role of audit and its connection to governance, risk management and internal control. The broad categories for internal audit are the annual opinion, corporate governance, fundamental financial systems, service area audits and significant computer systems.

The Head of Internal Audit (HIA) develops an annual strategic audit plan using a risk-based approach. The annual opinion is on the overall adequacy and effectiveness of the Authority's internal control environment, highlighting significant issues.

- 7.3. The Management Team submits a response to each recommendation in the internal audit reports, stating whether it is accepted and what action will be taken. The ARC receives a summary of internal audit work during the year and progress reports on implementing the audit recommendations. Any significant concerns are reported to the Broads Authority. The Authority is also informed of the work of the appointed External Auditors, including the Annual Audit letter from the External Auditors.

### Annual report and opinion 2018/19

- 7.4. The HIA's overall opinion for 2018/19 is that the Authority's framework of governance, risk management and controls is **reasonable**, with all audits concluding with a positive opinion.
- 7.5. While no issues raised by internal audit were significant enough for inclusion in the Statement, the report highlighted an incident when the Authority had been subject to an invoice fraud that resulted in the Authority making a payment erroneously. This incident took place in 2019/20. External Audit was also informed about this incident, and the CFO has carried out a formal investigation and taken actions to protect the Authority against this happening again.

## 8. Action Plans

- 8.1. The Action Plan for 2019/20 and a summary of progress against last year's plan are in Appendices 1a and 1b.
- 8.2. In this year's Action Plan, there is a particular focus on actions to improve our risk management systems, and to complete our work on National Park branding.
- 8.3. We are satisfied that the Action Plan will address the identified weaknesses, and will report back on its implementation as part of our next Statement.



Broads Authority  
Annual Governance Statement 2019/20

Signed .....

Chair of the Authority

Date .....2019

Signed.....

Chief Executive

Date .....2019

Broads Authority

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## Appendix 1a

### BA Annual Governance Statement Action Plan 2019/20

Team	Actions	Lead Officers	Priority target date
Governance	Commission external team to assess effectiveness of Peer Review Action Plan a year after its implementation	Chief Executive	M 31/07/19
Governance	Commission Birketts Solicitors to review BA's constitutional documents to make sure they are fit for purpose, represent best practice, are in line with up-to-date legislation and are simpler to understand.	Chief Executive	M Report to Broads Authority in November 2019
Legal Services	Review performance of current legal services contractor and consider future arrangements, including potentially tendering for the work	Management Team	H 6-month review, September 2019
Risk Management	Update Risk Management Policy to reflect governance arrangements and responsibilities for risk, including those assigned to Audit & Risk Committee (ARC). Following Authority approval, publish policy on BA intranet.	Management Team	H 29/11/19
Risk Management	a) Review Strategic Risk Register (SRR) to identify which risks are strategic and which are operational/service level. Score all strategic risks and state which strategic objective they relate to, with colour coding clarifying 'risk appetite'.  Define scoring criteria for high/medium/low (H/M/L) risk in relation to severity/impact (for categories such as financial, reputation and service provision) and to likelihood.	Management Team	H a) 1/11/19 b) 19/11/19

Team	Actions	Lead Officers	Priority target date
	b) Explain changes from previous SRR in reports to ARC.		
Risk Management	Update Risk Management page on BA intranet, incorporating revised documents and how risks are managed. Identify training needs across Authority.	Head of Safety Management	<b>M</b> 29/11/19
Risk Management	Introduce standard risk implications section on committee report template.	Head of Governance	<b>L</b> 31/1/20
Risk Management	<ul style="list-style-type: none"> <li>• Make sure senior managers are aware that Business Continuity recovery timelines of up to 24 hours may not be achievable if such recovery has to be undertaken using tape backups stored at Dockyard. Formally document staff acceptance (or otherwise) to support this.</li> <li>• Look at options to enhance Data Replication (DR) service so it covers priority services such as Finance and Tolls.</li> <li>• Formally document all DR testing in test reports to relevant senior managers and use lessons learned to inform updating of DR plans.</li> <li>• Update relevant project management processes to include work to understand DR requirements for new or changed infrastructure.</li> <li>• Move server rack containing DR infrastructure from Dockyard to more appropriate location.</li> </ul>	Head of IT & Collector of Tolls	All actions will be completed by 31 July
Communications and branding	Update Communications Team workplan to include completion of Broads National Park branding strategy and work in relation to audit recommendations including training,	Head of Comms	<b>H</b> 05/07/19

Team	Actions	Lead Officers	Priority target date
	updating intranet communications page and issuing internal guidance on use of BA and Broads National Park logos.		
Communications and branding	<ul style="list-style-type: none"> <li>• Following approval of NPA branding guidelines, update BA Communications Policy to include roles and responsibilities for overseeing management of correct branding, and include in separate branding section of policy.</li> <li>• Include information on role of Communications Team and on updated branding policy within BA induction checklist.</li> <li>• Produce guidance for staff on criteria for applying either BA or Broads National Park logo (or both) including reference to partnership/project work and to Broads National Park brand standards and branding strategy.</li> <li>• Revise and relaunch Communications page on BA intranet, to include strategy and associated documents, Communications Team details, and provision of staff and member training on branding.</li> </ul>	Head of Comms	<b>M</b> 31/10/19
Human Resources	Continue preparation of report on equality assessment of employment policies and practices (Equalities Working Group)	Head of HR	<b>L</b> 31/03/20
Human Resources	Complete Phase 2 of updating internal HR policies and procedures	Head of HR	<b>L</b> 31/03/20

July 2019

## Appendix 1b

### BA Annual Governance Statement Action Plan 2018/19 – progress report

Action	Lead Officers	Priority Target date	Progress
Continue implementation of BA General Data Protection Regulation (GDPR) compliance plan. Review policies/ procedures in light of forthcoming guidance from Information Commissioner's Office	Data Protection Officer	<b>H</b> 31/03/19	Policies reviewed in light of ICO guidance.
Equalities Working Group: Report on equality assessment of employment policies and practices	Head of HR, Volunteer Coordinator, Solicitor & Monitoring Officer (SMO)	<b>L</b> 31/03/19	Work in progress - action to carry forward to 2019/20 action plan.
Complete implementation of Peer Review Action Plan in response to Peer Review team report and recommendations	Chief Executive	<b>H</b> 31/12/18	Proposals implemented. External team to assess effectiveness of Peer Review Action Plan in 2019/20.
Complete draft of Members' Handbook (issued as part of induction process), to incorporate key member documents	SMO	<b>L</b> 30/09/18	<a href="#">Members Handbook</a> produced and published online.

<b>Action</b>	<b>Lead Officers</b>	<b>Priority Target date</b>	<b>Progress</b>
Complete phase 2 of updating internal HR policies/ procedures	Head of HR	<b>M</b> 31/03/19	Process ongoing; key policies and procedures updated.
Agree timescales for completing lease agreements with legal service providers to avoid delays (part of review of external legal services, with intention of setting up standing lists)	SMO	<b>M</b> 30/09/18	Delays with procurement process and reduction in SMO hours mean that legal services provision, including property matters, will now be reviewed in 2019/20.
Include Port and Marine Safety Code in future annual reports, to include compliance and standard of performance cross-referenced to performance dashboard	Head of Safety Management, Head of Communications	<b>M</b> 30/09/18	Statement to reflect recommendation to be included in Annual Report 2018/19 and as standing item in future reports.
Provide briefing packs on risk assessment process, hazard ID and assessment and ALARP (As Low as Reasonably Practicable) principle to new Navigation Committee (NC) appointees and Boat Safety Management Group (BSMG), and keep training records	Head of Safety Management, SMO	<b>M</b> Feb 2019	All members of BSMG, Stakeholder Hazard Review Group, NC and Broads Authority (BA) receiving formal training on risk assessment and ALARP principles before dealing with risk assessments process; recorded in minutes when hazards are reviewed/ assessed.

Action	Lead Officers	Priority Target date	Progress
			New members included as regular refresher training process. Stakeholder Hazard Review completed and BSMG, NC and BA members to be briefed in June 2019.
Update Scheme of Powers Delegated to Officers to remove outdated references to Treasurer and Financial Advisor to the Authority and replace them with current references including Chief Financial Officer (Section 17 Officer)	SMO	L July 2018	Completed

July 2019

## Appendix 2

### Broads Authority Draft Code of Corporate Governance 2019

- 1.1 The Code of Corporate Governance helps the Broads Authority, as a public body, to develop a governance framework based on good practice and external guidance and to demonstrate compliance with the principles of good governance.
- 1.2 Good governance is about making sure we do the right things, in the right way and for the right people in a timely, inclusive, open, honest and accountable manner. It is the systems and processes, and the values and principles, which direct and control what we do and how we relate to our communities. A key focus for good governance within the public sector is to achieve sustainable results to benefit the economy, the environment and society.
- 1.3 Our Code of Corporate Governance is based on the core principles in the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. We also have our own set of core values to underpin the behaviour of our Members and staff, who all share responsibility for good governance.
- 1.4 We review and update the Code every year through consultation with the Management Team, Chief Financial Officer and other staff, the Head of Internal Audit and the Chair of the Audit and Risk Committee. Significant areas of concern raised in the review are referred to the Management Team or appropriate committee for comment or decision.
- 1.5 The Chief Executive is delegated to make necessary changes to the Code as a result of the review to keep it up-to-date. Significant changes are reported to the Authority in July as part of the Annual Governance Statement, and any new or outstanding actions are included in the Statement Action Plan for the following year. The Code is approved by the Authority and signed by the Chair and Chief Executive.

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Chair of the Authority

.....

Chief Executive

Date July 2019 (Review date April 2020)

Broads Authority, Yare House, 62-64 Thorpe Road, Norwich, NR1 1RY

Email [broads@broads-authority.gov.uk](mailto:broads@broads-authority.gov.uk)



## Broads Authority Code of Corporate Governance: Schedule (July 2019)

This schedule represents what we do, or intend to with immediate effect, to demonstrate our compliance with the principles of good governance in local government. The core principles and sub-principles are taken from the CIPFA/SOLACE Framework [Delivering Good Governance in Local Government](#) (2016). We will review our performance against the Code during 2019/20 and report the results to the Authority meeting in July 2020 as part of the Annual Governance Statement.

**Table 1**

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Sub principles	Our evidence to support this principle
<p><b>Behaving with integrity</b></p> <ul style="list-style-type: none"> <li>➤ Behaving with integrity and leading a culture where acting in the public interest is visibly and consistently demonstrated, thereby protecting the reputation of the organisation</li> <li>➤ Establishing and communicating specific standard operating principles or values for the organisation and its staff, building on the Seven Principles of Public Life (the Nolan Principles)</li> <li>➤ Leading by example, embedding the above principles in effective, up-to-date policies and processes and using them as a framework for decision making and other actions</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Governance Statement and Action Plan</li> <li>• Appointment of Independent Persons</li> <li>• Audit and Risk Committee oversight</li> <li>• Code of Conduct for Employees (HR Policy 2), Members and Planning Committee Members</li> <li>• Members Counter Fraud, Corruption and Bribery Strategy &amp; Response Plan</li> <li>• Declaration of Gifts and Hospitality for Members and Officers</li> <li>• Disciplinary Procedures for Officers (HR Policy 11)</li> <li>• Financial Regulations, Contract Standing Orders and Procurement Strategy</li> <li>• Internal and External Audit</li> <li>• Local Protocol on Member and Officer Relations</li> <li>• Member and Officer induction and annual appraisal programmes</li> <li>• BA Core Values</li> <li>• Register of Interests for Members and declarations of interests made at meetings and recorded in minutes</li> </ul>

Sub principles	Our evidence to support this principle
	<ul style="list-style-type: none"> <li>• Safeguarding Policy (HR Policy 22)</li> <li>• Standing Orders Relating to Contracts</li> <li>• Standing Orders for the regulation of Authority proceedings</li> <li>• Terms of Reference of Committees</li> <li>• Whistleblowing Policy for Officers (HR Policy 15)</li> </ul>
<p><b>Demonstrating strong commitment to ethical values</b></p> <ul style="list-style-type: none"> <li>➤ Establishing, monitoring and maintaining the organisation’s ethical standards and performance</li> <li>➤ Underpinning personal behaviour with ethical values that permeate all aspects of the organisation’s culture and operation</li> <li>➤ Developing and maintaining robust policies and procedures that place emphasis on agreed ethical values</li> <li>➤ Making sure external providers of services on behalf of the organisation act with integrity and in compliance with ethical standards expected by the organisation</li> </ul>	<ul style="list-style-type: none"> <li>• Annual performance appraisal for Members and Officers</li> <li>• BA Core Values</li> <li>• Codes of Conduct for Employees (HR Policy 2), Members and Planning Committee Members</li> <li>• Equality Policy (HR Policy 1)</li> <li>• Investors in People accredited Silver in Dec 2018</li> <li>• Procurement Strategy and procedures</li> <li>• Recruitment &amp; Selection Policy (HR Policy 16) and procedures</li> <li>• Use of Independent Persons in complaints procedures</li> <li>• Whistleblowing Policy for Officers (HR Policy 15)</li> </ul>
<p><b>Respecting the rule of law</b></p> <ul style="list-style-type: none"> <li>➤ Demonstrating a strong commitment to the rule of the law as well as adhering to relevant laws and regulations</li> <li>➤ Making sure statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Codes of Conduct for Employees (HR Policy 2), for Members, and for Planning Committee Members and Officers</li> <li>• Committee structure in place with Terms of Reference, including powers reserved to the BA</li> <li>• Compliance with CIPFA’s statement on the role of the Chief Finance Officer in Local Govt (CIPFA 2015)</li> </ul>

Sub principles	Our evidence to support this principle
<ul style="list-style-type: none"> <li>➤ Making the best use of the full powers available for the benefit of citizens, communities and other stakeholders</li> <li>➤ Dealing effectively with breaches of legal and regulatory provisions</li> <li>➤ Dealing effectively with corruption and misuse of power</li> </ul>	<ul style="list-style-type: none"> <li>• Counter Fraud, Corruption and Bribery Strategy and Response Plan</li> <li>• Disciplinary Procedures for Officers (HR Policy 11)</li> <li>• Financial Regulations, Contract Standing Orders and Procurement Strategy</li> <li>• Internal and external audit</li> <li>• Job descriptions and recruitment process for officers</li> <li>• Member induction programme and development protocol</li> <li>• Monitoring Officer appointed by BA</li> <li>• Provision of legal advice to Members and Officers</li> <li>• Register of Member and Officer interests and related party interests</li> <li>• Role descriptions for Members</li> <li>• Scheme of Powers Delegated to Officers</li> <li>• Statutory Officers appointed by the Authority</li> <li>• Whistleblowing Policy for Officers (HR Policy 15)</li> </ul>

**Table 2**

Principle B: Ensuring openness and comprehensive stakeholder engagement

Sub principles	Our evidence to support this principle
<p>Ensuring openness</p> <ul style="list-style-type: none"> <li>➤ Demonstrating, documenting and communicating the organisation’s commitment to openness</li> <li>➤ Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Governance Statement</li> <li>• BA Core Values</li> <li>• BA website (includes public information about Members and their roles, Officer roles, and how the public can input to and influence BA decisions)</li> </ul>

Sub principles	Our evidence to support this principle
<p>is for openness - if that is not the case, a justification for the reasoning for keeping a decision confidential is provided</p> <ul style="list-style-type: none"> <li>➤ Providing clear reasoning and evidence for decisions, in both public records and explanations to stakeholders, being explicit about the criteria, rationale and considerations used. In due course, making sure the impact and outcomes of those decisions are clear</li> <li>➤ Using formal and informal consultation and engagement to determine the most appropriate and effective interventions or courses of action</li> </ul>	<ul style="list-style-type: none"> <li>• Broads Engage stakeholder events and promotion</li> <li>• Broads Local Plan - formal consultation stages (set out in Statement of Community Involvement)</li> <li>• Chairman’s briefings</li> <li>• Committee meetings held in public and audio recordings of meetings available to public on request</li> <li>• Fair and transparent data processing through privacy notices</li> <li>• Financial Regulations and Standing Orders Relating to Contracts</li> <li>• Financial statements</li> <li>• Information published in respect of expenditure over £250</li> <li>• Member Allowance Scheme</li> <li>• Public consultation processes for strategic plan reviews (e.g. Broads Plan, guiding strategies)</li> <li>• Public question time at committee meetings</li> <li>• Publication of agendas and reports in line with Local Government Act1972 requirements</li> <li>• Record of decisions in committee minutes</li> <li>• Strategic Partnerships Register</li> <li>• Use of Transparency Regulations 2015</li> </ul>
<p><b>Comprehensive stakeholder engagement</b></p> <ul style="list-style-type: none"> <li>➤ Engaging effectively with all stakeholders, making sure the purpose and aims for each stakeholder</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Business Plan, Annual Report and visitor publications (e.g. Broadcaster), social media accounts</li> </ul>

Sub principles	Our evidence to support this principle
<p>relationship are clear so outcomes are successful and sustainable</p> <ul style="list-style-type: none"> <li>➤ Developing formal and informal partnerships to encourage more efficient use of resources and more effective outcomes</li> <li>➤ Basing partnerships on trust, shared commitment to change, culture that promotes and accepts challenge among partners, and clear awareness of the added value of partnership working</li> <li>➤ Establishing a clear policy on the type of issues the organisation will meaningfully consult on or involve communities, individuals, service users and other stakeholders to make sure the service (or other) provision is contributing towards intended outcomes</li> <li>➤ Having effective communication methods and making sure members and officers are clear on their roles in community engagement</li> <li>➤ Encouraging, collecting and evaluating the views and experiences of stakeholders of different backgrounds, including reference to future needs</li> <li>➤ Implementing effective feedback mechanisms to show how stakeholder views have been considered</li> <li>➤ Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity</li> <li>➤ Taking account of the impact of decisions on future generations of tax payers and service users</li> </ul>	<ul style="list-style-type: none"> <li>• Appointment process to Navigation Committee and Broads Local Access Forum</li> <li>• Broads Briefing monthly newsletter from CEO</li> <li>• Broads Engage stakeholder events (e.g. workshops, Parish Forums), feedback processes and promotion</li> <li>• Broads Local Access Forum</li> <li>• Broads Local Plan - formal consultation stages (set out in Statement of Community Involvement)</li> <li>• Broads Plan 6-monthly progress update report (and continual progress monitoring on e-system)</li> <li>• Broadsheet (toll payer newsletter)</li> <li>• KPI annual reporting as part of NPA monitoring process to Defra</li> <li>• Learning resources on BA website, including Broads Curriculum materials for schools</li> <li>• Navigation Committee</li> <li>• Notices to Mariners</li> <li>• Public questions time at committee meetings</li> <li>• Regular meetings between Chairs and CEOs of BA and constituent local authorities</li> <li>• Regular officer level liaison with partner organisations</li> <li>• Visitor and user surveys</li> </ul>

**Table 3**

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

Sub principles	Our evidence to support this principle
<p><b>Defining outcomes</b></p> <ul style="list-style-type: none"> <li>➤ Having a clear vision statement of the organisation’s purpose and intended outcomes, with performance indicators, that provide the basis for its overall strategy, planning and other decisions</li> <li>➤ Specifying the intended impact on/ changes for stakeholders in the short and longer term</li> <li>➤ Delivering defined outcomes sustainably basis within available resources</li> <li>➤ Identifying and managing risks to achieving outcomes</li> <li>➤ Managing service user expectations with regard to setting priorities and making the best use of available resources</li> </ul>	<ul style="list-style-type: none"> <li>• Norfolk &amp; Suffolk Broads Act 1998 (BA statutory purposes)</li> <li>• Annual Business Plan</li> <li>• BA guiding level strategies (e.g. Integrated Access, Sediment Management, Education, Biodiversity)</li> <li>• Broads Local Plan (spatial planning policy)</li> <li>• Broads Plan (key partnership strategy for the Broads, reviewed on 5-yearly cycle)</li> <li>• Risk Register</li> <li>• Strategic Partnerships Register</li> </ul>
<p><b>Considering social, economic and environmental benefits</b></p> <ul style="list-style-type: none"> <li>➤ Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision</li> <li>➤ Taking a longer-term view in decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation’s intended outcomes and short-term factors such as the political cycle or financial constraints</li> <li>➤ Determining the wider public interest associated with balancing conflicting interests in achieving the various economic, social and environmental</li> </ul>	<ul style="list-style-type: none"> <li>• Norfolk &amp; Suffolk Broads Act 1998 (BA statutory purposes)</li> <li>• Broads Local Plan</li> <li>• Broads Plan and guiding level strategies</li> <li>• Equalities Working Group</li> <li>• Project Development Group procedures</li> <li>• Public consultation for strategic plan reviews</li> </ul>

Sub principles	Our evidence to support this principle
<p>benefits, through consultation where possible, to ensure appropriate trade-offs</p> <p>➤ Ensuring fair access to services</p>	

**Table 4**

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.

Sub principles	Our evidence to support this principle
<p><b>Determining interventions</b></p> <p>➤ Making sure decision makers receive objective and rigorous analyses of various options showing how intended outcomes would be achieved and associated risks, to achieve best value.</p> <p>➤ Considering stakeholder feedback when making decisions about service improvements, or where services are no longer required, to prioritise competing demands and limited resources such as people, skills and land, and bearing in mind future impacts.</p>	<ul style="list-style-type: none"> <li>• BA and partner/stakeholder working groups</li> <li>• Budget setting process</li> <li>• Chairman’s briefing sessions</li> <li>• Chairs’ Group</li> <li>• Financial Regulations and Standing Orders Relating to Contracts</li> <li>• Member working groups</li> <li>• Project boards for large partnership projects (e.g. CANAPE and Water, Mills &amp; Marshes)</li> <li>• Project Development Group procedures</li> <li>• Public consultation responses informing strategic plan and policy reviews (e.g. Broads Plan, Broads Local Plan)</li> </ul>
<p><b>Planning interventions</b></p> <p>➤ Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets</p> <p>➤ Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered</p>	<ul style="list-style-type: none"> <li>• Annual budget processes approved by BA with consultation by Navigation Committee</li> <li>• Financial Monitor</li> <li>• Financial Strategy</li> <li>• Key Performance Indicator (KPI) annual reporting as part of monitoring process to Defra</li> <li>• Performance reporting to Committees</li> </ul>

Sub principles	Our evidence to support this principle
<ul style="list-style-type: none"> <li>➤ Considering and monitoring risks facing each partner when working collaboratively, including shared risks</li> <li>➤ Having flexible and agile arrangements so mechanisms for delivering goods and services can adapt to changing circumstances</li> <li>➤ Establishing appropriate key performance indicators (KPIs) as part of the planning process to identify how the performance of services and projects is to be measured</li> <li>➤ Ensuring capacity exists to generate the information required to review service quality regularly</li> <li>➤ Preparing budgets in accordance with objectives, strategies and the medium-term financial plan</li> <li>➤ Informing medium- and long-term resource planning by drawing up realistic estimates of revenue and capital expenditure, aimed at developing a sustainable funding strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Regular monitoring undertaken by budget holders and Management Team and reported to committee</li> <li>• Review cycles for Broads Plan, guiding strategies (e.g. Integrated Access Strategy, Biodiversity &amp; Water Strategy) and Broads Local Plan</li> <li>• Risk management (see principle F)</li> <li>• Strategic Risk Register reviewed regularly by Audit &amp; Risk Committee</li> </ul>
<p><b>Optimising achievement of outcomes</b></p> <ul style="list-style-type: none"> <li>➤ Ensuring the medium-term financial strategy integrates and balances service priorities, affordability and other resource constraints</li> <li>➤ Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term</li> <li>➤ Ensuring the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues, or responses to changes in the external environment that may arise during the</li> </ul>	<ul style="list-style-type: none"> <li>• Annual setting of tolls in consultation with Navigation Committee and Member Working Group</li> <li>• Asset Management Strategy</li> <li>• Budget and 3-year Financial Strategy agreed by BA</li> <li>• Budget reports, management procedures and training</li> <li>• Budgets monitored by Audit &amp; Risk Committee and BA</li> <li>• Capital, Treasury and Investment Strategy</li> <li>• Procurement Strategy and reference guide</li> </ul>



Sub principles	Our evidence to support this principle
<p>budgetary period, to achieve outcomes while optimising resource use</p> <p>➤ Ensuring ‘social value’ through service planning and commissioning</p>	<ul style="list-style-type: none"> <li>• Standing Orders Relating to Contracts</li> </ul>

**Table 5**

Principle E: Developing the Authority’s capacity, including the capacity of its leadership and the individuals within it

Sub principles	Our evidence to support this principle
<p><b>Developing capacity</b></p> <p>➤ Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness</p> <p>➤ Improving resource use through techniques such as benchmarking</p> <p>➤ Recognising the benefits of partnerships and collaborative working where added value can be achieved</p> <p>➤ Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources</p>	<ul style="list-style-type: none"> <li>• Annual presentation to BA on major partnerships</li> <li>• Health and Safety policies and procedures</li> <li>• ICT Corporate Group review of ICT performance</li> <li>• Management Team decision in recruitment processes</li> <li>• Member and Officer induction and appraisal programmes</li> <li>• Strategic Risk Register review</li> <li>• Whistleblowing Policy for Officers (HR Policy 15)</li> </ul>
<p><b>Developing leadership capacity</b></p> <p>➤ Developing protocols to ensure elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship, and that a shared understanding of roles and objectives is maintained</p> <p>➤ Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body</p> <p>➤ Ensuring the Chair and Chief Executive Officer have clearly defined and distinctive leadership roles within a</p>	<ul style="list-style-type: none"> <li>• Chief Finance Officer compliance with CIPFA Statement on the Role of the Chief Finance Officer in Local Government</li> <li>• Conditions of employment and HR policies</li> <li>• Contract management in respect of externally provided services</li> <li>• Data Protection Officer in place</li> <li>• Financial Regulations and Standing Orders</li> <li>• Member and Officer appraisal programmes, Member Development Protocol</li> <li>• Member workshops on key issues</li> </ul>

Sub principles	Our evidence to support this principle
<p>structure whereby the CEO leads in implementing strategy and managing the delivery of services and other outputs set by members, and each provides a check and a balance for each other's authority</p> <ul style="list-style-type: none"> <li>➤ Developing the capabilities of members and senior management to achieve effective leadership, and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks</li> <li>➤ Having structures in place to encourage public participation</li> <li>➤ Considering the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections</li> <li>➤ Holding staff to account through regular performance reviews that take account of training or development needs</li> <li>➤ Maintaining the health and wellbeing of the workforce and helping individuals to maintain their own physical and mental wellbeing</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring Officer appointed by BA</li> <li>• Scheme of Powers Delegated to Officers</li> <li>• Standing Orders for the Regulation of Authority Proceedings</li> <li>• Terms of Reference for Committees</li> </ul>

**Table 6**  
Principle F: Managing risks and performance through robust internal controls and strong public finance management

Sub principles	Our evidence to support this principle
<p><b>Managing risk</b></p> <ul style="list-style-type: none"> <li>➤ Recognising risk management is integral to all activities and must be considered in all aspects of decision making</li> <li>➤ Implementing robust and integrated risk management arrangements and making sure they work effectively</li> </ul>	<ul style="list-style-type: none"> <li>• Business Continuity Plan and Disaster Recovery Plan</li> <li>• Counter Fraud, Corruption and Bribery Strategy and Response Plan</li> <li>• Risk analysis in BA reports</li> </ul>

Sub principles	Our evidence to support this principle
<ul style="list-style-type: none"> <li>➤ Allocating clear responsibilities for managing individual risks</li> </ul>	<ul style="list-style-type: none"> <li>• Risk Management Policy</li> <li>• Strategic Risk Register (reviewed every 6 months and reported to Audit and Risk Committee)</li> </ul>
<p><b>Managing performance</b></p> <ul style="list-style-type: none"> <li>➤ Effectively monitor service delivery including planning, specification, execution and independent post implementation review</li> <li>➤ Making decisions based on relevant, clear objective analysis and advice, pointing out the implications and risks inherent in the organisation’s financial, social and environmental position and outlook</li> <li>➤ Ensuring an effective scrutiny or oversight function is in place that provides constructive challenge and debate on policies and objectives before, during and after decisions are made. This will help enhance the performance of the organisation and any other organisation (or committee system) for which it is responsible</li> <li>➤ Effectively and constructively challenging and policies and objectives to support balanced and effective decision making</li> <li>➤ Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement</li> <li>➤ Ensuring consistency between specification stages (such as budgets) and post implementation reporting (such as financial statements)</li> </ul>	<ul style="list-style-type: none"> <li>• Audit and Risk Committee</li> <li>• Capital, Treasury and Investment Policy</li> <li>• Chairs’ Group</li> <li>• Financial Monitor</li> <li>• Financial Regulations and procedures</li> <li>• Management Team and Section Head reviews of Directorate work plans and budgets</li> <li>• Procurement Strategy</li> <li>• Regular finance reports to BA, Audit &amp; Risk Committee and Navigation Committee</li> <li>• Risk and financial implications in reports to BA</li> <li>• Standing Orders Relating to Contracts</li> <li>• Statement of Accounts follows budget headings</li> <li>• Terms of Reference for Committees</li> </ul>

Sub principles	Our evidence to support this principle
<p><b>Developing robust internal control</b></p> <ul style="list-style-type: none"> <li>➤ Aligning the risk management strategy and policies on internal control with achieving objectives</li> <li>➤ Regularly evaluating and monitoring risk management and internal control</li> <li>➤ Having effective counter fraud and anti-corruption arrangements in place</li> <li>➤ Making sure that additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor</li> <li>➤ Having an audit committee or equivalent group/function, independent of the executive and accountable to the governing body</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Governance Statement and Action Plan</li> <li>• Annual Internal Audit plans include key control and corporate governance</li> <li>• Annual Report and Opinion provided by Head of Internal Audit with ref to governance, risk management and internal control arrangements</li> <li>• Codes of Conduct for Employees (HR Policy 2), for Members, and for Planning Committee Members</li> <li>• Standing Orders Relating to Contracts</li> <li>• Procurement Strategy</li> <li>• Counter Fraud, Corruption and Bribery Strategy and Response Plan</li> <li>• Disciplinary Procedures for Officers (HR Policy 11)</li> <li>• Effective internal audit function resourced and maintained</li> <li>• Financial Regulations, Contract Standing Orders and Procurement Strategy</li> <li>• Audit and Risk Committee</li> <li>• Investors in People (Silver accreditation Dec 2018)</li> <li>• Internal and external annual audit processes</li> <li>• Local Protocol on Member and Officer Relations</li> <li>• Publication of reports and meeting minutes showing declarations of interest made</li> <li>• Risk Owners (e.g. reporting to Strategic Risk Register)</li> <li>• Scheme of Delegation of Powers to Officers</li> </ul>

Sub principles	Our evidence to support this principle
	<ul style="list-style-type: none"> <li>• Standing Orders Relating to Contracts</li> <li>• Training for Members</li> <li>• Treasury and Investment Strategy</li> </ul>
<p><b>Managing data</b></p> <ul style="list-style-type: none"> <li>➤ Having effective arrangements in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data</li> <li>➤ Having effective arrangements in place and operating when sharing data with other bodies</li> <li>➤ Regularly reviewing and auditing the quality and accuracy of data used in decision making and performance monitoring</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Governance Statement</li> <li>• Data and Information Retention Policy</li> <li>• Data Asset Register, privacy notices and Protection policy</li> <li>• Data Protection Officer (qualified Data Practitioner), data protection training to Members and Officers</li> <li>• Encryption of portable devices</li> <li>• IT security arrangements</li> <li>• Review of contracts to ensure data security provisions are incorporated</li> <li>• Statement of Accounts narrative report</li> </ul>
<p><b>Having strong public financial management</b></p> <ul style="list-style-type: none"> <li>➤ Ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance</li> <li>➤ Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls</li> </ul>	<ul style="list-style-type: none"> <li>• 3-year Financial Strategy</li> <li>• Annual budget and budget management procedures</li> <li>• Annual Business Plan</li> <li>• Annual Statement of Accounts</li> <li>• Asset Management Strategy</li> <li>• Chief Finance Officer compliance with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government</li> <li>• Earmarked reserves for long-term replacement of assets</li> <li>• External Audit reports</li> <li>• Financial Regulations and procedures</li> <li>• Financial statements</li> <li>• Reports to BA include financial and risk considerations</li> </ul>

Sub principles	Our evidence to support this principle
	<ul style="list-style-type: none"> <li>• Treasury and Investment Strategy</li> </ul>

**Table 7**

Principle G: Implement good practice in transparency, reporting and audit to deliver effective accountability

Sub principles	Our evidence to support this principle
<p><b>Implementing good practice in transparency</b></p> <ul style="list-style-type: none"> <li>➤ Writing and communicating reports for public and other stakeholders in fair, balanced and understandable style, appropriate to the intended audience and easy to access and interrogate</li> <li>➤ Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny, while not being too onerous to provide or for users to understand</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Governance Statement and Action Plan</li> <li>• Information published in respect of expenditure over £250</li> <li>• Monthly data published on BA website in line with Local Government Transparency Code</li> <li>• Record of delegated decisions</li> <li>• Scheme of Delegation of Powers to Officers</li> </ul>
<p><b>Implementing good practice in reporting</b></p> <ul style="list-style-type: none"> <li>➤ Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way</li> <li>➤ Ensuring members and senior management own the results reported</li> <li>➤ Ensuring robust arrangements for assessing the extent to which principles in this Framework have been applied, and publishing the results on this assessment, including action plan for improvement and evidence to demonstrate good governance (AGS)</li> <li>➤ Apply Framework to jointly managed or shared service organisations as appropriate</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Governance Statement and Action Plan</li> <li>• Broads Plan 6-monthly progress update report</li> <li>• S17 officer reporting requirements</li> <li>• Statements of Accounts narrative report</li> <li>• Strategic Direction reports (on BA annual strategic priorities)</li> </ul>

Sub principles	Our evidence to support this principle
<ul style="list-style-type: none"> <li>➤ Ensure performance information that accompanies the financial statements on a consistent and timely basis and the statements allow for comparison with other, similar organisations</li> </ul>	
<p><b>Developing assurance and effective accountability</b></p> <ul style="list-style-type: none"> <li>➤ Acting upon recommendations for corrective action made by external audit</li> <li>➤ Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements, and acting upon recommendations</li> <li>➤ Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations</li> <li>➤ Gaining assurance on risks associated with delivering services through third parties and evidencing this in the AGS</li> <li>➤ When working in partnership, make sure arrangements for accountability are clear and the need for wider public accountability is recognised and met</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Governance Statement and Action Plan</li> <li>• Attendance of internal and external auditors at Audit and Risk Committee</li> <li>• Audit actions formally logged, followed up and reported to ARC</li> <li>• Follow up of internal audit recommendations by Chief Finance Officer and periodically reported to ARC</li> <li>• Head of Internal Audit compliance with CIPFA Statement on the Role of the Head of Internal Audit</li> <li>• Internal audit function delivered by contract and meets PSIAS requirements</li> <li>• Investors in People silver accreditation (Dec 2018)</li> <li>• Peer Review (2017) and Action Plan (reviewed 2019/20)</li> <li>• Strategic Risk Register</li> </ul>

**Draft Statement of Accounts 2018/19**  
Report by Chief Financial Officer

**Summary:** This report provides an update on the Broads Authority's Statement of Accounts and its audit for the year ended 31 March 2019.

**Recommendation:** That members note the delayed audit for the reasons set out in paragraph 5.1, that the audited Statement of Accounts for 2018/19 and results will be brought back in due course once the audit has been completed.

## **1 Introduction**

- 1.1 Members will recall that the Financial Performance and Direction report to the Authority on 17 May 2019 provided the draft year end figures for 2018/19 which detailed a surplus of £84,760. These figures were then used to produce the draft Statement of Accounts which were signed and published on 30 May 2019.
- 1.2 The report went on to outline the timetable for the preparation of the Statement of Accounts and indicated that external audit (Ernst and Young LLP) would commence their onsite audit work week commencing 15 July 2019 with the Audit and Risk Committee reviewing their results at this meeting.

## **2 Changes to the 2018/19 Accounts**

- 2.1 There has been no significant changes to this year's accounts. Whilst the change to Financial Instruments will have had an impact on other authorities who hold complex investment and debts instruments the Authority only holds short fixed term investments and has only one loan with the Public Works Loan Board.
- 2.2 As with the 2017/18 Statement of Accounts the table below has been produced to help members understand the additional adjustments made at year end.



<b>Income and Expenditure 2018/19</b>	<b>Operations £</b>	<b>Strategic Services £</b>	<b>Chief Executive £</b>	<b>HLF &amp; CANAPE £</b>	<b>Corporate Amounts £</b>	<b>Total £</b>
Fees charges and other service income	(245,921)	(441,383)	(30,185)	(567,317)	(3,396,348)	(4,681,154)
Contribution from reserves	0	0	0	0	(295,452)	(295,452)
Government Grants	0	0	0	0	(3,356,348)	(3,356,348)
<b>Total Income</b>	<b>(245,921)</b>	<b>(441,383)</b>	<b>(30,185)</b>	<b>(567,317)</b>	<b>(7,048,148)</b>	<b>(8,332,954)</b>
Employee expenses	2,054,687	1,742,820	422,569	170,752	78,444	4,469,272
Other service expenses	1,675,120	794,090	674,488	635,224	0	3,778,922
<b>Total expenditure</b>	<b>3,729,807</b>	<b>2,536,910</b>	<b>1,097,057</b>	<b>805,976</b>	<b>78,444</b>	<b>8,248,194</b>
<b>Net expenditure</b>	<b>3,483,886</b>	<b>2,095,527</b>	<b>1,066,872</b>	<b>238,659</b>	<b>(6,969,704)</b>	<b>(84,760)</b>

1. Net expenditure above	(84,760)
2. Amounts in the Comprehensive Income and Expenditure Statement not reported to management in the analysis	970,699
3. Amounts included in analysis not in Comprehensive Income and Expenditure Statement	2,828,432
<b>Cost of Services in the Comprehensive Income and Expenditure Statement</b>	<b>3,714,371</b>

- 2.3 Items that are included in the amounts in the second line under Comprehensive Income and Expenditure Statement which are not reported to management include year end adjustments for the Pension scheme. The Accounts are adjusted to reflect the difference between the actual costs as assessed by the Actuary and the contributions paid over during the year. Further adjustments are also made for untaken staff leave, depreciation and movements on revaluations of fixed assets.
- 2.4 The main adjustments in the third line which is in the analysis above but not the Comprehensive Income and Expenditure Statement is the removal of the DEFRA grant, interest and investment income, interest payable and expenditure in relation to investment properties (Ludham Fieldbase). These items are added back in the lines under the cost of services. Further adjustments relate to the accounting treatment of capital expenditure, reserve expenditure and finance leases.

2.5 The table below analyses these adjustments in more detail and agrees back to the Comprehensive Income and Expenditure Statement on page 14 in the Statement of Accounts.

	Service Analysis £	Not reported to Management £	Not included in CIES £	Cost of Services £	Other Operating Expenditure, Financing & Investment Income and Government grant £	Deficit on Provision of Services £
Fees, charges and other service income	(4,644,101)	0	0	(4,644,101)	0	(4,644,101)
Interest and Investment income	(37,053)	0	37,053	0	(37,053)	(37,053)
Contributions from reserves	(295,452)	0	(197,949)	(493,401)	0	(493,401)
Government Grants	(3,356,348)	0	3,356,348	0	(3,356,348)	(3,356,348)
<b>Total Income</b>	<b>(8,332,954)</b>	<b>0</b>	<b>3,195,452</b>	<b>(5,137,502)</b>	<b>(3,393,401)</b>	<b>(8,530,903)</b>
Employee expenses	4,469,272	575,524	0	5,044,796	212,000	5,256,796
Other service expenses	3,778,922	0	(367,020)	3,411,902	0	3,411,902
Depreciation, amortisation & impairment	0	395,175	0	395,175	0	395,175
Interest payments	0	0	0	0	35,157	35,157
Expenditure in relation to investment properties	0	0	0	0	(130,000)	(130,000)
Gain on disposal of Fixed Assets	0	0	0	0	(5,663)	(5,663)
<b>Total Operating Expenditure</b>	<b>8,248,194</b>	<b>970,699</b>	<b>(367,020)</b>	<b>8,851,873</b>	<b>111,494</b>	<b>8,963,367</b>
<b>Deficit on Provision of Services</b>	<b>(84,760)</b>	<b>970,699</b>	<b>2,828,432</b>	<b>3,714,371</b>	<b>(3,281,907)</b>	<b>432,464</b>

### **3 Balance Sheet**

3.1 This year the Balance Sheet has moved back to a net liability position of £2,394,000. The movement from a net asset position in 2017/18 to a net liability position is £2,479,000. The cause of this movement is the movement in the Pension Fund liability which has increased by £2,909,000 since 2017/18. The pension fluctuations are due to the increased changes in financial assumptions as calculated by the actuary. The fund also seeks to maintain contributions at a consistent rate to minimise the impact on the Authority's cash flows. The Authority makes additional contributions to the fund to reduce the deficit over the next 20 years. Funding levels are monitored on an annual basis whilst the contributions and the annual deficit payments are recalculated as part of triennial valuation. The result of the March 2019 are currently being calculated to determine contributions for April 2020 onwards. Additional information about the Pension Fund Assets and Liabilities can be found within the Statement of Accounts under Note 33.

3.2 The bottom section of the Balance Sheet on page 17 splits the reserves between useable and unusable reserves. This year's sees the introduction of the Capital Receipts Reserve within the useable reserves. This reserve has been created following the sale of the Fieldbase at Ludham, previously classified as Investment Property held for Sale. This can be used for future capital purchases or the repayment of debt. The other useable reserves can be used to fund future operating expenditure whilst the unusable reserves are kept to manage accounting processes such as unrealised gains or acquisitions of Fixed Assets and the movements on the Pension Reserve.

3.3 The closing position on the National Park (General), Navigation and Earmarked reserves remain at the same levels as reported on 17 May 2019. The individual balances that make up the Earmarked reserve can be found within the Statement of Accounts under note 10, page 38. The year end balances of the reserves are:

• National Park	£1,064,171
• Navigation	£425,985
• Earmarked	£1,803,475 of which £733,033 relates to Navigation

### **4 Annual Governance Statement**

4.1 The Accounts and Audit (England) Regulations 2015 contain a requirement that an Annual Governance Statement, prepared in accordance with proper practices in relation to internal control, must be approved by the relevant body and must accompany the Statement of Accounts. The draft Annual Governance Statement will be considered under agenda item number 7.

### **5 Audit of the Statement of Accounts**

5.1 The Authority's external auditors, Ernst & Young, have been unable to carry out the audit due to resource issues. The Accounts and Audit Regulations

2015, regulation 10, paragraph 2a, makes provision for such instance and the following statement will be placed on the website:

**Broads Authority**

Audit of Accounts: Year ended 31 March 2019

**Publication of statement of accounts, annual governance statement and narrative statement**

**The Accounts and Audit (England) Regulations 2015 – Regulation 10**

The external audit of the draft statement of accounts for the year ended 31 March 2019 has not yet been completed by our external auditors, EY LLP, due to EY's resourcing pressures. This situation is allowed for by Regulation 10, paragraph (2a) of the Accounts and Audit Regulations 2015. (See attached link: <http://www.legislation.gov.uk/ukxi/2015/234/regulation/10/made>).

Therefore, this notification explains, as per paragraph (2a), that we are not yet able to publish our audited 2018/19 final statement of accounts in line with deadline of 31<sup>st</sup> July 2019, as per paragraph (1). The Audit & Risk Committee will consider the results of the 2018/19 audit at its meeting on 19 November 2019, after which we will publish the final audited accounts.

- 5.2 Current indications are that the audit will be rescheduled for two weeks commencing 14 October 2019. A verbal update on this will be provided at the meeting.
- 5.3 At this stage it is known that the Pension figure included within the balance sheet and note 33 will change as a result of updated Actuary reports following the Pension Fund audit. This was completed after the draft statement of accounts was signed. It is also possible that the audit may result in other changes. Upon completion of their audit any changes required and the audit report will be signed and incorporated into the Statement of Accounts.

**6 Financial Implications**

- 6.1 The Statement of Accounts for 2018/19 shows revenue reserves of £1,490,156 (general reserves £1,064,171, navigation reserves £425,985) that are considered to be adequate. The navigation reserve at the end of 2018/19 stands at 12.9% of net expenditure. This is higher than the Financial Strategy forecast for the end of 2018/19. With these taken alongside the earmarked reserve balances, the Authority's reserves are therefore considered to be sound. The outturn figures for 2018/19, and their implication for the overall level of reserves, will be taken into account in future budgeting proposals, and when making decisions about income and expenditure in 2019/20.

Background Papers:	Nil
Author:	Emma Krelle
Date of Report:	8 July 2019
Broads Plan Objectives:	None
Appendices:	APPENDIX 1: <a href="#">Draft Statement of Accounts 2018/19</a> (excluding the Audit Report and Annual Governance Statement)

**Investment Strategy and Performance Annual Report 2018/19**  
Report by Chief Financial Officer

**Summary:** This report sets out details of the Authority’s investment of its unallocated cash, including the investment principles adopted and performance during the twelve months to 31 March 2019.

**Recommendation:** That the current arrangements regarding the investment of its unallocated cash are noted.

**1 Introduction**

1.1 It has been agreed that a six monthly report on the performance of the Authority’s investments will be presented to the Audit and Risk Committee, with a fuller ‘year end analysis’ at the July meeting, and a mid year progress report at the appropriate half year meeting.

**2 Investment Principles and Performance**

2.1 The investment of unallocated cash was governed by the Authority’s Treasury and Investment Strategy 2018/19 which was agreed by the Authority on 16 March 2018.

2.2 Unallocated cash sums are calculated by the Authority’s Finance staff and transferred to either a Fixed Term Deposit, Notice Account or remain within the instant access bank account. Cash flow requirements can result in transfers in both directions as the year progresses. The key facts for the year to 31 March 2019 were:

	<b>Opening Balance</b>	<b>Closing Balance</b>	<b>Highest sum</b>	<b>Lowest sum</b>
Instant Access	£1.53 million	£1.14 million	£2.67 million	£661 thousand
Fixed Term *	£2 million	£2 million	£2 million	£2 million
95 Day Notice Account	£500 thousand	£1.5 million	£500 thousand	£1.5 million

\* During 2018/19 the Authority held two separate £1 million investments due for repayment on 05/09/19 and 04/03/20.

2.3 The figures for the previous year (2017/18) were:

	<b>Opening Balance</b>	<b>Closing Balance</b>	<b>Highest sum</b>	<b>Lowest sum</b>
Instant Access	£1.93 million	£1.53 million	£3.17 million	£1.19 million
Fixed Term	£2 million	£2 million	£2 million	£2 million
95 Day Notice Account	£0	£500 thousand	£500 thousand	£0

2.4 The amount of interest received during 2018/19 was £37,052.60 based on interest rates ranging from 0.4% to 1.1%. Forecast interest for 2018/19 was £35,000. The sum received for 2017/18 was £22,577.01 based on interest rates that ranged from 0.15% to 1%.

2.5 Balances on the Fixed Term Deposit and 95 day notice account have remained the same since 31 March 2019. The instant access has increased to £1.79 million. It should be noted that the automatic transfer between the instant access and the current account seeks to maintain a current account balance of £1,000. This means that the balance within the instant access is not available in its entirety for investment. Cash flow is monitored on a weekly basis against budget profiling to ensure access to sufficient funds. The possibility to make additional fixed term deposits are limited due to the timing differences between external funded projects grant expenditure and claim repayment.

2.6 The interest income budget for 2019/20 is £30,000 based on the assumption that interest receivable will be broadly in line with that received in 2018/19. If there is a gradual improvement in interest rates and investment returns, the forecast will be reviewed and if necessary updated at the six month review (end September 2019) to inform year-end and budget planning.

Background papers: Treasury and Investment Strategy 2018/19

Author: Emma Krelle

Date of report: 8 July 2019

Broads Plan Objectives: None

Appendices: Nil

**External Audit**  
Report by Chief Financial Officer

**Summary:** This report appends:

- (i) the annual audit fee letter from Ernst & Young for undertaking the 2019/20 audit. The fee will be £10,736.
- (ii) the Local Government Audit Committee Briefing by Ernst & Young.

**Recommendation:**

- (i) That the details of the annual audit fee letter be noted.
- (ii) That the briefing, including the key questions for Audit Committees as set out on page 8, be noted.

**1 External Audit fee 2019/20**

1.1 This report appends Ernst & Young's 2019/20 audit fee letter (Appendix 1), setting out the audit fee which will be payable for undertaking the 2019/20 audit of the Authority's accounts and its financial, governance and value for money arrangements.

1.2 Members will note that the audit fee will be £10,736 and is comparable to the audit fee charged for 2018/19. The Authority's auditors have been appointed by the Public Sector Audit Appointments Ltd (PSAA) procurement that appointed the Authority's auditors until 2022/23.

**2 Financial implications**

2.1 Provision for the annual audit fee was included in the 2018/19 budget and has been charged in the accounts for the year. The proposed External Audit fee for 2019/20 has similarly been provided for in the current year's budget.

**3 Briefing Key Issues**

3.1 This briefing is presented to Members "for information".

3.2 The items of relevance to the Authority are:

- The economic forecast (page 2);
- NAO consultation on the Code of Audit Practice (page 4); and
- CIPFA consultation: new Financial Management Code (page 6)

Background papers: None

Author: Emma Krelle  
Date of report: 8 July 2019

Broads Plan Objectives: None

Appendices: APPENDIX 1 – Ernst & Young audit fee letter 2019/20  
APPENDIX 2 - Ernst & Young Local Government Audit  
Committee Briefing (June 2019)



Emma Krelle,  
Chief Finance Officer  
Broads Authority  
Yare House,  
62-64 Thorpe Road,  
Norwich  
Norfolk,  
NR1 1RY

25 April 2019

Ref: Fee Letter/19-20

Direct line: 01223 394547

Email: [MHodgson@uk.ey.com](mailto:MHodgson@uk.ey.com)

Dear Emma

### **Broads Authority - Annual Audit 2019/20**

We are writing to confirm the audit that we propose to undertake for the 2019/20 financial year at Broads Authority.

From 2018/19, local government and police bodies have been responsible for making their own arrangements for the audit of the accounts and reporting on the housing benefit subsidy claim.

The Secretary of State for Housing, Communities and Local Government has specified Public Sector Audit Appointments (PSAA) as an appointing person under provisions of the Local Audit and Accountability Act 2014. PSAA has appointed auditors for bodies that opted into the national scheme. Appointments were made for the duration of the five-year appointing period, covering the audits of the accounts for 2018/19 to 2022/23.

The appointment of an auditor to report on the Council's housing benefit subsidy claim is no longer covered by the PSAA appointment.

### **Indicative audit fee**

For the 2019/20 financial year, PSAA has set the scale fee for each opted in body. Following consultation on its Work Programme and Scale of Fees, PSAA has maintained scale audit fees at the same level as for 2018/19, unless there are specific circumstances which require otherwise.

The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies.

The audit fee covers the:

- Audit of the financial statements;
- Value for money conclusion; and

- Whole of Government accounts

Our final fee will include the impact of additional risks and/or circumstances that are out of the scope of the scale fee, such as the preparation of group accounts. Where possible, we have quantified this and included it in the indicative fee shown in the table below.

This indicative fee is based on certain assumptions, including:

- The overall level of risk in relation to the audit of the financial statements is not significantly different to that of the prior year;
- Officers meet the agreed timetable of deliverables;
- Our accounts opinion and value for money conclusion are unqualified;
- Appropriate quality of documentation is provided by Officers;
- There is an effective control environment; and
- Prompt responses are provided to our draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee which is set out in the table below.

As we have not yet completed our audit for 2018/19, our audit planning process for 2019/20 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract.

### Summary of fees

	<b>Indicative fee 2019/20 £'s</b>	<b>Planned fee 2018/19 £'s</b>
Scale Fee	10,736	10,736
<b>Total Code audit fee</b>	<b>10,736</b>	<b>10,736</b>

Any additional work that we may agree to undertake (outside of the Code of Audit Practice) will be separately negotiated and agreed with you in advance. All variations to the scale fee will be subject to PSAA approval.

### Billing

The scale fee will be billed in 4 quarterly instalments of £2,684.

## **Audit plan**

Our plan is expected to be issued January - March 2020. This will communicate any significant financial statement and value for money risks identified, planned audit procedures to respond to those risks and the estimated fee implications of these additional procedures. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with you and communicate the revised fee and the matters giving rise to any adjustments to the scale fee in our Audit Results Report which we will present to Chair of Governance and Audit Committee.

For a high level overview of our approach and further information on how we intend to work with you under the PSAA contract, please refer to our leaflet 'EY working with you' which is enclosed.

We remain committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me, or Janet Dawson as our Government and Public Sector Assurance Leader at [jdawson1@uk.ey.com](mailto:jdawson1@uk.ey.com). If you prefer an alternative route, please contact Steve Varley, our Managing Partner, by writing to him at 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours sincerely

*MARK HODGSON*

Mark Hodgson  
Associate Partner  
For and on behalf of Ernst & Young LLP



# Local Government Audit Committee Briefing

Quarter 2, June 2019



**EY**

Building a better  
working world



# Contents at a glance




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This sector briefing is one of the ways that we support you and your organisation in an environment that is constantly changing and evolving.

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It covers issues which may have an impact on your organisation and the Local Government sector as a whole.

Our national Government and Public Sector (GPS) team have produced this briefing using our public sector knowledge, and EY's wider expertise across UK and international business.

This briefing brings together not only technical issues relevant to the Local Government sector but also wider matters of potential interest to you and your organisation.

You can find out more about any of the articles featured by following the links at the end of the briefing.

We hope that you find the briefing informative and should this raise any issues that you would like to discuss further please contact your local audit team.



## Government and economic news

### Economic forecast – EY Club Item

There will be little respite from the weakness the UK economy experienced last year. The economy expanded by 1.4% in 2018, the slowest rate since 2009. It looked like growth was picking up over the first three quarters of 2018, but this pattern was driven largely by erratic factors related to the weather, dragging on activity early in the year, then boosting it over the summer, and the last quarter of 2018 saw growth slip back. 2019 offers some upsides – lower inflation is boosting spending power, as should a relaxation of fiscal austerity. If a Brexit deal passes before the October-end deadline, some pent-up investment may come back on stream. However, more caution by consumers at home, and weakness abroad, particularly in the Eurozone, present downsides. If a 'no-deal' Brexit is avoided, we forecast GDP to rise by 1.3% this year, with growth in 2020 running at 1.5%. The UK leaving the EU without an agreement, however, would see the economy likely suffer stagnation or even a mild recession in the first half of 2020. In that eventuality, we forecast growth of only 0.1% next year.

### The bank of England will struggle to raise interest rates more than once this year

With inflation forecast to run below the Bank of England's 2% target this year and economic growth – even under our assumption that a Brexit deal is struck – running at a modest pace, the need for tighter monetary policy is questionable. At most, the Bank may pursue one hike in Bank Rate in 2019, with August

the most likely date for a rise in the official interest rate from 0.75% to 1%. But a 'no-deal' outcome to the Brexit negotiations would probably lead the Bank to cut rates, as well as engage in unconventional policies such as quantitative easing.

### Office for Budget Responsibility 2019 Forecast

The Office for Budget Responsibility has forecasted the following relating to the general economic outlook for the country:

- ▶ GDP growth is expected to stabilise at 1.5 % over the medium term
- ▶ The unemployment rate remained broadly flat at 4%; this is the lowest rate since 1975
- ▶ Average earning growth for 2019 is expected to be 3.1%
- ▶ CPI inflation is expected to remain close to the target inflation rate of 2%

The Government's public finances have continued to improve since the previous autumn statement. The Government has announced that it is to take a balance approach to its public finances; reducing borrowing and debt while also committing to support public services.

It was also announced that the Government will hold a Spending Review for Government departments during 2019 including three year budgets for resource spending, if an EU exit deal is agreed. The results of which will be announced as part of the Autumn 2019 Budget.

The Local Government Association (LGA) have responded to the OBR's forecast commenting that 'now is the time to invest in our people and our places'. The LGA were disappointed that Government has not resolved the £3bn funding gap for local authorities for the 2019/20 financial year. Additionally, the LGA are calling for the Government's Spending Review to provide better financial sustainability for local authority funding, and for the Spending Review to be published before the Autumn Statement so that local authorities have time to plan ahead for the next financial year.

## **Sustainability of local authority spending: an IFS review**

The Institute for Fiscal Studies (IFS) report of 29 May 2019 concluded that the current funding system for local authorities is unsustainable in its current form. According to the IFS, overall spending by English councils fell by 21% between 2009/10 and 2017/18. For some services the reduction in spending was much deeper; for example, culture and leisure services were cut by 40% while planning, development and housing experienced reduced expenditure by up to 50%.

The report also examined future funding and cost pressures for local authorities. Local authorities are reliant on council tax and business rates to support the provision of services. However, the IFS forecast that within 15 years, adult social care costs alone will use up to 50% of local tax revenues (compared to the 38% during 2017/18). This forecast has factored in annual council tax increases at the maximum amount currently allowable (without holding a local referendum) of 3%, including the social care precept. If adult social care costs require 50% of local authority budgets to fund the service, then there would be scarce resources available to fund all the other services that local authorities provide, especially given the context that many of these services have already had funding reduced significantly since 2010.

The IFS has stated that in the future government will be faced with a big choice – councils will need to be provided with additional revenues to enable them to continue providing existing services; or government and society must accept that councils will only be able to provide fewer and/or lower quality services. David Philips, Associate Director at the IFS, has said: "A proper national debate on how much we are willing to pay and what we expect of councils is therefore needed".

The chair of the LGA, Councillor Richard Watts, has commented on the IFS study saying that huge uncertainty remains on the future of local government funding. The Spending Review, currently underway by central Government, will be critical to secure the sustainability and financial viability of some services and councils.

In a separate study conducted by PwC, commissioned by the County Council Network, it is thought that the funding gap faced by local government authorities by 2025 could be as large as £30bn. With such a large funding gap it is likely that authorities are more likely to only offer the 'core minimum' of services.





# Accounting, auditing and governance

## NAO consultation on the Code of Audit Practice

Under the 2014 Local Audit and Accountability Act a review of the Code of Audit Practice (the Code) is required every five years. The Code sets out what local auditors are required to do to fulfil their statutory responsibilities under the Act. This encompasses how audits of a local body's financial statements are conducted, including reporting, and also how assurance is gained on local body's value for money arrangements. The current form of the Code came into force on 1 April 2015, so a revised Code will be required to take effect from 1 April 2020 for the audit of local body's financial statements for 2020/21.

The National Audit Office (NAO) is responsible for the Code and has launched a consultation in two phases. Firstly, through consultation of key stakeholders, which closed on 31 May 2019, and then a public consultation on the draft text of the new Code. The second phase is expected to run from September to November 2019.

The NAO has estimated that in 2017/18 £64mn was spent on fees to external auditors for both local government and local NHS bodies in England. External auditors provide independent assurance that local bodies are properly accounting for spending and that adequate value for money arrangements are in place to manage their affairs. This review of the Code is a valuable opportunity to shape the future of local authority audit. For more information on how to contribute to the NAO's Code consultation refer to the NAO website.

## NAO consultation response – EY point of view

At EY, we welcome the timing and context underpinning the NAO's Consultation. We believe the NAO has a critical role to lead and shape the future of local audit and through that role help to secure the future sustainability of the public audit profession. The Code of Audit Practice (Code) and supporting auditor guidance notes present a significant opportunity to reform local public audit. We believe it should be guided by the following principles:

- ▶ Reforms should enhance, or at least should not create risks to, audit quality.
- ▶ The importance of the multi-disciplinary model to support local auditors to respond efficiently and effectively to the increased complexity and risks facing public sector bodies.
- ▶ That there should not be a two-tier system of generally accepted accounting and auditing standards between the public and corporate sectors.
- ▶ To be effective and sustainable, reforms need to focus on the local public audit ecosystem, including changes to how local auditors conduct and report their work on local public bodies Value for Money arrangements. We also believe that increased transparency of reporting to local taxpayers is needed to improve the effectiveness of local public bodies' corporate governance, financial position, risk appetite and rationale for significant decisions.

We also recognise that the consultation comes at a time of significant scrutiny of the UK audit market and profession. We believe it is crucial that the Code is closely aligned with the outcome from various reviews.

## **CMA Publishes Final Report on Audit Market Study**

In April 2019, the Competition and Markets Authority (CMA) released its findings following an investigation in to the UK audit industry.

The following recommendations seek to address the vulnerability of the industry in the event of a loss of a 'Big 4' firm and the current views on choice and competition.

### **Operational split of UK Audit work**

The CMA has recommended that auditors should focus exclusively on audit to avoid being influenced by consultancy services. To do this the CMA have recommended that firms should have separate management and Boards for the audit service line, separate financial statements for the audit service and no profit sharing between audit and consultancy divisions.

### **Mandatory joint audits**

Barriers for entry to the audit market for firms outside of the 'Big 4' are large. The CMA recommends mandatory joint audits to increase the capacity of firms outside of the Big 4, to increase choice and to drive audit quality.

### **Audit Committee regulations**

It is essential for Audit Committees to appoint auditors that are likely to provide robust and constructive challenge to the accounting policies applied. The CMA recommends that regulators should hold Audit Committees more vigorously to account, including reporting the process for appointment and supervision of auditors.

### **Regulator five-year progress review**

The CMA recommends that the effects of these changes should be reviewed five years after implementation in the first instance and periodically thereafter. This should consider:

- ▶ Advantages of the transition to independent appointment of auditors
- ▶ If the operational split should go further
- ▶ How to adapt the joint audit approach to changing markets

## **EY's response to the CMA recommendations**

EY continues to believe that the right set of comprehensive changes is needed to enhance protection for UK pensioners, employees and investors. The CMA proposals announced risk reducing the UK's attractiveness for business. They represent a missed opportunity to create lasting change and make the UK the best and safest place to invest and work.

We were surprised that the CMA has recommended mandatory Joint Audits, given the level of opposition from companies in their submissions to the market study and the lack of evidence internationally that this measure would improve audit quality or auditor choice. We look forward to understanding the basis of this recommendation and seeing the supporting analysis.

We fundamentally disagree with the CMA's proposal for an operational split of the Big Four. We believe this would undermine audit quality by reducing our ability to draw on critical skills, capabilities and investment and diminish the resilience of the audit business. Evidence supports the benefits of a multidisciplinary model to delivering quality audits.

At a time when the FRC is reviewing corporate reporting and the Brydon Review may change the scope of audit, it appears ill-timed for the CMA to restrict the skills needed to deliver high quality audits now and in the future.

We will continue to play an active and constructive role in all the interconnected reviews into corporate reporting and audit.

We remain committed to working with regulators, standard-setters and other stakeholders, to ensure that the profession best serves the evolving needs of business, investors and the public interest. EY believe that our strong track record on audit quality, with no fines from the FRC on any audit conducted in the last five years, positions us well to make our views heard.

## CIPFA consultation: new Financial Management Code

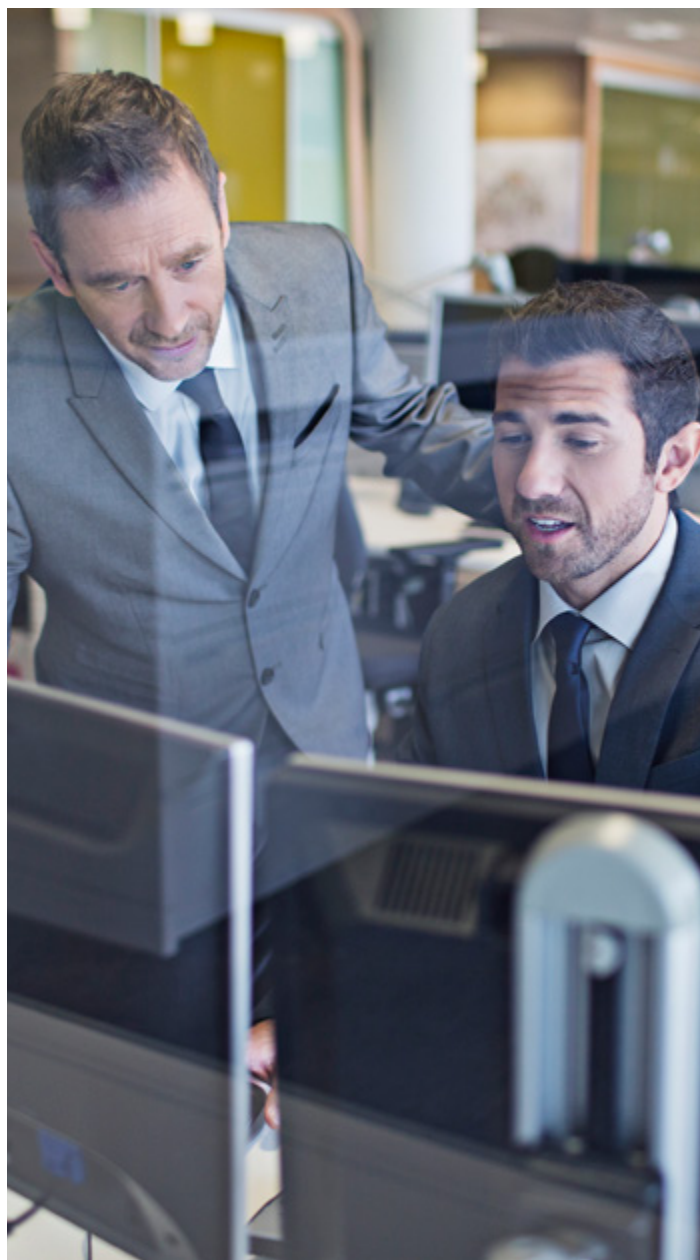
The Chartered Institute of Public Finance and Accountancy (CIPFA) has completed its consultation on a new Financial Management Code (FM Code) which aims to improve financial management for all local authorities. The FM Code is designed to help officers of local authorities to navigate the increasing complex issues of public sector finance, including financial sustainability. The FM Code is the first time that many areas of local government financial management have been considered and consolidated in the context of a code.

The consultation version of the FM Code is available on the CIPFA website. It has been 'road tested' by a range of local authorities to consider whether it is fit for purpose and the practicalities of implementing the FM Code.

EY has responded to CIPFA's consultation on the FM Code. It is EY's view that the FM Code would assist officers of local authorities to manage their finances. The FM Code should apply to all local bodies because the principles of sound financial management are relevant for all entities; however consideration should be given as to the reasonableness of whether local authorities have sufficient time to comply with the FM Code's implementation date of 1 April 2020.

Additionally, in EY's view, there is merit in requiring authorities to include a statement of compliance within their Annual Governance Statement; however, consideration should be given as to the nature of the compliance statement because local auditors would have to review this compliance statement for consistency with their knowledge of the entity. Furthermore, it is important that longer term financial planning by local authorities is encouraged. Long term financial planning is challenging for local authorities due to the uncertainty of the future funding schemes and the impact of other central government decisions. These factors should be reflected, and disclosed, within the estimates and judgements used by authorities in their financial resilience assessments.

CIPFA expects to issue the FM Code by October 2019.





## Other News

### Protecting the vulnerable through innovation and data

Local authorities are under pressure to deliver more services at higher quality with less resources. Consequently, innovation and use of new technologies has played an important role to achieve ambitious cost saving targets across the country over the past few years. One recent example of this is of four London boroughs, working with EY, to develop a data-driven risk stratification model that enables the authorities to predict and identify families and children at risk of entering safeguarding services.

The cost of vulnerable children requiring support represents 73% of an authority's typical spend on children's services. This cost pressure is likely to increase as recent Department of Work and Pension (DWP) figures suggest that child poverty increased by 6% in 2017/18 compared to 2016/17.

The system is expected to reduce annual costs by £1.2mn for a typical London borough sized authority. Savings have been realised by the authorities involved in the project through using a data-analytics based system to improve the accuracy of predicting which children and families would require statutory intervention in the future. This has enabled early interventions to be made rather than more serious intervention measures at a later date in time.

As a result of this the system is able to use data to help protect vulnerable people by enabling early intervention. This has enabled vulnerable individuals to receive support they need to address problems before they escalate and increase the likelihood of long-term adverse effects.

Another increasing cost pressure for local authorities is homelessness, which has increased by 165% since 2008/9 according to a report published by WPI Economics. The Government has a target to end rough sleeping by 2027. The LGA has commented that local authorities are working to end homelessness by preventing it from happening in the first place. One innovative solution to do just that being used by a London borough, working in partnership with EY, is a 'whole-system' approach that identifies individuals or households at risk through bringing together a range of data sources to create a single view for each household. Predictive risk modelling is then used to assist officers to identify at an early stage those at risk of homelessness. This has enabled more targeted early intervention measures to be taken by the authority.

# Key Questions for the Audit Committee

## **Economic Forecast – EY Club Item**

Has your authority completed a Brexit impact assessment?  
Has this assessment been incorporated in informed corporate and financial decision making and risk management?

## **Office for Budget Responsibility 2019 Forecast**

How has your authority considered the latest economic outlook in their Medium Term Financial Strategy?

How will your authority prepare for the outcome of Spending Review expected in the autumn?

## **Sustainability of local authority spending: an IFS review**

How does your authority measure the sustainability of its spending?

How resilient is your authority to the increasing demands for services, in particular adult social care service, and other cost pressures?

## **NAO consultation on the Code of Audit Practice**

What changes would your authority like to see in the Code of Audit Practice?

## **CMA Publishes Final Report on Audit Market Study**

If there are changes in the audit industry, what impact do you think it will have on your authority's external audit work?

## **CIPFA consultation: new Financial Management Code**

How prepared is your authority to comply with the new CIPFA Financial Management Code?

## **Protecting the vulnerable through innovation and data**

How does your authority encourage innovation?

How does your authority use technology and data to focus services where they are needed the most? For example, identifying vulnerable individuals at risk to enable early intervention.

# Find out more

## **Economic Forecast – EY Club Item**

<https://www.ey.com/uk/en/issues/business-environment/financial-markets-and-economy/ey-item-club-outlook-for-financial-services-spring-2019>

## **Office for Budget Responsibility 2019 Forecast**

<https://www.gov.uk/government/news/spring-statement-2019-what-you-need-to-know>

[https://cdn.obr.uk/ExecSummary\\_March\\_2019.pdf](https://cdn.obr.uk/ExecSummary_March_2019.pdf)

## **Sustainability of local authority spending: an IFS review**

<https://www.ifs.org.uk/publications/14134>

<https://www.local.gov.uk/about/news/lga-responds-ifs-report-council-funding>

## **NAO consultation on the Code of Audit Practice**

<https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2019/03/Local-audit-in-England-Code-of-Audit-Practice-Consultation.pdf>

<https://www.publicfinance.co.uk/opinion/2019/05/nao-seeks-views-local-audit-code>

## **CMA Publishes Final Report on Audit Market Study**

<https://www.gov.uk/government/news/cma-recommends-shake-up-of-uk-audit-market>

## **CIPFA consultation: new Financial Management Code**

<https://www.cipfa.org/policy-and-guidance/consultations/financial-management-code-consultation>

<https://www.publicfinance.co.uk/news/2019/03/cipfa-consults-financial-management-guidance>

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**Audit and Risk Committee Self-Assessment**  
Report by Internal Audit Manager

**Summary:**

This report provides an overview of the Self-Assessment exercise that was carried out in March 2019.

**Recommendation:**

The committee is requested to note the attached checklist at Appendix 1 to this report, and either (a) confirm that full compliance has been recognised in relation to each of the areas subject to scrutiny or (b) note action required to ensure full compliance.

## **1. Introduction**

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) advocates that it is good practice for Audit Committees, or their equivalent, to undertake regular assessments. Thus, enabling members to gain an appreciation of what affords best practice, to confirm the level of compliance being achieved, and to identify any potential areas for enhancements to be made to arrangements.

## **2. Background**

- 2.1 The CIPFA document “audit committees – practical guidance for local authorities and police” sets out the guidance in the function and operations of audit committees. It represents CIPFA’s view of best practice and incorporates the position statement previously issued.
- 2.2 The guidance states “the purpose of an audit committee is to provide those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes”.
- 2.3 The Chief Financial Officer has overarching responsibility for discharging the requirements for sound financial management, and to be truly effective requires an audit committee to provide support and challenge.
- 2.4 Good audit committees are characterised by;
- balanced, objective, independent, knowledgeable and properly trained members;
  - a membership that is supportive of good governance principles;



- a strong independently minded Chair;
- and unbiased attitude; and
- ability to challenge when required.

**2.5** It is therefore good practice to complete a regular self-assessment exercise against a checklist, to be satisfied that the committee is performing effectively. In addition, the Public Sector Internal Audit Standards (PSIAS) also call for the committee to assess their remit and effectiveness in relation to; “Purpose, Authority and Responsibility”, to facilitate the work of this committee.

**2.6** This is the first time that the Audit and Risk Committee has undertaken a self-assessment.

**2.7** The first part of the assessment is a yes / no response and covers:

- Purpose and Governance;
- Functions of the Committee;
- Membership and Support; and
- Effective of the Committee.

**2.8** The second part of the assessment requires an assessment as to how the committee displays it is effective through the reports it receives, and is broken down into the following key areas:

- Promoting the principles of good governance and their application to decision making;
- Contributing to the development of an effective audit committee;
- Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks;
- Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively;
- Supporting the quality if the internal audit activity, particularly by underpinning its organisational independence;
- Aiding the achievement of the authority’s goals and objective through helping to ensure appropriate governance, risk, controls and assurance arrangements;
- Supporting the development of robust arrangements for ensuring value for money; and
- Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.

### **3. Current Position/Findings**

**3.1** The self-assessment checklist has been reviewed and updated with the Chair prior to this meeting; and was circulated to members, the conclusions of which can be seen at **Appendix 1** to this report.

## 4. Proposals

- 4.1 The committee are requested to review the checklist at **Appendix 1** to ensure that this is an accurate reflection of the operations of the committee and to note any action that needs to be taken as a result of the conclusions.

## 5. Risks and implications arising

- 5.1 Not applicable to this report.

Background papers: CIPFA guidance for Audit Committees - practical guidance for local authorities and police

Author: Faye Haywood

Date of Report:

Appendices: Appendix 1 – Audit and Risk Committee Self-Assessment

## Appendix 1

### Self-assessment of good practice

This evaluation will support an assessment against recommended practice to inform and support the Audit Committee. This is a high-level review that incorporates the key principles set out in CIPFA's Position Statement: Audit Committees in Local Authorities and Police. Where an Audit Committee has a high degree of performance against the good practice principle's then it is an indicator that the committee is soundly based and has in place knowledgeable membership. These are essential factors in developing an effective Audit Committee.

	<b>Good Practice Questions</b>	<b>Yes</b>	<b>Partly</b>	<b>No</b>
	Audit Committee purpose and governance			
<b>1</b>	Does the authority have a dedicated audit committee?	Y		
<b>2</b>	Does the audit committee report directly to full authority?	Y		
<b>3</b>	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's position statement?	Y		
<b>4</b>	Is the role and purpose of the audit committee understood and accepted across the authority?	Y		
<b>5</b>	Does the audit committee provide support to the authority in meeting the requirements of good governance?	Y		
<b>6</b>	Are the arrangements to hold the committee to account for its performance operating satisfactorily?	Y		
	Functions of the committee			
<b>7</b>	Do the committee's terms of reference explicitly address all the core area identified in CIPFA's position statement? <ul style="list-style-type: none"> <li>- Good governance</li> <li>- Assurance framework</li> <li>- Internal audit</li> <li>- External audit</li> <li>- Financial reporting</li> <li>- Risk management</li> <li>- Value for money or best value</li> <li>- Counter fraud and corruption</li> </ul>	Y		
<b>8</b>	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	Y		
<b>9</b>	Has the audit committee considered the wider areas identified in CIPFA's position statement and whether it would be appropriate for the committee to undertake them?	Y		
<b>10</b>	Where coverage of core areas has been found to be limited, are plans in place to address this?	Y		

Appendix 1

11	Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	Y		
	Membership and support			
12	Has an effective audit committee structure and composition of the board been selected? This should include: - Separation from the executive - An appropriate mix of knowledge and skills among the membership - A size of committee that is not unwieldy - Where independent members are used, that they have been appointed using appropriate process	Y		
13	Does the chair of the committee have appropriate knowledge and skills?	Y		
14	Are arrangements in place to support the committee with briefings and training?	Y		
15	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?		Y*	
16	Does the committee have good working relationships with key people and organisations, including external audit, internal audit and the chief finance officer?	Y		
17	Is adequate secretariat and administrative support to the committee provided?	Y		
	Effectiveness of the committee			
18	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	Y		
19	Has the committee evaluated whether and how it is adding value to the organisation?	Y		
20	Does the committee have an action plan to improve any areas of weakness?	Y		

**\*15: Partly Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory.**

Annual training is undertaken by the Audit and Risk committee and other Authority members on the financial Statement of Accounts. This is provided by the Chief Financial Officer. The Audit and Risk Committee recognises that membership may change as of May 2019 due to local elections and it would therefore be prudent to conduct a skills assessment following their appointment to highlight any training requirements.

## Appendix 1

### Evaluating the Effectiveness of the Audit Committee

This assessment tool helps Audit Committee members to consider where it is most effective and where there may be scope to do more. To be considered effective, the Audit Committee should be able to identify evidence of its impact or influence linked to specific improvements.

Assessment Key:

- 5 Clear evidence is available from a number of sources that the committee is actively supporting the improvement across all aspects of this area. The improvements made are clearly identifiable.
- 4 Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.
- 3 The committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.
- 2 There is some evidence that the committee has supported improvements, but the impact of this support is limited.
- 1 no evidence can be found that the audit committee has supported improvements in this area.

Areas where the audit committee can add value by supporting improvement	Self-evaluation examples, areas of strength & weakness	Assessment 1-5
Promoting the principles of good governance and their application to decision making	<p>A peer review was undertaken in 2018 to evaluate the governance structure of the Authority. Recommendations were proposed in respect of the audit committee and of wider governance arrangements and later adopted.</p> <p>The Financial Scrutiny and Audit Committee was repurposed to the Audit and Risk Committee and terms of reference were reviewed and amended to ensure that the Committee supports the evaluation of</p>	4

Appendix 1

	<p>effective Governance, Risk Management and Control processes in line with best practice.</p> <p>The Committee provides robust review of the Annual Governance Statement and the Internal Audit Opinion.</p> <p>Internal Audit reviews annual audit on Governance arrangements Self-assessment undertaken annually to evaluate effectiveness.</p>	
Contributing to the development of an effective control environment	<p>Annual follow up reports provided by the Audit Manager and Chief Finance Officer as to progress made with internal audit recommendations.</p> <p>The Audit and Risk Committee review and endorse relevant policies that strengthen the control framework such as money laundering, whistleblowing. They review authority levels used for decision making throughout the authority and review the Treasury management strategy prior to Authority approval.</p> <p>The Audit and Risk Committee now receives regular reports on GDPR compliance.</p>	4
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks	<p>Responsibility for oversight of risk management rests with the committee. The Audit and Risk Committee regularly receives the strategic risk register for review and is able to observe decision making reports with relevant consideration of risks included. The risk management strategy/framework has been approved by the Audit and Risk Committee.</p> <p>All internal audits carried out at the Broads Authority are risk based, providing assurance that key risks are being managed appropriately.</p>	4

Appendix 1

	These receive scrutiny from the Audit and Risk Committee during the reporting of the Annual Internal Audit Opinion presented by the HOIA.	
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively	<p>Assurance is provided through the internal audit reports and through the Value for Money statement provided by the External Auditors. The Annual Governance Statement is reviewed by the Audit and Risk Committee and endorsed for approval by Broads Authority Board.</p> <p>The Audit and Risk Committee has been instrumental in ensuring that financial information is easy to understand and accessible by all members.</p> <p>The Audit and Risk Committee is responsible for approving both Internal and External plans, satisfying itself that coverage is adequate and assurance is being provided over key risks that threaten the achievement of the authority's objectives.</p>	4
Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence	<p>The Audit Charter covers reporting requirements in terms of reporting functionally to the Audit and Risk Committee and administratively to the Corporate Management team at SNC.</p> <p>The Head of Internal Audit also has a direct line of reporting and unfettered access to the Chief Executive, the Senior Management Team and the Chair of the Committee.</p> <p>Effectiveness of the internal audit service is assessed as part of the year end reporting through the Annual Opinion, in particular the Quality Assurance &amp; Improvement Programme (internal and external assessment).</p>	4
Aiding the achievement of the authority's goals and objectives	This is covered in the scopes of audit reviews as required and the annual audit plan ensures that assurance requirements are covered in	4

Appendix 1

<p>through helping to ensure appropriate governance, risk, control and assurance arrangements</p>	<p>respect of Broads Authority objectives. The Audit and Risk Committee also receives regular reports from the Chief Finance Officer in respect of monitoring the implementation of audit recommendations. These are independently verified by Internal Audit at year end.</p>	
<p>Supporting the development of robust arrangements for ensuring value for money</p>	<p>The External Auditor reports on this objectively and provides a conclusion on value for money. This is also displayed through the Annual Governance Statement that the Committee receives.</p> <p>The Audit and Risk Committee supports officer pursuit of debt recovery and was involved in benchmarking exercise to establish administration and governance costs across National Parks. The Committee also supports suggestions for joint IT marketing functions across National Parks.</p>	<p>5</p>
<p>Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks</p>	<p>The Audit and Risk Committee receive and scrutinise regular reports on anti-fraud arrangements. Fraud related recommendations arising from Internal Audit reports would be reported to the Audit and Risk Committee. No such occurrences have been reported in 2018/19.</p>	<p>4</p>



**Implementation of Internal Audit Recommendations: Summary of Progress**  
Report by Chief Financial Officer

<b>Summary:</b>	This report updates members on progress in implementing Internal Audit recommendations arising out of audits carried out during 2017/18 and 2018/19.
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<b>Recommendation:</b>	That the report be noted.
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## **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 2017/18 and 2018/19. 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: and
  - New recommendations since the last meeting.

## **2 Summary of Progress**

- 2.1 In the previous report to this Committee in March the outstanding recommendation relating to the 2017/18 audit Asset Management has been completed whilst the Port Marine Safety Code will be completed following Broads Authority on 26 July. Recommendations relating to the 2018/19 audit for Corporate Governance and Risk Management have slipped following the departure of the Solicitor and Monitoring Officer. Recommendations from the Disaster Recovery audit will be completed by the end of July. Updated commentary on the outstanding recommendations is provided in Appendix 1.

## **3 Internal Audit Programme 2018/19 and 2019/20**

- 3.1 The final audit from the 2018/19 programme has now been completed, with further details below. The first audit from 2019/20 programme is scheduled for August and will focus on the Water Mills and Marshes project (external funding). Procurement, Keys Controls and Corporate Governance are

scheduled for quarters three and four. The outcome of these three audits will be reported to the November, March and July meetings.

## **3.2 Branding**

3.2.1 The objective of this audit was to review the adequacy, effectiveness and efficiency of the systems and controls in place over the Branding process. This resulted in a “reasonable” audit opinion with six “needs attention” recommendations being raised.

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

- A bespoke piece of Broads National Park art work was presented to Norwich Train Station by the Broads Authority which adorns two walls of the waiting room beside platform one. The art work is the third to be installed in major ‘gateways’ to the Broads National Park with others at Norwich Airport and Great Yarmouth Train Station.
- The Broads Authority has systems in place to address the new Public Sector Bodies Accessibility Regulations 2018 which refers to making sure that websites, applications and other digital media can be accessed by all, including those with disabilities such as visual, motor and other impairments. This contributes to effective access by the public to key resources including material which involve the use of branding.
- The Broads Authority has produced a set of Brand Standards for the Broads National Park, designed for anyone producing materials carrying the Broads brand, which are available to download from the Broads Authority website.
- A sample test of material including both Broads Authority and Broads National Park logos, confirmed that they met branding requirements.
- The Communications Officer (Digital) monitors the use of social media which includes ensuring that the correct branding and logos are applied. This incorporates the use of a software application called 'Buffer', designed to manage accounts in social networks by providing the means for a user to schedule posts to Twitter, Facebook, Instagram, and LinkedIn, as well as analyse results and engage with the community.

3.2.3 Two of the “needs attention” recommendations have been completed with the remaining on target for completion.

Background papers:	None
Author:	Emma Krelle
Date of report:	10 July 2019
Broads Plan Objectives:	None
Appendices:	APPENDIX 1 – Summary of Actions / Responses to Internal Audit Recommendations 2017/18 and 2018/19

## Summary of Actions / Responses to Internal Audit Recommendations 2017/18

## Asset Management: August 2017

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>3. <b>Leases</b> The Authority agrees timescales for completing lease agreements with key stakeholders to reduce delays.</p> <p>Agreeing a timescale with all parties involved will help to ensure that key tasks are completed in a timely manner.</p> <p>If there is no agreed timescale, it is more difficult for the Authority to conclude lease agreements in advance.</p>	Needs Attention	Solicitor & Monitoring Officer	<p>Delayed responses from our current legal provider have been identified. This will be addressed when we go out to tender for Legal Services. The tender is due to go out by the end of September with the new contract to start 1 April 2018.</p> <p>New/extension leases are planned 12 months prior to expiry date. Control over the lessee legal services are difficult to influence due to the size and type of their organisations.</p> <p>Update: Following the previous delays with the procurement process and the Solicitor &amp; Monitoring Officer moving to one day a week, legal services within the Authority needs to be re-scoped and this will include property issues. It is still the</p>	<p>Originally agreed by 01/04/18</p> <p>Updated to 17/05/19</p>

## Summary of Actions / Responses to Internal Audit Recommendations 2017/18

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
			<p>preferred option at this stage is to move to a standing list of property legal providers. This did not make the previous Authority meeting in February. It will still need to be agreed by the next Full Authority meeting in May.</p> <p>Completed. A form is in use with the new legal services supplier where timescale for response is indicated.</p>	

## Port Marine Safety Code: September 2017

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>7. <b>Governance</b> Briefings given to the Navigation Committee and BSMG on the risk assessment process, hazard identification and assessment and the ALARP principle are documented and recorded in the minutes. Briefing packs in relation to the risk assessment process, hazard</p>	Needs Attention	Solicitor and Monitoring Officer, Head of Safety Management	Agreed. All members of Boat Safety Management Group, the Stakeholder Hazard Review Group, the Navigation Committee and the Broads Authority receive training on risk assessment and ALARP principles before dealing with the risk	Originally by 28/02/19  Updated to 26/07/19

## Summary of Actions / Responses to Internal Audit Recommendations 2017/18

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>identification and assessment and the ALARP principle (which are provided to the stakeholder group involved in the review of hazards) should also be made available to all new appointees to the Navigation Committee and the BSMG. Consideration is also given to providing these to all members of the Navigation Committee and the BSMG.</p> <p>A record of all training provides confirmation that it has taken place and reduces the risk that misinformed decisions are made resulting in inadequate port marine safety.</p>			<p>assessments process. This formal training will be recorded in the minutes of each of the groups/ committees at the next opportunity when hazards are reviewed/ assessed scheduled for Feb 2019 Any new members to the group will be trained in this regard prior to any risk review or assessment as part of the regular refresher training being delivered each time the risk review process is entered into.</p> <p>Update: Briefing pack now in preparation for the forthcoming hazard review in February 2019. Broads Authority on 26/07/19 is the final step in this process.</p>	

## Summary of Actions / Responses to Internal Audit Recommendations 2018/19

## Corporate Governance and Risk Management: February 2019

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>1. <b>Risk Management</b>  The Risk Management Policy is reviewed and updated as required to reflect the current governance arrangements and responsibilities for risk, including those assigned to the Audit and Risk Committee (ARC) and the frequency of the reporting of risks to the ARC. This should include an explanation of what is classed as an operational risk as opposed to a strategic risk and how service risks should be managed and escalated to strategic level, if required. It should also define the risk appetite/tolerance level.  The policy should be version controlled, approved by the Full Broads Authority and reported to the ARC.  Following approval, the policy should be disseminated to all staff and placed on the authority's intranet.</p> <p>An up to date risk management policy mitigates the risk that out of date</p>	Important	Management Team, previously Solicitor & Monitoring Officer	<p>The risk management policy will be reviewed and updated to reflect the correct committee, lead officer and risk appetite (including colour coding). The updated policy will be taken to Audit and Risk for review prior to Broads Authority approval.</p> <p>Update: Following the departure of the Solicitor &amp; Monitoring Officer Management Team have agreed to take on responsibility for the policy and risk register. This work has been scheduled for over the summer and will be reported to November committee.</p>	<p>Originally agreed by 26/07/19</p> <p>Updated to 29/11/19</p>

## Summary of Actions / Responses to Internal Audit Recommendations 2018/19

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
processes are being used leading to incorrect decision making and lack of corporate governance.				
<p>2. <b>Risk Management</b>  An exercise is undertaken to review the Strategic Risk Register (SRR) to identify which risks are strategic, i.e., risks to the achievement of the strategic objectives. This should conclude that the remaining risks are at an operational/service level and as such, should be managed at this level.</p> <p>The resulting SRR should score all risks which have been identified and include a column which states which strategic objective they relate to. In addition, the SRR should make it clear which risks are within and outside of the risk appetite by using colour coding.</p> <p>Clearly distinguishing between operational/service level risks and strategic risks helps to ensure that risks are identified on both a service and strategic level allowing for proper understanding of the authority's risk profile and allows for the appropriate</p>	Important	Management Team, previously Solicitor & Monitoring Officer	<p>Review to be undertaken with Management Forum to distinguish between operational &amp; strategic risk and how they link with the Strategic priorities in conjunction with the risk policy above.</p> <p>Update: Following the departure of the Solicitor &amp; Monitoring Officer Management Team have agreed to take on responsibility for the policy and risk register. This work has been scheduled for over the summer and will be reported to November committee.</p>	<p>Originally agreed by 10/06/19</p> <p>Updated to 19/11/19</p>

## Summary of Actions / Responses to Internal Audit Recommendations 2018/19

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
prioritisation of mitigation actions.				
<p>3. <b>Risk Management</b> A review and update of the RM page on the authority's intranet is undertaken incorporating any revised documents such as the RM policy and including relevant committee reports. This should be re-launched with staff including ascertaining feedback on the RM process and identifying any training needs at all levels across the authority. The intranet should provide clarification of what the risk appetite is and how risks, which are outside of the risk appetite, are managed.</p> <p>Staff being adequately informed and trained in respect of risk ensures that that correct processes are followed leading to informed decisions being made that assist in the achievement of objectives.</p>	Needs Attention	Head of Safety Management, previously Solicitor & Monitoring Officer	<p>Following committee approval of the revised policy and register the intranet page will be refreshed and communicated to all staff.</p> <p>Update: As the risk management policy and strategic risk register have been delayed this has impacted the refresh of the intranet page. This will be done after the November committee.</p>	<p>Originally agreed by 16/08/19</p> <p>Updated to 29/11/19</p>
<p>4. <b>Risk Management</b> A standard risk implications section to be introduced on the committee report template to allow for a fuller explanation of the risks. Guidance/criteria to be produced to enable authors to sufficiently assess if</p>	Needs Attention	Head of Governance, previously Solicitor & Monitoring Officer	<p>Agreed and partially completed. Template has been updated and is available on the intranet and the guidance will be completed by July 2019.</p>	<p>Originally agreed by 31/07/19</p> <p>Updated to 31/01/20</p>



## Summary of Actions / Responses to Internal Audit Recommendations 2018/19

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>there are any risk implications. Guidance to include reference to the SRR and any operational/service risks which have been identified; and the risk management policy.</p> <p>A fuller explanation of risks within reports will encourage a risk aware culture within the authority, and a consistent approach is applied in identifying risk implications. Referral to corporate risk documents should alert authors to risks which they may not have been aware of and reduce the risk that objectives are not achieved.</p>			<p>Update: Committee templates are currently being redesigned following the accessibility guidelines. New templates are being rolled out over the various committees.</p>	
<p>5. <b>Risk Management</b> The 'Review of the Strategic Risk Register (SRR) reports to the Audit and Risk Committee to contain an explanation of risks that have changed from the previous SRR, including risks which have had their score reduced; risks which have been reduced to the risk appetite; and change of risk description (i.e. the GDPR risk). This should include explanation as to why certain risk scores have not</p>	Needs Attention	Directorates, previously Solicitor & Monitoring Officer	<p>Agreed. Audit &amp; Risk report to provide explanation of movements at next review.</p> <p>Update: Once the new risk register has been agreed regular reports will provide details of changes/ movements since the last meeting</p>	<p>Originally agreed by 23/07/19</p> <p>Updated to 19/11/19</p>

## Summary of Actions / Responses to Internal Audit Recommendations 2018/19

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>lowered from initial risk to revised risk score despite current mitigating actions and additional actions being put in place.</p> <p>Providing an explanation for key changes within the committee reports mitigates the risk that the committee does not receive a full picture of the status of risks and if they are being mitigated as expected.</p>				
<p>6. <b>Risk Management</b> A scoring criteria is defined for low, high and medium risks, in relation to severity/impact, for categories such as financial, reputation and service provision.</p> <p>A scoring criteria is also defined for low, high and medium risks in relation to likelihood, i.e. a high likelihood applies to a risk likely to happen more than once per year and a low risk is only likely to happen in 10–15 years' time.</p> <p>Defining the scoring categories helps assess risks more accurately and reduces the risk that that risks are not</p>	Needs Attention	Management Team, previously Solicitor & Monitoring Officer	<p>Agreed. Scoring criteria will be incorporated into the risk policy.</p> <p>Update: a new 5x5 risk matrix and guidance has been developed by Management Team. This will be incorporated into the policy currently under review.</p>	<p>Originally agreed by 10/06/19</p> <p>Updated to 19/11/19</p>

## Summary of Actions / Responses to Internal Audit Recommendations 2018/19

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
appropriately assessed and assigned proportionate mitigation actions.				

## Disaster Recovery: February 2019

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>1. <b>Alignment with Business Continuity Plans</b> The Authority to ensure that senior management are made aware that Business Continuity recovery timelines of up to 24 hours may not be achievable if such recovery has to be undertaken using the tape backups stored at the Dockyard. Formal acceptance (or otherwise) of this risk to be formally documented to support this.</p> <p>Formally notifying senior management of the potential inability to support Business Continuity recovery timelines up to 24 hours where a tape restoration is required will help to ensure that the acceptance (or otherwise) of this risk is formally</p>	Important	Head of IT & Collector of Tolls	Agreed	By 31/07/19

## Summary of Actions / Responses to Internal Audit Recommendations 2018/19

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>documented. Where senior management are not advised of the potential inability to support Business Continuity recovery timelines up to 24 hours, there is an increased risk that the Business Continuity plan cannot adequately support priority services.</p>				
<p>2. <b>Backup and Recovery Capabilities</b> The Authority to look at options for enhancing the existing data replication service such that it covers priority services such as Finance and Tolls.</p> <p>Increased replication between Yare House and the Dockyard will help to ensure timely recoveries of priority services following an incident, including any incidents that render Yare House inaccessible and which would currently require a recovery from tape.</p> <p>Where a tape recovery is required, there is an increased risk that this would result in up to 48 hours of data needing to be re-input as part of the recovery process, given that it takes an average of 24 hours to complete a</p>	Needs Attention	Head of IT & Collector of Tolls	Agreed	By 31/07/19

## Summary of Actions / Responses to Internal Audit Recommendations 2018/19

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
tape backup at present				
<p>3. <b>DR Testing</b> The authority to ensure that all DR tests are formally documented in test reports that are communicated to relevant senior management and which are used as a basis for updating DR plans with lessons learned using appropriate change control processes.</p> <p>The formal documentation of all DR tests into test reports will help to demonstrate that the DR facilities and processes adequately support the Authority's priority services following an incident and that any lessons learned are taken account of as updates to the processes concerned. Where DR tests are not formally documented into test reports, there is an increased risk that the DR facilities and processes cannot be shown to be adequate and that any weaknesses in the DR facilities and processes are not detected and resolved in a timely manner.</p>	Needs Attention	Head of IT & Collector of Tolls	Agreed	By 31/07/19
<p>4. <b>DR Development for New Systems</b> The Authority to ensure that relevant</p>	Needs Attention	Head of IT & Collector of	Agreed	By 31/07/19

## Summary of Actions / Responses to Internal Audit Recommendations 2018/19

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>Project Management processes are updated to include work to understand what the DR support requirements will be for any new or changed infrastructure.</p> <p>The inclusion of work to understand the potential DR support requirements of any new or changed systems will help to ensure that any changes to the Authority's systems are adequately support as required by the Business.</p> <p>Where DR requirements are not taken account of adequately in project workflows, there is an increased risk that the DR support requirements that may result from the changed infrastructure are not supported adequately following an incident.</p>		Tolls		
<p>5. <b>Dockyard Physical Access Controls</b> The Authority to ensure that the server rack that contains the DR infrastructure at the Dockyard is moved to a more appropriate location within the DR facility as soon as practically possible.</p>	Needs Attention	Head of IT & Collector of Tolls	Agreed	By 31/07/19

## Summary of Actions / Responses to Internal Audit Recommendations 2018/19

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>Moving the server rack to a more appropriate location will help to ensure the security of the rack and the environmental conditions within the room.</p> <p>If the server rack is not moved to a more appropriate position within the DR facility, there is an increased risk of security vulnerabilities caused by the removal of the side panels which has been done to facilitate the operation of the Air Conditioning unit.</p>				

**Branding: April 2019**

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>1. <b>Broads Authority branding - strategies, guidelines / procedures</b> The communications work plan be updated to include the finalisation of the local Broads National Park Branding Strategy. The work plan should also be updated to include work in relation to recommendations agreed within this audit, including branding training; update of intranet communications</p>	Needs Attention	Head of Communications	<p>Agreed. The work plan for 2019/20 is currently being populated and key milestones as recommended will be included within it.</p> <p>Partially completed: The work plan is now complete for 2019/20 with the timelines included. This has</p>	<p>Originally by 31/05/19</p> <p>Updated to 30/09/19</p>

## Summary of Actions / Responses to Internal Audit Recommendations 2018/19

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>page; and internal guidance/criteria in relation to the use of Broads Authority and Broads National Park logos.</p> <p>Currently, there is no defined timescale for completing the Broads National Park Branding Strategy. Whilst this is dependent on the completion of the national branding strategy, an estimated timescale (subject to change) would help mitigate the risk that the strategy and other key tasks are not completed in a timely manner.</p>			<p>been incorporated into the Directorate workplan.</p>	
<p>2. <b>Broads Authority branding - strategies, guidelines / procedures</b> 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.</p> <p>This should make the branding area more easily to locate within the policy and helps mitigate the risk that responsibilities for branding are unclear.</p>	Needs Attention	Head of Communications	<p>Agreed. Given that the National Branding guidelines which will inform the strategy are awaiting approval by the 15 National parks Chief Executives and relevant Chairs it is anticipated that this work will be completed by the Autumn of 2019</p>	By 31/10/19



## Summary of Actions / Responses to Internal Audit Recommendations 2018/19

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>3. <b>Broads Authority branding - strategies, guidelines / procedures</b> The role of the communications team, including an introduction to the Broads Authority and Broads National Park brands, be included within the authority's induction checklist.</p> <p>This would raise awareness amongst staff of the role of the Communications Team and how and why the different logos apply. This should help to mitigate the inconsistent and incorrect use of branding leading to detrimental promotion of the Broads Authority and its status as a national park.</p>	Needs Attention	Head of Communications	<p>Agreed. Whilst this work will be closely linked to the strategy to be completed by the Autumn of 2019 it is recognised that in the meantime this gap in the induction checklist should be addressed. Therefore we will implement the change immediately and adjust the content of the training once the strategy is completed.</p> <p>Completed.</p>	By 30/04/19
<p>4. <b>Broads Authority branding - use of the Broads Authority logo</b> Guidance be produced for staff which covers the criteria for applying either the Broads Authority or Broads National Park logo, or when both logos are applicable. This guidance should include reference to partnership and project work, and the approach to take when applying logos of both the project, the Broads Authority and the Broads</p>	Needs Attention	Head of Communications	Agreed. The guidance will be produced in conjunction with the strategy, guidelines and procedures	By 31/10/19

## Summary of Actions / Responses to Internal Audit Recommendations 2018/19

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>National Park logo. Reference should be made to the Broads National Park Brand Standards and the Broad's National Park branding strategy where applicable. It would be good practice to include examples of logo application for different circumstances from promotional flyers and training programmes to more formal documents. Furthermore, this document should make clear the formal process to go through when branding documents, i.e. consultations with the communications team.</p> <p>Clear guidance should provide clarity over the application of the different logos, reducing the risk that inconsistent and incorrect logos are applied leading to ambiguity and inadequate promotion of the area as a national park.</p>				
<p>5. <b>Broads Authority branding - use of the Broads Authority logo</b> A review and update of the communications page on the</p>	Needs Attention	Head of Communications	Agreed. The intranet content will be produced in conjunction with the strategy, guidelines and	By 31/10/19

## Summary of Actions / Responses to Internal Audit Recommendations 2018/19

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>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. This should be re-launched with staff including the provision of staff and member training in relation to branding, incorporating the use of both the Broads Authority logo and Broads National Parks logo. The communications intranet page should include the communications team details; branding strategies and communications policy; and the Broads Authority New Signs guide.</p> <p>Staff being adequately informed and trained in respect of branding mitigates the risk that incorrect processes are followed leading to inconsistent and/or incorrect branding being applied that affects the achievement of branding objectives.</p>			procedures.	
<p>6. <b>Broads Authority branding - use of the Broads Authority logo</b> The Broads Authority website be updated to include a statement that</p>	Needs Attention	Communications Officer (Digital)	Agreed. This was implemented immediately.  Completed.	By 30/04/19

Summary of Actions / Responses to Internal Audit Recommendations 2018/19

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>copying and use of the Broads Authority logo is not permitted without prior approval from the Communications Team.</p> <p>Notification to third parties will help to ensure that the logo is used appropriately, reinforcing the message of a strong identity for the Council to its residents. Failure to specify the requirements for use of the Broads Authority logo increases the risk that it is used inappropriately by third parties.</p>				

**Grant Funding Agreement**  
Report by Chief Executive and Chief Financial Officer

**Summary:** This report provides Members with a briefing on the recent discussions with Defra regarding the updating of the Grant Funding Agreement.

**Recommendations:**  
To note the progress made with Defra officials in revising the Grant Funding Agreement.

**1. Introduction**

- 1.1 The current National Park grant agreement was last reviewed in 2008 and is now out of date compared to the latest Cabinet Office's guidance. Following recommendations by the National Audit Office (NAO) that Defra needed to update the agreement with stronger mechanisms for review and oversight, officials have been reviewing of the Grant Agreement for National Park Authorities and the Broads Authority.
- 1.2 The Yorkshire Dales have worked with DEFRA in bringing the grant agreement in line with other department grant agreements in force. The Chief Financial Officers for the English National Park Authorities held a telephone conference on 1 July with DEFRA to discuss areas that may require further clarification. Good progress has been made and the latest version has been circulated for comments and questions by 22 July. DEFRA are hoping that the new agreement will be signed and in place by the end of July.
- 1.3 The new grant agreement will cover the 2019/20 grant settlement. The grant agreement will then be reissued once a new settlement has been reached.

Background Papers:	Draft Agreement
Authors:	John Packman and Emma Krelle
Date of Report:	11 July 2019
Broads Plan Objectives:	None
Appendices	None