

## **Broads Authority**

### **Financial Scrutiny and Audit Committee**

Minutes of the meeting held on 14 November 2017

#### **Present:**

Mr Louis Baugh (Chairman)  
Prof. Jacquie Burgess  
Mr Bill Dickson  
Ms Gail Harris  
Mr Greg Munford  
Mr Haydn Thirtle

#### **In Attendance:**

Ms Esmeralda Guds – Administrative Officer  
Mr David Harris – Solicitor and Monitoring Officer  
*Miss Emma Krelle* – Chief Financial Officer  
*Mrs Marie-Pierre Tighe* – Director of Strategy and Sustainable Communities  
Dr John Packman – Chief Executive  
Mr Rob Rogers – Director of Operations

#### **1/1 Apologies for Absence**

Apologies were received from Nicky Talbot

#### **1/2 Appointment of Chair**

The Chief Executive invited nominations for the position of Chairman for the forthcoming year.

It was proposed and duly seconded that Mr Louis Baugh be appointed as Chairman.

There being no other nominations, it was

RESOLVED

that Mr Louis Baugh be appointed as Chairman of the Financial Scrutiny and Audit Committee for the forthcoming year.

**Mr Louis Baugh (in the Chair)**

### **1/3 Appointment of Vice Chair**

The Chairman invited nominations for the position of Vice Chairman for the forthcoming year

The Committee agreed and so it was proposed and duly seconded that Mr Haydn Thirtle be appointed as Vice-Chairman.

There being no other nominations, it was

RESOLVED

that Mr Haydn Thirtle be appointed as Vice-Chairman of the Financial Scrutiny and Audit Committee for the forthcoming year.

The Chairman expressed a formal thanks to Sir Peter Dixon for his contribution as an active Member of the FSAC committee for many years.

The Chair suggested varying the order of the Agenda and address item13, the Risk Register, after item10, the Implementation of Internal Audit Recommendations. The Members agreed.

### **1/4 To note whether any items have been proposed as matters of urgent business**

There were no items being proposed as matters of urgent business.

### **1/5 Declarations of Interests**

No declarations of interests were expressed.

### **1/6 To receive and confirm the minutes of the Financial Scrutiny and Audit Committee meeting held on 25 July 2017**

The minutes of the meeting held on 25 July 2017 were approved as a correct record and signed by the Chairman.

### **1/7 To note the Terms of Reference of the Financial Scrutiny and Audit Committee**

The Members received the Terms of Reference of the Financial Scrutiny and Audit Committee and it was highlighted that the Committee was a consultative non-decision making committee appointed by the Broads Authority.

Members noted the Terms of Reference of the Financial Scrutiny and Audit Committee.

### **1/8 Public Question Time**

No questions were raised by members of the public.

## **1/9 External Audit**

Members received the Annual Audit Letter for 2016/17 and the Local Government Audit Committee Briefing by Ernst & Young.

The Members were informed that the section heads of the Authority had received a presentation from Barclays Bank on fraud awareness.

The Annual Letter confirmed that the Audit fee had remained the same. The Audit Briefing gave the result of the tender and it was considered good news that the Authority remained working with the same Auditors.

Members noted the Annual Audit Letter for 2016/17 and the briefing including the key questions for Audit Committees as set out on page 43 of the Agenda papers.

## **1/10 Implementation of Internal Audit Recommendations: Summary of Progress**

Members received a report which updated them on progress in implementing Internal Audit recommendations arising out of audits carried out during 2016/17 and 2017/18.

The Committee was reminded that the Internal Auditors carry out four audits per year with the Key Controls and Governance Audit being carried out every year. The IT Audit had been completed last year and was carried out every other year. Therefore the two other audits identified for this year were Asset Management and the Port Marine Safety Code, the latter being undertaken for the first time this year by the current internal audit providers.

The Committee was informed that both the Asset Management and Port Marine Safety audits had received a reasonable assurance, the second highest rating available and was therefore considered to be a good outcome. The 2017/18 Key Controls audit is due to start in December and the Governance audit in February 2018.

Two actions were still outstanding from the 2016/17 audit programme. The first one, related to external funding for the Heritage Lottery Fund partners. The second action was to provide a Tolls Procedures Manual, within the Key Controls Audit. This was delayed as work on implementing the new Ranger app had taken priority. Members were further updated that the delay in a previous recommendation regarding payroll had now been resolved.

Members noted the report.

Agenda item 13 was dealt with at this point.

## **1/11 Consolidated Income and Expenditure – 1 April to 30 September 2017 Actual and 2017/18 Forecast Outturn**

Members received a report which provided them with details of the actual income and expenditure for the next six month period to 30 September 2017 and provided a forecast of the projected expenditure at the end of the financial year (31 March 2018).

The Chief Financial Officer updated Members that the Authority managed the investments in-house since November 2016, and that the investments forecast income had increased by £5,000.

Against expectations the income from both the hire boat industry and private boats had increased, which meant that income was ahead of projections.

Members noted the report.

## **1/12 Preparation for the 2018/19 Budget**

The Authority received a presentation on the considerations for future financial planning and the Budget for 2018/19. It was highlighted to the Committee that the National Park Reserves sat well above the recommended minimum level and that while the Committee was provided with a three year strategy, the Finance Team projected five years forward to get a better understanding of the potential impact of inflation and increased salary costs.

The main issues being taken into account were:

- The staff structure and the uncertainties around staff salary increases to be negotiated with the possibility of a 1.5% pay rise for the next three years,
- The effect of inflation on non-staff budgets,
- Other increased costs – fuel, insurance premium tax (10%-12%), , increased Yare House Rent as well as costs to restore Postwick tip previously used for dredgings disposal,
- Additional staff to fund HLF and CANAPE projects – grants to cover costs,
- Budget holders requests for additional expenditure,
- Additional pension deficit payments,
- Additional costs for Columbia clothing for volunteers,
- Additional costs for policy planning for the Norfolk Strategic Framework to ensure the Authority's duty to cooperate is discharged.
- Additional operating costs for Mutford Lock.

The Chief Financial Officer provided outline figures for the Draft Budget for 2018/19 together with the areas of budget sensitivity, as well as the Draft Financial Strategy for 2018/19 – 2020/21, emphasizing that they were not set in stone.

When discussing the rent at Yare House it was clarified that this was to be reviewed every five years and that property consultants Concertus had been instructed to negotiate on behalf of the Authority.

It was confirmed that the sale of Ludham Field Base was progressing.

It was noted that the figures relating to the Whitlingham Charitable Trust, where the Authority recharged the Trust for staff costs, still needed to be incorporated. The draft figures made no provision for costs in association with the development of the Acle Bridge site although there were mechanisms in place to consider how this and other sites were to be dealt with.

It was noted that the Authority as with most of the national parks was tied into the Local Government settlement for the staff salary increases. Therefore a prudent approach was being taken.

Members welcomed the presentation.

On a separate matter, the Chairman informed Members that after the last FSAC meeting on 25 July 17 it had been identified that a Member had failed to fully disclose their related party transactions in regards to minute 3.8 the Statement of Accounts. The Chief Financial Officer and Head of ICT/Collector of Tolls had identified the understatement and resolved the matter before the Accounts were signed off by the Authority at the following Broads Authority meeting. The Chairman thanked the Officers for dealing with this in such an efficient and prompt manner.

As requested by the External Auditors the Chairman reminded the Committee of the necessity of declaring related party transactions fully.

**1/13 Review of Strategic Risk Register (this agenda item was dealt with earlier on the agenda after item 10)**

Members were provided with the Strategic Risk Register which had been updated following consultation with risk owners in June 2017 and implemented a recommendation from Internal Audit.

The Committee was informed that the General Data Protection Regulation (GDPR) and Mutford Lock would be added to the register as part of the risk register review in December 2017. CANAPE would not be part of the Strategic Risk Register as European Regulations require the programme to have its own risk register.

The Authority recognised that preparing for the introduction of the new Data Protection Regulation in May 2018 would be a big task so the Solicitor & Monitoring Officer had start taking this forward. It was explained that the Authority would be responsible for consulting the Whitlingham Charitable Trust on the process but that the Trust would ultimately be responsible for its own data.

It was confirmed that the collection of tolls involved the Authority's biggest personal data base. Pensions, Payroll and Volunteers were also vulnerable data and so the Authority would need to request new consent to process this data.

Members approved the strategic risk register.

**1/14 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 further items of business which the Chairman decided should be considered as a matter of urgency pursuant to Section 100B (4) (b) of the Local Government Act.

**1/15 Formal Questions**

There were no formal questions of which due notice had been given.

**1/16 Date of the next meeting**

Members noted that the date of the next Committee meeting would be held on Tuesday 6 March 2018 at Yare House, 62-64 Thorpe Road, Norwich, commencing at 2:00pm.

The meeting concluded at 3.42 pm.

CHAIRMAN