

**Broads Authority**  
**Audit and Risk Committee**

Minutes of the meeting held on 11 December 2018

**Present:**

Mr Louis Baugh  
Ms Gail Harris  
Mrs Nicky Talbot  
Mr Haydn Thirtle  
Mr Greg Munford

**In Attendance:**

Ms Esmeralda Guds - Administrative Officer  
David Harris – Monitoring Officer (from item 1/13)  
Miss Emma Krelle - Chief Financial Officer  
Dr John Packman - Chief Executive (from item 1/13)  
Rob Rogers – Director of Operations  
Marie-Pierre Tighe – Director of Strategic Services

**Also in Attendance:**

Bill Dickson – Member (from item 1/13)

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

Apologies were received from Jacquie Burgess. Further apologies were received from Faye Haywood (Internal Audit) and Vicky Chong (External Audit).

The Committee was informed that the Chief Executive, the Chairman of the Authority and the Monitoring Officer were delayed and were due to join the meeting at 3 pm.

**Recordings**

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

**1/2 Appointment of Chair**

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

Louise Baugh had been proposed by Haydn Thirtle and seconded by Nicky Talbot.

There being no other nominations, it was

RESOLVED

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

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

**1/3 Appointment of Vice Chair**

No nominations for the position of Vice Chairman for the forthcoming year were received.

Nicky Talbot commented that she would be willing to undertake the role subject to the outcome of the Navigation Committee Appointment process.

All Members were supportive.

**1/4 Declarations of Interests**

Nothing to declare as stated in Appendix 1.

**1/5 To note whether any items have been proposed as matters of urgent business**

The Chairman said he would like to raise two items of urgent business under agenda item 14 as Members were asked for their views on a legal matter which needed to be dealt with within a certain deadline.

The Chairman informed the Committee that he had invited Bill Dickson, Member, to the meeting, as his views were valued in regards to the matters of urgent business being discussed later on the agenda. The Members welcomed Bill Dickson's attendance.

Gail Harris commented she would need to leave the meeting by 4 pm.

**1/6 To receive and confirm the minutes of the Financial Scrutiny and Audit Committee meeting held on 24 July 2018**

The minutes of the meeting held on 24 July 2018 were confirmed as a correct record and signed by the Chairman subject to the following amendment:

- Minute 3/14 – Matter of Urgent Business , 4 - Difficult Year on Year Comparison of the accounts, Para 4, line 3, when “... *that as it indirectly was being accused...*” should read “... *that as it was indirectly being accused...*”

## **1/7 Public Question Time**

No questions were raised by members of the public.

## **1/8 Consolidated Income and Expenditure – 1 April to 31 October 2018 Actual and 2018/19 Forecast Outturn**

The Members received a report which provided them with details of the actual income and expenditure for the seven month period to 31 October 2018, and provided a forecast of the projected expenditure at the end of the financial year (31 March 2019).

The Chief Financial Officer highlighted that the income for the Private Craft had improved as November had been busier than expected. She said the budget would be updated to reflect this.

When queried, it was explained that the increase in the insurance premiums was due to a combination of factors. One was the increase of insurance premium tax (IPT) which was similar to VAT but not reclaimable. Also, a large insurance claim was still outstanding at the end of the insurance year for the weed harvester, which meant the Authority did not receive its annual rebate. In addition, purchases of new equipment were more expensive to insure and car insurance premiums had increased. The Chief Financial Officer confirmed that the Authority only insured items over £250.

A Member queried whether a reserve of 10% was too substantial and was concerned the Government would grant less money if given the impression that the Authority was sitting on significant reserves. A further concern was that high Reserves would reduce the chances of receiving additional grant funding.

The Chief Financial Officer explained that the recommendation for Navigation funds was a minimum of 10 % and for National Park funds £100,000 plus 10%. The reserves allowed the Authority to take on larger projects, like the Acle Bridge development, as this would require match funding. Also, the National Park side was running at a deficit which was growing over the next five years. Members were made aware that National Park Grant funding was guaranteed up until 2019/20, however from 2020/21 there were uncertainties given the economic climate.

A Member commented that having awareness of the levels of reserves and having regular discussion to justify the levels was important. As long the Authority had projects in the pipeline reserves above the minimum could be justified.

Another Member added that the high level of reserves were prudent and necessary for the next five years.

Members noted the report.

## **1/9 Preparation for the 2019/20 Budget**

Given that this meeting was taking place later than last year, Navigation Committee and The Broads Authority had seen draft figures as part of the "Setting of Tolls". Therefore the Preparation for the 2019/20 Budget had been removed from the Agenda.

This led to a discussion of the Audit and Risk Committee timetable, the Members tried to determine which dates would best fit with the Broads Authority new Committee timetable. They agreed to bring this to the next ARC meeting in March 2019, allowing them time to consider this fully.

## **1/10 Review of Strategic Risk Register**

Members received the Strategic Risk Register which had been reviewed and updated following consultation with risk owners in June 2018 and Management Forum in August and October 2018.

Guidance had been received that the number of strategic business risks should be limited to those that were considered business-critical. It was suggested that the Committee might consider reducing the number of risks in the Register or decide to only bring risks above a certain level to Committee.

The Committee agreed they would like all 22 risks to remain on the register to evidence that all risks were being monitored. They however supported the idea of bringing just risks above a certain level to Committee.

The risk register had been reviewed as part of the Corporate Governance internal audit in November. The final report had yet to be received. The Chief Financial Officer confirmed she would circulate the reports for the Corporate Governance and the Key Controls audit prior to the March meeting.

Members approved the Strategic Risk Register and noted they would consider how to move forward following the outcome of the internal audit at the March meeting.

## **1/11 External Audit**

The Members received a report which appended the Annual Audit Letter for 2017/18 and the Local Government Audit Committee Briefing by Ernst & Young.

The Chief Financial Officer confirmed that the Audit Letter contained the same information as the audit results the committee received in July 2018.

The Committee was made aware of the changes within the audit team and was informed that Sappho Powell, Audit Manager, had been replaced by Vicky Chong. Kevin Sutter, Audit Director at Ernst & Young, had been replaced by Mark Hodgson.

The Chief Financial Officer clarified that the graphics on page 80-81 of the agenda papers, showing journal postings during the weekend, related to

transactions taken on the till and confirmed that the financial team did not work at the weekends.

A Member suggested that access to the Audit Report should be made more prominent and signposted better on the website. The Committee didn't believe this was necessary as the Authority was fully disclosed, sufficient information was available and appropriate access to the website was in place.

Members noted the Annual Audit Letter for 2017/18 and the briefing, including the key questions for Audit Committees as set out on page 10 in Appendix 2.

## **1/12 Implementation of Internal Audit Recommendations: Summary of Progress**

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

The Committee was informed that the remaining two audits in 2019/20 for Disaster Recovery and Branding would be brought back to the Audit and Risk Committee once completed.

The Chief Financial Officer highlighted the overdue recommendation in regards to asset management and leases and said that the Monitoring Officer would take forward the procurement process for legal services at the beginning of next year.

At this point Hayden Thirtle declared an interest and stated he used to sit on the board of NPLaw.

The Chairman suggested induction and workshop training for Members to reinforce the role of internal audit and provide understanding of the whole audit process.

Members noted the report.

*John Packman, Bill Dickson and David Harris joined the meeting at this point.*

## **1/13 Members' Allowances**

Members received a report which provided an overview of members' allowances and when these were last reviewed. Members' views were sought on the next steps and possible recommendations to the Broads Authority.

The Committee was informed that a review of the allowances was highlighted at a one-to-one Member's appraisal.

The Committee was surprised that this had been raised as time was offered voluntarily as a contribution to the Authority and expenses were covered. The

Members recognised that a review was due, but that it was inappropriate now given the current National Park Review led by Julian Glover.

The Committee agreed that a review of allowances should be put on hold until after the likely direction on any changes to the Authority' membership, following publication of the Glover Review of National Parks, was known. The Financial Performance and Direction report to the Broads Authority in February would incorporate a section on members' allowances and the views of the committee.

**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**

**Exclusion of the Public**

The Committee was asked to consider 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 involved the likely disclosure of exempt information as defined by Paragraphs 1 and 2 of Part 1 of Schedule 12A to the Act as amended, and that the public interest in maintaining the exemption outweighed the public benefit in disclosing the information

The Chairman said he wished to raise two matters of urgent confidential business, one on potential legal fees and one in regards to a National Audit Office Report.

**Potential legal fees**

The Monitoring Officer informed the Committee that the Authority had received a letter in relation to a proposed Judicial Review Application. Following advice from a barrister, the Monitoring Officer proposed to respond within the obligatory 14 days of receipt.

The Committee agreed that a response to the letter was required and that the Audit and Risk Committee would be the appropriate group to take this forward if needed.

It was further agreed that the Broads Authority Members would be notified of the receipt of the letter and that a note from the Chairman of the Authority would go to Members later in the week.

**National Audit Office Report**

Members commended the Chief Financial Officer and her team for their time and efforts in providing a comprehensive and quick responds to the NAO, especially as the majority of the information was available in the public domain and that no substance was found to any of the criticisms made.

## 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 5 March 2019 at Yare House, 62-64 Thorpe Road, Norwich, commencing at 2:00pm.

The meeting concluded at 4.04 pm

CHAIRMAN

## APPENDIX 1

### Declaration of Interests

Committee: Audit and Risk Committee

Date of Meeting: 11 December 2018

<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	
Greg Munford		As previously stated	
Nicky Talbot		Toll Payer	
Haydn Thirtle		Nil	
Gail Harris			