

Financial Scrutiny and Audit Committee

AGENDA

14 November 2017

2:00pm

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1.	To receive apologies for absence	
2.	Appointment of Chair	
3.	Appointment of Vice Chair	
4.	To note whether any items have been proposed as matters of urgent business	
5.	To receive declarations of interest	
6.	To receive and confirm the minutes of the Financial Scrutiny and Audit Committee meetings held on 25 July 2017 (herewith)	3 - 9
7.	To note the Terms of Reference of the Financial Scrutiny and Audit Committee (herewith)	10 – 11
8.	Public Question Time To note whether any questions have been raised by members of the public	
AUDIT		
9.	External Audit Report by Chief Financial Officer (herewith)	12 - 47
10.	Implementation of Internal Audit Recommendations : Summary of Progress Report by Chief Financial Officer (herewith)	48 - 65
FINANCIAL SCRUTINY		
11.	Consolidated Income and Expenditure – 1 April to 30 September 2017 Actual and 2017/18 Forecast Outturn Report by Chief Financial Officer (herewith)	66 - 76

12. **Preparation for the 2018/19 Budget**
Presentation by Chief Executive and Chief Financial Officer

RISK MANAGEMENT

13. **Review of Strategic Risk Register** 77 - 109
Report by Solicitor & Monitoring Officer (herewith)

OTHER MATTERS

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**
15. **To answer any formal questions of which due notice has been given**
16. **To note the date of the next meeting – Tuesday 6 March 2018 at 2.00pm at Yare House, 62-64 Thorpe Road, Norwich**

Broads Authority

Financial Scrutiny and Audit Committee

Minutes of the meeting held on 25 July 2017

Present:

Mr Louis Baugh (Chairman)
Prof. Jacquie Burgess
Sir Peter Dixon

In Attendance:

Ms Esmeralda Guds – Administrative Officer
Mr David Harris – Solicitor and Monitoring Officer
Miss Emma Krelle – Chief Financial Officer
Ms Andrea Long – Director of Planning & Resources
Dr John Packman – Chief Executive
Mr Rob Rogers – Director of Operations

Also in Attendance:

Ms Emma Hodds - Head of Internal Audit
Mr Kevin Suter - Executive Director, Ernst & Young LLP
Mr Mark Russell – Assistant Manager Ernst & Young LLP

3/1 Apologies for Absence

Apologies were received from Nicky Talbot.

The Vice Chair expressed thanks to Guy McGregor who had been a Member of the Authority since 2005 and chaired the Financial Scrutiny and Audit Committee since 2010. Louis Baugh would Chair this final meeting before a new Committee is appointed at the Authority's AGM on 28 July 17, and the Chair and Vice Chair will be appointed at the FSAC on 14 November 2017.

3/2 Matters of Urgent Business

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

3/3 Declarations of Interests

Sir Peter Dixon expressed his declaration of interests as set out in Appendix 1 to these minutes, that he is a Board Member of the National Park Partnerships.

3/4 To receive and confirm the minutes of the Financial Scrutiny and Audit Committee meeting held on 7 February 2017 (herewith)

The minutes of the meeting held on 7 February 2017 were approved as a correct record and signed by the Chairman.

3/5 Public Question Time

No questions were raised by members of the public.

3/6 Annual Governance Statement 2016/17

Members received a report which explained the legal requirement, background and purpose of the Annual Governance Statement, and the requirement to carry out an annual review of the Authority's systems of internal control and governance arrangements. Members further were provided with a draft Annual Governance Statement 2016/17 for their consideration.

The Solicitor & Monitoring Officer said he wished to make an amendment to the recommendations of the report and that the second recommendation should read '*recommended for approval*' instead of '*approval*'.

Further it was confirmed that a report on General Data Protection Regulations would go to the Full Authority before March 2018.

The Committee recommended the Annual Governance Statement for 2016/17 and Action Plan for 2017/18 for approval and noted that the Authority's internal control systems and governance arrangements were considered to be adequate and effective.

3/7 Internal Audit Annual Report and Opinion 2016/17

Members received a report which provided the Authority with an Annual Report and Opinion for 2016/17, drawing upon the outcomes of Internal Audit work performed over the course of the year and a conclusion on the Effectiveness of Internal Audit.

The Committee was informed that a reasonable audit opinion (positive) had been received. The Head of Internal Audit explained that in reality it was unlikely for a council or authority to receive a substantial assurance as an opinion could only be based upon work carried out up to the time of the audit and therefore wouldn't be absolute. The Broads Authority however had consistently been at the top end of a reasonable assurance and therefore was in a very positive position.

The Chair mentioned that Members attended a Members development workshop on the Statements of Accounts which introduced Members to internal audit and its function and roll.

Members noted the conclusions of the Review of the Effectiveness of Internal Audit and that a reasonable audit opinion (positive) had been given in relation to the framework of governance, risk management and control for the year ended 31 March 2017.

3/8 Statement of Accounts 2016/17

Members received a report which summarised the Broads Authority's Statement of Accounts for the year ended 31 March 2017.

The Chief Financial Officer highlighted that the format of the Statement of Account was slightly different this year due to the introduction of the Expenditure Funding Analysis. Also the Income and Expenditure Statement had changed to reflect the organisations structure rather than CIPFA's SeRCOP used in previous years. She further highlighted that the balance sheet moved to a net liability position due to the movement in the pension valuation which was not uncommon in the public sector.

Member's attention was drawn to the Draft Statement of Accounts published on the website and it was explained that £2 million misclassified under 'Cash & Cash Equivalent' was now showing under 'Short Term Investments'. This was because investments needed to be readily convertible to be included under Cash and Cash Equivalents.

It was clarified that investments previously in place with Broadland District Council were deposited in an instant access account.

A member commented that the narrative report was out of date as the Authority had been successful in its EU bid CANAPE. However at the date the report was written the result of this was still unknown and the External Auditor agreed that the Authority should leave the narrative report as it was.

Members recommended the Statement of Accounts for 2016/17 to the Broads Authority for approval.

3/9 Annual Audit Results

Members received a report which was appended the Annual Audit Results for 2016/17 prepared by the External Auditors, Ernst & Young.

Members were informed that no evidence of material management override or any material weaknesses in controls were identified. It was concluded that the SoA was a good quality statement and no matters needed to be brought to the Committee's attention. The External Auditors were pleased to give an unqualified opinion on the Statement of Accounts.

Regarding the second responsibility, Value for Money, the External Auditors looked at the financial planning to see whether emerging pressures would be identified and were satisfied that appropriate arrangements were in place. The

External Auditors were proposing an unqualified conclusion on the Authority's Value for Money arrangements.

It was confirmed that the timescale for next year would be 31 May 2018 for the Draft Accounts and 31 July 2018 for approval.

The Committee thanked the auditors for examining the Authority's accounts early in their programme.

Members noted the Annual Audit Results 2016/17 and approved that the Letter of Representation in connection with the Audit of the Financial Statements for 2016/17 be signed by the Chief Financial Officer and the Chairman of the FSAC.

3/10 Investment Strategy and Performance Annual Report 2016/17

Members were provided with a report which set out details of the Authority's investment of surplus cash, including the investment principles adopted and performance during the twelve months to 31 March 2017.

The Chief Financial Officer reminded Members that part of the investment which had come back from Broadland District Council in November 2016 was put in fixed term deposits to maximise their return and the remaining in an instant access account.

She reported that the interest rate had remained low and that she had been approached by Barclays Bank offering a higher rate. The rate, however, was nowhere near the 1% fixed term deposit being achieved currently. The Chief Financial Officer would continue reviewing this.

It was explained that the Authority didn't use investment consultants as the cost exceeded the benefit.

Members noted the current arrangements regarding the investment of surplus cash.

3/11 External Quality Assessment of Internal Audit

Members received a report which presented the results of an external review by the Institute of Internal Auditors of whether the Eastern Internal Audit Services was in conformity with the proscribed standards.

The Head of Internal Audit reported that the internal audit service met most of the standards and that the one area which needed looking at was coordinating and maximising assurance and formally recognising the relationships with the other internal teams, i.e Health and Safety.

It was concluded that the Authority's internal audit service fully met most of the globally recognised standards, which was described as "Generally Conforms" and therefore the internal audit service could state in its reports

and literature that the work “had been performed in accordance with the Internal Professional Practices Framework”.

Members noted the report.

3/12 External Audit

Members received the Local Government Audit Committee Briefing by Ernst & Young and the annual audit fee letter from Ernst & Young for undertaking the 2017/18 audit. They were informed that the fee for 2017/18 would be maintained at £13,943 and that the fee had remained the same for the last three years.

Members were informed that the Authority’s auditors (as determined by the PSAA) for 2018/19 would be proposed in August 2017 and confirmed in December 2017

Members welcomed that the fee had remained the same and noted the audit fee letter. Members further noted the Local Government Audit Committee briefing, including the key questions for audit committees as set out on page eight.

3/13 Implementation of Internal Audit Recommendation: 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

The Chief Financial Officer highlighted that the recommendation relating to External Funding still remained outstanding but was due to be completed by the end of August 2017. She further highlighted that within Key Controls two items remained outstanding. One was relating to Payroll which would be in place by the end of September 2017. Another was relating to Tolls and wasn’t due until the end of August 2017 and therefore was still on target.

Members were updated that under Corporate Governance two recommendations had been completed and the third was not due until end of September 2017.

The Chief Financial Officer informed Members that as part of the 2017/18 programme the first audit had been undertaken on Asset Management and the Port Marine Safety Code Audit would be undertaken in September 2017. It was clarified that no opinion would be given on the latter one, just a checklist. The details of any recommendations would be fed back to Members at the next FSAC committee meeting in November 2017

Members note the report.

3/14 Updated Financial Regulations

Members received a report which appended the updated Financial Regulations following a recommendation from the Key Controls Audit.

In the updated version the Financial Regulations now reflect that advance payment would be required prior to the goods/services being ordered. Furthermore regulations were updated to reflect all circumstances when a purchase order was not required.

An additional amendment was made to update the wording to reflect change to the Section 17 Officer from it being outsourced to now being provided in house. As part of this change amendments had been made to the signing of cheques.

Members adopted the updated Financial Regulations.

3/15 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.

3/16 Formal Questions

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

3/17 Date of the next meeting

Members noted that the date of the next Committee meeting would be held on Tuesday 14 November 2017 at Yare House, 62-64 Thorpe Road, Norwich, commencing at 2:00pm.

The meeting concluded at 3.10 pm

CHAIRMAN

APPENDIX 1

Declaration of Interests

Committee: Financial Scrutiny and Audit Committee

Date of Meeting: 25 July 2017

Name Please Print	Agenda/ Minute No(s)	Nature of Interest (Please describe the nature of the interest)	Please tick here if the interest is a Pecuniary Interest ✓
Peter Dixon		Board Member of the NPP	
Louis Baugh		None	
Jacquie Burgess		None	

Broads Authority

Terms of Reference of Committees

Financial Scrutiny and Audit Committee

The Financial Scrutiny and Audit Committee, save for its powers in paras (21) and (32), is a consultative non-decision making committee appointed by the Broads Authority and which shall have the following functions.

Financial Scrutiny

- (19) To review and recommend the Annual Statement of Accounts to the Authority for approval, to ensure that appropriate accounting policies have been followed and to consider whether there are any specific concerns which need to be brought to the attention of the full Authority.
- (20) To review and recommend the Annual Governance Statement to the Authority for approval, and to consider whether there are any specific concerns which need to be brought to the attention of the full Authority.
- (21) To approve the Authority's Financial Regulations, Standing Orders relating to Contracts and counter fraud, corruption and bribery arrangements.

Financial Planning

- (22) To monitor and oversee the Authority's medium term financial planning, including the annual Business Plan, and to bring to the attention of the full Authority any specific issues or concerns.

Audit

- (23) To oversee the scope and depth of internal and external audit work and ensure it is appropriate and provides value for money.
- (24) To consider the external auditor's Annual Audit Letter, and any other reports to the Authority and those charged with its governance.
- (25) To receive and consider the Head of Internal Audit's Annual Written Report and Opinion.

- (26) To consider Internal Audit's Terms of Reference, Code of Ethics and Strategy, together with the 5 year Strategic Internal Audit Plan and Annual Internal Audit Plan.
- (27) To consider specific reports from external and internal auditors.
- (28) To consider any reports from internal audit on agreed recommendations not implemented within a reasonable timescale.
- (29) To receive regular updates on progress in implementing the recommendations of external and internal auditors.
- (30) To monitor the performance of the providers of the internal audit service, and advise on whether effective systems of internal control are in operation.

Risk Management

- (31) To monitor the effective development and operation of risk management, and review the Authority's Strategic Risk Register.

Other

- (32) To determine any payments or honoraria to staff which are not within the scope of the powers delegated to the Chief Executive up to a maximum of £50,000 per event.
- (33) To consider any matters referred to the Committee by the Broads Authority or the Chief Executive which are appropriate to its Terms of Reference.

Financial Scrutiny and Audit Committee

14 November 2017

Agenda Item No 9

External Audit

Report by Chief Financial Officer

Summary: This report appends:

- (i) the Annual Audit Letter for 2016/17.
- (ii) the Local Government Audit Committee Briefing by Ernst & Young

Recommendation:

- (i) That the Annual Audit Letter for 2016/17 be noted.
- (ii) That the briefing, including the key questions for Audit Committees as set out on page 8 in Appendix 2, be noted.

1 Introduction

- 1.1 The Annual Audit letter for 2016/17 summarises the key issues arising from the audit. These key findings are set out on page 10 of Appendix 1. The Audit results were considered at 25 July FSAC committee.

2 Financial Implications

- 2.1 The final audit fee remained the same as detailed in the audit plan and was charged to the accounts for the year.

3 External Audit Briefing

- 3.1 This briefing is presented “for information”.

- 3.2 The items of relevance to the Authority are:

- EY Item Club Forecast (page 2);
- WannaCry ransomware attack (page 3);
- Women and leadership (page 5);
- EY Local government audit committee members governance forum (page 6); and
- Outcome of Local Government Tender Process (page 6).

Background papers:

None

Author:

Emma Krelle

Date of report:

25 October 2017

Broads Plan Objectives:

None

Appendices:

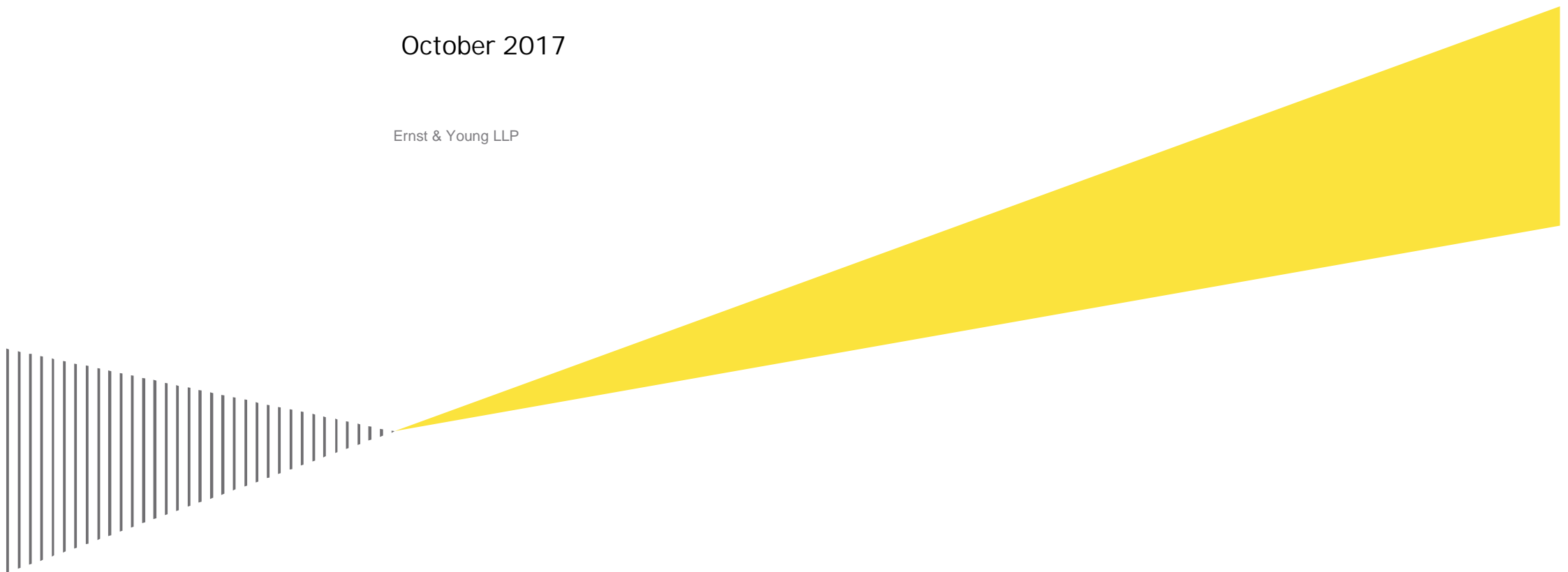
APPENDIX 1 – Ernst & Young Annual Audit Letter 2016/17
APPENDIX 2 – Local Government Audit Committee Briefing
(Quarter 3 2017)

The Broads Authority

Annual Audit Letter for the year ended 31 March 2017

October 2017

Ernst & Young LLP



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Public Sector Audit Appointments Ltd (PSAA) have issued a “Statement of responsibilities of auditors and audited bodies”. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk)

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The “Terms of Appointment (updated 23 February 2017)” issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – 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, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 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. We can provide further information on how you may contact our professional institute.

A hand with white nail polish is writing on a document with a blue pen. In the background, there is a calculator, a white cup, and a laptop. A yellow rectangular box is overlaid on the left side of the image.

Executive Summary

Executive Summary

We are required to issue an annual audit letter to the Broads Authority (the Authority) following completion of our audit procedures for the year ended 31 March 2017.

Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Authority's: ► Financial statements	Unqualified – the financial statements give a true and fair view of the financial position of the Authority as at 31 March 2017 and of its expenditure and income for the year then ended.
► Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the Annual Financial Statements.
Concluding on the Authority's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources.

Area of Work	Conclusion
Reports by exception: ► Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Authority.
► Public interest report	We had no matters to report in the public interest.
► Written recommendations to the Authority, which should be copied to the Secretary of State	We had no matters to report.
► Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Authority's Whole of Government Accounts return (WGA).	The Authority is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the consolidation pack.

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Authority communicating significant findings resulting from our audit.	Our Audit Results Report was issued on the 10 July 2017.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 28 July 2017

We would like to take this opportunity to thank the Authority's staff for their assistance during the course of our work.

Kevin Suter

Associate Partner
For and on behalf of Ernst & Young LLP

Purpose



Purpose

The Purpose of this Letter

The purpose of this annual audit letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Authority.

We have already reported the detailed findings from our audit work in our 2016/17 Audit Results Report to the 28 July 2017 Financial Scrutiny and Audit Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Authority.



Responsibilities

Responsibilities

Responsibilities of the Appointed Auditor

Our 2016/17 audit work has been undertaken in accordance with the Audit Plan that we issued on 24 January 2017 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion:
 - ▶ On the 2016/17 financial statements; and
 - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Authority has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
 - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Authority;
 - ▶ Any significant matters that are in the public interest;
 - ▶ Any written recommendations to the Authority, which should be copied to the Secretary of State; and
 - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The Authority is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the return.

Responsibilities of the Authority

The Authority is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement. In the AGS, the Authority reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Authority is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

The background of the slide is a blurred photograph of a desk. On the desk, there is a laptop displaying a financial chart, several glasses of water, and some papers with financial data and charts. The scene is brightly lit, suggesting a window in the background.

Financial Statement Audit

Financial Statement Audit

Key Issues

The Authority's Statement of Accounts is an important tool for the Authority to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited the Authority's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office and issued an unqualified audit report on 28 July 2017.

Our detailed findings were reported to the 25 July 2017 Financial Scrutiny and Audit Committee.

The key issues identified as part of our audit were as follows:

Significant Risk	Conclusion
Management override As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and to prepare fraudulent financial statements by overriding controls that otherwise seem to be operating effectively. We identify and respond to this fraud risk on every audit engagement.	We did not identified any material weaknesses in controls or evidence of material management override. We did not identified any instances of inappropriate judgements being applied. We did not identify any other transactions during our audit which appeared unusual or outside the Authority's normal course of business.

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	<p>We determined planning materiality to be £158 thousand, which is 2% of Gross Expenditure reported in the accounts of £7,882 thousand.</p> <p>We consider gross expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Authority.</p>
Reporting threshold	<p>We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of £8 thousand.</p>

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- Remuneration disclosures - reduced materiality level of £5,000 applied in line with bandings disclosed.
- Related party transactions, members' allowances and exit packages - reduced materiality level applied equal to the reporting threshold.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.



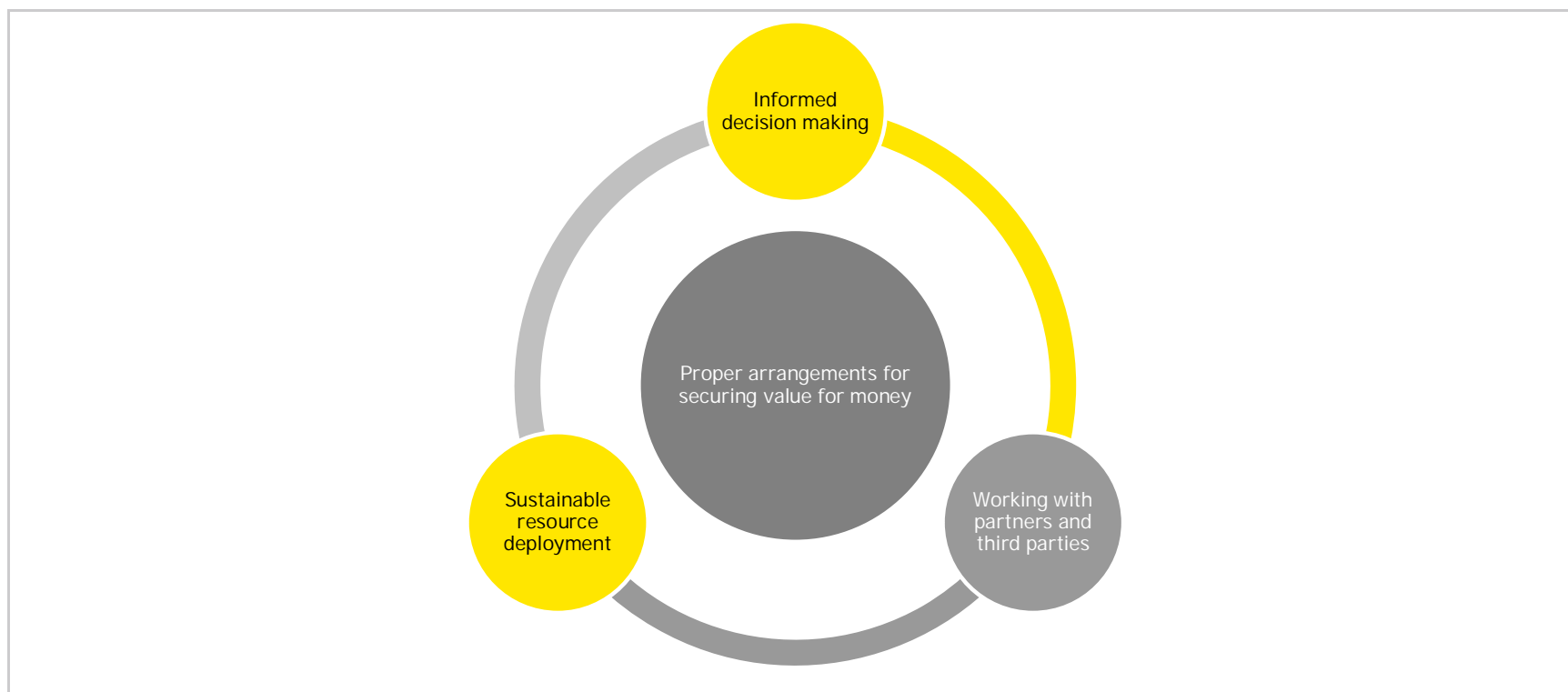
Value for Money

Value for Money

We are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.



We identified one significant risks in relation to these arrangements. The table below presents the findings of our work in response to this risk.

We have performed the procedures outlined in our audit plan. We did not identify any significant weaknesses in the Authority's arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We therefore issued an unqualified value for money conclusion on 28 July 2017.

Significant Risk	Conclusion
<p>Medium term financial planning</p> <p>To date the Authority has responded well to financial pressures, continuing economic downturn and uncertainties of funding.</p> <p>However, the Authority have forecast a cumulative budget gap of £100k by 2019/20, there remains significant financial pressure on the Authority's budget and Medium Term Financial Strategy (MTFS) during the current and the coming years.</p> <p>Management have taken the view that medium term financial planning will involve the use of reserves to support any budget shortfall.</p>	<p>Our review of the 2016/17 outturn, the medium term financial plan and the budget setting process did not identified any issues with the Authority's response to the changes in funding and we assessed the arrangements put in place to be adequate.</p>



Other Reporting Issues

Other Reporting Issues

Whole of Government Accounts

We performed the procedures required by the National Audit Office on the accuracy of the consolidation pack prepared by the Authority for Whole of Government Accounts purposes. We had no issues to report.

The Authority is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the consolidation pack.

Annual Governance Statement

We are required to consider the completeness of disclosures in the Authority's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern.

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Authority or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

Objections Received

We did not receive any objections to the 2016/17 financial statements from member of the public.

Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Independence

We communicated our assessment of independence in our Audit Results Report to the Financial Scrutiny and Audit Committee on 25 July 2017. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

We adopted a fully substantive approach and have therefore not tested the operation of controls.

Our audit did not identify any controls issues to bring to the attention of the Financial Scrutiny and Audit Committee.

A close-up, shallow depth-of-field photograph of a person's face as they look through a pair of black binoculars. The person's eyes are visible through the eyepieces, and their hands are holding the binoculars. The background is a soft, out-of-focus white. A bright yellow rectangular box is overlaid on the left side of the image, partially covering the binoculars and the person's face.

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Area	Issue	Impact
<i>Earlier deadline for production and audit of the financial statements from 2017/18</i>	The Accounts and Audit Regulations 2015 introduced a significant change in statutory deadlines from the 2017/18 financial year. From that year the timetable for the preparation and approval of accounts will be brought forward with draft accounts needing to be prepared by 31 May and the publication of the audited accounts by 31 July.	<p>The earlier deadline is already being achieved by the Authority, with a good set of quality accounts being prepared early. We would hope to bring the timetable forward where possible.</p> <p>We are looking for volunteering Authority's to commence the audit in May 2018 for which an initial high level discussion has indicated that this timeframe would be possible for the Broads.</p>
<i>Forthcoming changes to accounting standards:</i>	Revised accounting standards are expected to be applicable for local authority accounts from the 2018/19 (IFRS 9 and IFRS15) and 2019/20 financial year (IFRS 16).	Some initial thoughts on the approach to adopting IFRS 9 and IFRS 15 have been issued by CIPFA, but until the Code is issued and any statutory overrides are confirmed there remains some uncertainty.
<i>IFRS 9 Financial Instruments</i>	Transitional arrangements are included within the accounting standard, however as the 2018/19 and 2019/20 Accounting Code of Practice for Local Authorities have yet to be issued it is unclear what the impact on local authority accounting will be and whether any accounting statutory overrides will be introduced to mitigate any impact.	For IFRS 16, it is clear is that the Authority will need to undertake a detailed exercise to classify all of its leases and therefore must ensure that all lease arrangements are fully documented
<i>IFRS 15 Revenue from Contracts with Customers</i>		
<i>IFRS 16 Leases</i>		

Appendix A Audit Fees

Our fee for 2016/17 is in line with the scale fee set by the PSAA and reported in our 10 July 2017 Audit Results Report.

Description	Final Fee 2016/17 £	Planned Fee 2016/17 £	Scale Fee 2016/17 £	Final Fee 2015/16 £
Total Audit Fee – Code work	13,943	13,943	13,943	13,943

We confirm we have not undertaken any non-audit work outside of the PSAA's requirements.

EY | Assurance | Tax | Transactions | Advisory

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ED None

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[ey.com](https://www.ey.com)

A man with short brown hair, wearing a dark suit, light blue shirt, and a red tie with a white floral pattern, is shown in profile from the chest up. He is looking towards the left with a slight smile. In the background, the Tower Bridge in London is visible, slightly out of focus. A yellow banner is overlaid on the bottom left of the image.

Local Government audit committee briefing



Building a better
working world



Contents at a glance




Government and
economic news **2**

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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.

It covers issues which may have an impact on your organisation, the Local Government sector, and the audits that we undertake.

The briefings are produced by our public sector audit specialists within EY's national Government and Public Sector (GPS) team, using our public sector knowledge, and EY's wider expertise across UK and international business.

The briefings bring together not only technical issues relevant to the Local Government sector but wider matters of potential interest to you and your organisation.

Links to where you can find out more on any of the articles featured can be found 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

EY Item Club Forecast

The latest EY Item Club forecast projects that UK GDP will grow by 1.8% this year, in line with last year's outcome. Rather than meaning that nothing has changed in the economy, it masks an underlying shift in the balance of demand following the fall in the pound after last June's Brexit vote – and means the economy is already adjusting to life outside the EU.

It expects growth to slow down during the course of this year, leaving 2018 and 2019 looking weaker at growth rates of 1.2% and 1.5% respectively.

As consumption grows, the shift in demand that's underway essentially involves a rebalancing from consumption to overseas trade. Last year, consumption effectively accounted for all the growth in demand, with overseas trade subtracting 0.4% from UK GDP growth. But with the savings ratio at a record low, this year sees a major slowdown in consumption as inflation bites into spending power. Meanwhile, net trade is projected to add to GDP in every year covered by this forecast.

This adjustment is being helped by a timely revival in our overseas markets. World trade and industrial output are growing faster than at any time since 2010, when they bounced back from the recession. For once, the recent economic data has surprised on the upside – not just in the UK but also in the US and Eurozone.

This revival partly reflects the knock-on effects of the collapse in commodity prices in 2015. And their recent recovery has pushed inflation back close to target levels almost everywhere, easing worries about deflation, especially in the Eurozone.

Despite the bright spots, political risks remain. In the US, the 'Trump bump' in the financial markets has been followed by another increase in consumer and business confidence. As a result, consumer confidence there is now stronger than at any time since the dot-com boom in 2000. However, as president, Donald Trump is facing political challenges in delivering some of his campaign promises – a situation that makes the likelihood, timing and magnitude of US policy initiatives very uncertain. What's more, any initiatives he does succeed in delivering could either help or hinder the UK's adjustment to life outside the EU.

Against this mixed background, UK exporters are currently enjoying the benefits of Single Market membership as well as the devaluation in sterling and the revival in the world economy. We are assuming they will be trading under World Trade Organisation (WTO) rules in two years' time, although it's possible that the Government will be able to negotiate more favourable transition arrangements, perhaps followed by free trade agreements. These arrangements would make the adjustment smoother than the WTO option and provide some upside potential.

In respect of Brexit, firms may not have the confidence to invest until they see the shape of the new trading and immigration arrangements. The forecast sees investment falling this year and again in 2018, holding back demand and longer-term economic performance. As the countdown to Brexit begins, it's clear that UK businesses will be living with uncertainty for some time to come.





Accounting, auditing and governance

WannaCry ransomware attack

On Friday 12 May 2017, a global ransomware attack occurred across a whole range of sectors, including healthcare, government, telecommunications and gas, spreading to over 300,000 systems in over 150 countries. This affected many NHS Providers throughout the UK including the ability of some to provide a full suite of healthcare.

Over the last five years the number of attacks has grown tremendously as cyber criminals demand relatively small amounts of money in return for the data they hold hostage. However the return of data does not always happen.

WannaCry was used in conjunction with self-propagating malware allowing it to spread aggressively to other computers over an organization's network without requiring further interaction from users. This is the first time ransomware has been used in this way.

Why is this attack significant?

The global scale of indiscriminate targeting emphasizes the need for all companies, private and public, to pay attention to security basics:

- ▶ Keep systems up-to-date with software patches
- ▶ Make regular backups of data
- ▶ Educate users not to click suspicious links

The overall cost of the disruption is significant, but variable by sector and organization. Actual costs to organizations is not yet known, and will differ for every victim, but could have long lasting effects in the NHS if it lead to delayed or cancelled treatments.

Steps to take now

The WannaCry incident highlights the need for organizations to get the cybersecurity basics right:

1. Identify and manage the organization's cyber risks, with a specific focus on the priority cyber threats and breach scenarios that could disrupt operations or have other negative impacts on the organization.
2. Educate the organization's employees in good cybersecurity practices and the use of third-party assessment/assurance programs.
3. Maintain awareness of the cyber threat environment. Cyber criminals and other attackers are constantly evolving their methods to create ever-more effective ways of exploiting vulnerabilities for monetary gain or disruption purposes. Often this involves interfering with data integrity rather than compromising its confidentiality.
4. Maintaining and regularly reviewing elements of a cybersecurity program will provide a strong foundation for building cyber resilience into your organization: patch often, define your cyber incident response process, back up regularly and practice response scenarios.



Preventive measures to reduce the risk of ransomware

EY member firms range of cybersecurity services – including proactive penetration testing, cyber transformation and Managed Security Operations Centers – can be leveraged to prevent a ransomware outbreak within an organization:

- ▶ Ensure vulnerability and patch management policies and procedures are up to date and are implemented through appropriate change control procedures. Where out-of-date and legacy operating systems are used, seek guidance from vendors on further steps.
- ▶ Maintain an effective enterprise incident response and business continuity plan that is tested and measured for effectiveness against ransomware and other potential attack methods, as well as updated to reflect the current cyber threat environment.
- ▶ Ensure the organization has a security awareness training program in place with proactive testing, including screenshots of what to look out for. Clear guidance should be provided on the immediate steps alongside incident reporting guidelines. This should be communicated to all users and third parties who connect to the organization's network.
- ▶ Ensure regular, tested backups are in place to mitigate effects of possible infection and speed the recovery process in lieu of succumbing to ransom payment demands.
- ▶ Seek assurance from third parties who connect to your network that they are following similar actions to yourself and that they are appropriately protecting themselves.
- ▶ Implement endpoint monitoring, giving security operations teams the visibility into malicious behaviour occurring in the environment.
- ▶ Identify critical systems and data and confirm these are connected to Internet only when necessary.
- ▶ Make sure to test the security program with frequent penetration tests across the estate.
- ▶ Review how proactive security monitoring of the entire environment via a Security Operations Center (SOC) could enable faster detection and response to incidents.

Response considerations in the event of an attack

If an organization believes it is compromised, or is in the process of being compromised, then the following activities can help to provide a rapid response, damage containment and communications to end users:

- ▶ Disconnect infected machines from the network and take all backups offline. These could become encrypted as well if left connected to the network.
- ▶ EY FIDS's Forensic Technology & Discovery Services team can be quickly mobilized to help companies:
 - ▶ Forensically analyse network and host systems to detect early indications of penetration by ransomware to allow more rapid response and remediation.
 - ▶ Forensically detect, identify and contain ransomware malware based on previous experience with ransomware negotiations and ransomware eradication. Forensically circumvent ransomware and/or recover data from damaged systems and/or backups, and verify that recovered data are clean from ransomware contamination.
 - ▶ Forensically image and preserve highly sensitive impacted machines to help ensure the systems and data are not destroyed by ransomware.
 - ▶ Collect and preserve IT and business evidence in a forensically sound manner, and then deliver internal or stakeholder investigations and support disputes with customers, service providers, and requirements for regulatory reporting.
- ▶ Activate your incident response plan and don't treat the investigation as merely an IT issue; there should be cross-functional representation in the investigation team such as: legal, compliance, information security, business, PR, HR, etc.
- ▶ Identify and address vulnerabilities in the environment, sufficiently harden the environment to complicate the attacker's effort to get back in, enhance the ability to detect and respond to future attacks, and prepare for eradication events.
- ▶ Activate your business continuity plan. Prepare data based on varying requirements for regulatory inquiries or civil suits.



Women and leadership

The King's Fund recently drew attention to a couple of reports on women in leadership roles:

- ▶ NHS Women on Boards: 50:50 by 2020 (see <http://www.nhsemployers.org/case-studies-and-resources/2017/03/nhs-women-on-boards-5050-by-2020>)
- ▶ Women in finance

These reports draw attention to the problems some women face in obtaining senior leadership positions within the NHS and other organisations. While there are typically more women that start in finance roles than men there are few women that move up the management ladder. The main reason for this is thought to be organisational culture.

A study in 2016 across a range of sectors found that unsupportive workplace cultures present the most significant barrier for women to progress their career. This was the case for female respondents in most age categories. Gender inequality and discrimination were reported with women feeling that they have to over-perform simply because of their gender. Recommendations following this study included building closer relationships between men and women in the workplace, and the provision of

opportunities to discuss gender issues experienced within the organisational culture.

Organisational culture, such as the drive for a more inclusive approach to leadership development, is currently receiving considerable attention in the NHS. Given the NHS is made up of a predominantly female workforce, the impact of such a culture is largely upon women. Despite 77 percent of the NHS workforce being female there is generally a much lower percentage of women in senior leadership positions. For the NHS Improvement/ NHS Employers target of 50:50 representation on boards to be achieved 500 more women would need to be appointed to board-level positions by 2020.

The NHS report also advocates gender-specific learning in NHS training programmes, covering topics such as unconscious bias, management of flexible working practices and specific female coaching, mentoring and sponsorship.

Within the EY Assurance service line we have many experts in Culture and have provided various services across the NHS and Local Government. If you would like to discuss any of these past projects, or a new one for your body, please contact your local engagement lead who can provide more information.

2018/19 Code of Practice on Local Authority Accounting Consultation

CIPFA/LASAAC are consulting on the 2018-19 Code of Practice on Local Authority Accounting in the United Kingdom.

The consultation closes on 6 October 2017 with responses direct to CIPFA. The following changes are being consulted on:

- ▶ IFRS 9 Financial Instruments
- ▶ IFRS 15 Revenue from Contracts with Customers

- ▶ Narrow scope amendments to International Financial Reporting Standards
- ▶ Legislative and policy changes.

Further information is available from Paul Mayers, Audit Manager, on 07972 221 078 or paul.mayers@nao.gsi.gov.uk.



Other news

Use of Housing Companies

Housing lawyer Ian Doolittle has stated that there are over 40 councils which have or are currently working towards setting up housing companies, with this figure expecting to increase over the coming years.

The reasoning behind setting the companies up can vary from building homes to sell and rent at market rates, to building social housing separate to the HRA. The message from central government regarding this is that any means to help the current housing crisis is welcomed.

Deputy Chief of the Chartered Institute of Housing (CIH) Gavin Smart spoke about the benefits housing companies can have in serving different market segments, however was wary regarding whether the new homes are genuinely affordable.

He stated that councils must prioritise building new home at social rent levels.

An interesting aspect around the housing companies being set up is that responsible borrowing of money from the General Fund does not count towards the HRA Debt cap. This is being seen as an attractive option for many councils who have reached the debt cap which was introduced in 2012.

With private developments not meeting demand and private housing carrying a high cost it seems Housing Companies could be seen as an important mechanism in achieving the Government's aim to build one million new homes over the next five years.

For advice on the implications of setting up a Housing Company please speak to your audit engagement team.

EY Local government audit committee members governance forum

Between April and July we held five events across the country for local government audit committee chairs and members to meet, network, gain some EY insights and learn from each other on topical governance challenges facing the sector. We've met almost 80 members some with a few weeks experience and others with many decades, some who may well have been just out of school, others far wiser but all passionate about their local communities their roles as elected officials.

In this section of the briefing we share with you the benefits members obtained from attending our events and our plans for the future.

We focused each forum on the current hot topic in the sector – commercialisation and what it means for audit committees. Notwithstanding the challenge posed by the simple question of 'what does commercialisation mean', the variety of ongoing

and emerging activities was striking ranging from advertising on roundabouts to building new crematorium and establishing housing development companies. Some key threads for members was public perception of authorities acting commercially, the need for authorities to ensure that they have the right capabilities, capacity, are focused on the long term and that the organisational culture matches the direction of travel.

Audit committee members had some concerns that they only tend to see commercial activities after they had been signed and sealed rather than providing challenge on governance and accountability before deals are completed.

Members valued the opportunity to meet peers, network and connect and hear how others are tackling similar issues using different approaches. Members also valued the insights that EY brings from our engagement with a wide range of authorities and other organisations around the country.

Next steps

Following the overwhelmingly positive feedback from attendees we plan to run these forum every six months. We will seek input from members to set the agenda but

ensure sufficient time for networking and sharing and suspect the commercialisation agenda will remain the hot topic. Please liaise with your engagement partner and audit manager for details of dates and venues.

Outcome of Local Government Tender Process

The Public Sector Audit Appointments Limited (PSAA) announced the results of the Local Government tender on 20 June 2017, and we are delighted to say that we have been successful in retaining our 30% share of the Local Government external audit market. Details of the announcement can be found on the PSAA website.

Since 2012, we have invested and committed to the growth of our public sector assurance team, and we believe this outcome reflects the feedback our clients and the PSAA have given us on the quality, efficiency and effectiveness of our service. This is also evidenced by our AQRT scores, which is discussed below. We are committed to the public sector and going forward we are extremely pleased that we are the leading Big 4 firm delivering audit services to the local government sector.



Between now and the end of December 2017, PSAA will be consulting with audited bodies on the proposed appointed auditor to determine the allocation of audit clients. We will be actively participating in the process, with our primary focus on ensuring the allocations safeguard independence, objectivity, and ensuring we are able to continue to deliver high quality, efficient and effective audits.

In the meantime, we are continuing to work to support our clients in preparing for the faster closure of accounts from the 2017/18 financial year. We recognise the journey our local government clients are making to transform and ensure sustainable public services. We are committed to work with our clients to share our insights from the vast range of services we provide in the public sector.

Financial Reporting Council's (FRC) Audit Quality Inspection Results

Executing high quality audits continues to be our highest priority. Ensuring that we deliver high quality audits is fundamental to our business and our public service obligation. We are therefore committed to a significant and sustained investment in audit quality.

EY's investment continues to be reflected in the FRC's inspection results

The firm is subject to external inspection by the FRC's Audit Quality Review Team (AQRT), the ICAEW's Quality Assurance Department (QAD) and the Public Company Accounting and

Oversight Board (PCAOB) from the US. The AQRT's scope is the audits of FTSE 350 and other public interest companies in the UK and it issues public reports outlining its work and conclusions.

We are delighted that 88% of our audits inspected by the AQRT this year were assessed as requiring no more than limited improvements and that once again no audits subject to review were identified as requiring significant improvements. The results of the FRC AQRT report published in June 2017, as presented in the chart below, reflect our sustained investment in audit quality.

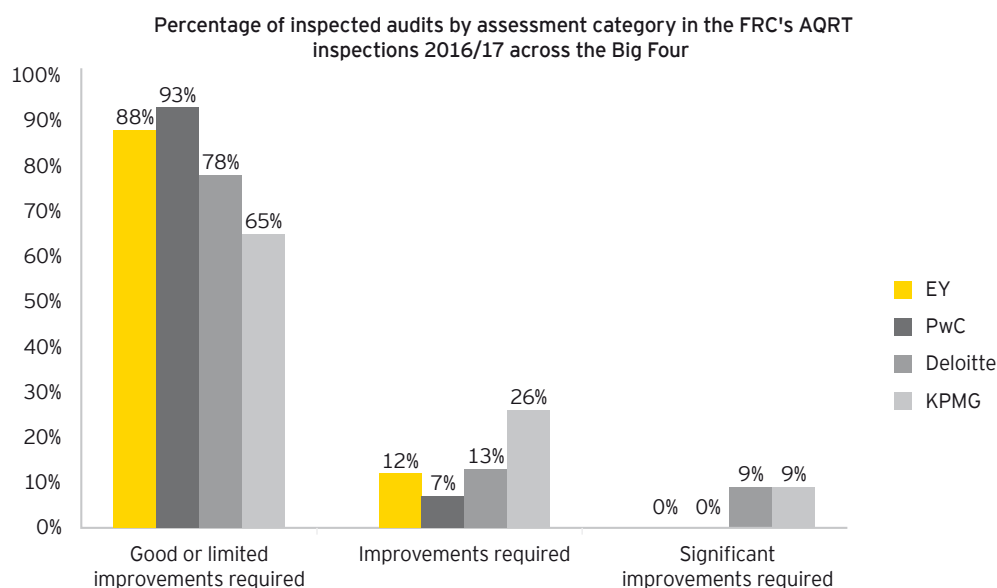


Figure 1. Bar chart showing the FRC Audit Quality Review Team inspection results for EY, PwC, Deloitte and KPMG



Key questions for the Audit Committee

Does your organisation and its partners have in place IT security arrangements which minimise the risk and impact of cyber attacks?

Is your culture allowing women to progress to senior positions?

Are you aware of the commercial activities of your authority? What assurance have you sought on the adequacy of risk identification, effectiveness of risk management and the arrangements for optimising benefits realisation?

Are you assured that all financial considerations have been addressed? Including appropriate due diligence, staying within

state aid rules, understanding the impact on the minimum revenue provision and clarity on the longer term revenue implications of capital investments.

Do you know about the significant commercial activities in the pipeline? What assurance do you have that business cases are robust and realistic?

Has your authority recently discussed and agreed its risk appetite?

Find out more

EY Item Club Forecast

<http://www.ey.com/uk/en/issues/business-environment/financial-markets-and-economy/item---forecast-headlines-and-projections>

WannaCry ransomware attack

<http://www.ey.com/gl/en/services/advisory/ey-wannacry-ransomware-attack>

Women and leadership

<http://www.nhsemployers.org/case-studies-and-resources/2017/03/nhs-women-on-boards-5050-by-2020>

Use of Housing Companies

<http://www.publicfinance.co.uk/feature/2016/10/company-houses-how-councils-are-constructing-new-model-housing>



Notes

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

Summary: This report updates members on progress in implementing Internal Audit recommendations arising out of audits carried out during 2016/17 and 2017/18.

Recommendation: That the report be noted.

1 Introduction

- 1.1 It has been agreed that this Committee will receive a regular update of progress made in implementing Internal Audit report recommendations, focusing on outstanding recommendations and including timescales for completion of any outstanding work.
- 1.2 This report summarizes the current position regarding recommendations arising out of internal audit reports which have been produced for 2016/17 and 2017/18. 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 July the final recommendation relating to External Funding remains outstanding and has a revised deadline of the end of March. In addition the recommendation relating to Toll Income within the Key Controls audit is still outstanding and has a revised deadline of the end of March. Updated commentary on both these recommendations is provided in Appendix 1.

3 Internal Audit Program 2017/18

- 3.1 The first and second audit from the 2017/18 programme have now been completed, with further details below. The third audit of Key Control is due to start in December with its results reported to the next committee in March 2018.

3.2 Asset Management

3.2.1 The objective of the audit was to provide insight into the management of the Broads Authority assets, with particular regard to: the policies and procedures that are in place, acquisitions and disposals, leases, maintenance and insurance, valuations and reconciliations to the fixed asset register. This resulted in a “reasonable” audit opinion with one “important” and two “needs attention” recommendations.

3.2.2 The audit identified three areas for improvement. Details of these recommendations and their progress can be found in Appendix 1.

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

- The Authority has an asset management strategy which sets out a clear strategy for managing its property portfolio.
- A fixed asset register is maintained by the Finance Department and regularly updated.
- Asset acquisitions and disposals are made in line with the asset management strategy and financial regulations.
- Rent is invoiced on a regular basis and action is taken to collect rent arrears.
- A planned maintenance programme has been created for all of the Authority's property assets.
- Regular inspections and maintenance of moorings is carried out to ensure that they are kept in a good state of repair.
- Assets are adequately covered by an extant insurance policy.
- Assets are revalued on a five year rolling programme.
- The fixed asset register is reconciled to other asset records and to the general ledger on an annual basis.

3.2.4 Whilst progress has been made on the “important” the other two remain outstanding but on target for completion.

3.3 Port Marine Safety Code

3.3.1 The objective of the audit was to undertake an independent audit of the Authority's Safety Management System, in line with the requirement of the Port Marine Safety Code (PMSA).

3.3.2 The audit identified nine areas for improvement. Details of these recommendations can be found in Appendix 1.

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

- The Designated Person (DP) (Head of Safety Management) has direct access to the Duty Holder, which is the full Broads Authority. There is a standing item

on every Broads Authority meeting agenda and DP has direct access to the lead member for safety, who also chairs the Navigation Committee and the Boat Safety Management Group (BSMG).

- The Harbour Masters National Occupational Standards have been reviewed and a responsibility matrix has been produced, which details those posts within the Authority where certain harbour master functions reside, such as the Director of Operations and the Head of Safety Management.
- There is a standing safety committee meeting, namely the BSMG, for which terms of reference include providing advice on the on-going maintenance and delivery of the Safety Management System (SMS) in a timely fashion.
- An annual training plan is in place for the Operation Directorate, which includes the key officers involved with the SMS.
- The approach to consultation is contained within section 4 of the SMS, which describes how consultation is undertaken with the Navigation Committee, BSMG, Broads Forum and Broads Local Access Forum. In addition, consultation is undertaken with a number of stakeholders that include other harbour authorities, statutory/legislative bodies, special interest groups and local groups.
- The Norfolk and Suffolk Broads Act 1988 gives the Broads Authority the power to make byelaws “for the good management of the navigation area”. The SMS and Broads Authority website is up to date with the latest set of byelaws.
- A Hydrographic Policy audit has been undertaken which is due to be reported to the BSMG and there is a programme of hydrographic surveys in place which feeds into the dredging programme. The results of the surveys are also placed on the Broads Authority website so that this information can be viewed by users of the broads.
- The 2015/16 hazard review log is appended to the SMS and is reviewed every three years by way of a full stakeholder review. This is also reviewed on an ongoing basis by an annual and six monthly review and report to the BSMG of incidents that have occurred. Anything significant is also reported to the BSMG, in a timely manner, such as Hazard No. 26 Obstructions to navigation, which was reviewed at the 27 February 2017 BSMG.
- The Head of Safety Management monitors the Marine Accident Investigation Branch (MAIB) website and is sent reports from a variety of sources including the UK harbour masters and Boat Safety Scheme.

3.3.4 2017 is the first time this audit has been undertaken as part of the internal audit programme. The previous recommendations that were still outstanding from September 2014 audit have now been superseded by the current recommendations. As with all internal audit recommendations their progress will be reported to each committee. All of the recommendations remain outstanding but on target for completion.

Background papers:	None
Author:	Emma Krelle
Date of report:	25 October 2017
Broads Plan Objectives:	None
Appendices:	APPENDIX 1 – Summary of Actions / Responses to Internal Audit Recommendations 2016/17 and 2017/18

Summary of Actions / Responses to Internal Audit Recommendations 2016/17

External Funding: October 2016

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>1. Procedural guidance To develop procedural guidance for the Broads Landscape Partnership. This procedure should cover the administrative processes, including project management, governance, systems used such as base camp, and the staff involved.</p> <p>The procedures should be version controlled.</p> <p>The compilation of such procedural guidance would enable a consistent approach to be applied with the day to day management of the service. Procedures can also be used as a training tool and to highlight process improvements and efficiencies. This will help to mitigate the risks of inconsistent practices occurring, inefficient and ineffective processes being applied and disrupted business continuity.</p>	Important	Broads Landscape Partnership Programme Manager	<p>Agreed. Procedural guidelines will be produced in draft by the end of January to be presented to the next Board meeting (March) for approval.</p> <p>Update: Following the Board meeting it was agreed to develop procedural guidelines following the submission of the second round application. These guidelines will include management of payments, reporting structure and evaluation requirements. There will also be a contract specific to each project which will include responsibilities related to CDM, insurance, safe-guarding, etc. The board decided that we need to speak to all board members and gather a number of</p>	<p>Originally agreed by 31/01/17</p> <p>Updated to 31/03/18</p>

Summary of Actions / Responses to Internal Audit Recommendations 2016/17

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
			<p>organisations policies and procedures to allow us to create a bespoke set for the delivery phase of the Scheme.</p> <p>Following the successful submission of the second round application the board has yet to reconvene. A whole new board needs to be appointed who will agree the reporting structures and evaluation requirements. To be completed prior to 31 March 2018 before the first claim is submitted for the delivery phase.</p>	

Key Controls & Assurance: February 2017

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>4. Payroll To document procedures for the payroll review/checking and submission process undertaken by the HR team, including the role the</p>	Important	Head of HR	<p>Agreed.</p> <p>Completed.</p>	By 30/04/17

Summary of Actions / Responses to Internal Audit Recommendations 2016/17

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>Finance Team perform. This should include the documentation of all identified errors within the HR payroll checking spreadsheet.</p> <p>Documented procedures help to mitigate the risks of inconsistent practices occurring, inefficient and ineffective processes being applied and disrupted business continuity. Documentation of all errors provides a clear audit trail to support the correction of errors mitigating the risk that the payroll has been calculated incorrectly.</p>				
<p>7. Toll Income To update the Toll procedure manual to reflect all changes to the system, including the changes in toll charges from 1st April 2017 and to include the toll payment enforcement process. Rationale & Risk: Up to date procedures helps to mitigate the risks of inconsistent practices occurring, inefficient and ineffective processes being applied and disrupted business continuity.</p>	Needs Attention	Head of IT and Collector of Tolls	<p>Agreed.</p> <p>Update: Work on the procedure manual has been delayed following the prioritisation of the tolls checking application for the Ranger mobile phones. The new procedures will need to reflect the introduction of the application and its use as part of the enforcement process. The new staffing</p>	<p>Originally agreed by 31/08/17</p> <p>Updated to 31/03/18</p>

Summary of Actions / Responses to Internal Audit Recommendations 2016/17

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
			structure within Tolls will mean that this work will be completed prior to the new season commencing (31 March 2018).	

Corporate Governance: March 2017

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>1. Systems and processes in place for the preparation of reports requiring executive and non-executive decisions</p> <p>To maintain a clear record of the decisions made by the Broads Authority, which is made available to the public on the website. This should include:</p> <ul style="list-style-type: none"> - Compiling a register of material decisions made since 2014. - Producing a set of guidance on what should be published (to include a definition of contract and expenditure materiality and those decisions which affects the rights of an individual) and; - Production of a template document to record decisions. 	Important	Solicitor and Monitoring Officer	<p>Agreed</p> <p>Completed – link below</p> <p>http://www.broads-authority.gov.uk/broads-authority/how-we-work/transparency/record-of-decisions-and-access-to-documents</p>	By 30/09/17

Summary of Actions / Responses to Internal Audit Recommendations 2016/17

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>The above documents are to be drafted in accordance with the Openness of Local Government Bodies Regulations 2014, which came into effect from August 2014.</p> <p>To comply with the Openness of Local Government Bodies Regulations 2014 and mitigate the risks that the Broads Authority commits an offence under this regulation and that there is incomplete transparency to the public.</p>				
<p>2. Executive and non-executive decision making in accordance with the constitution/governance arrangements</p> <p>To review standing orders, including specific reference to matters being decided by a majority vote and stipulating who has a casting vote. Alongside this, to review and update the Broads Authority Terms of Reference of Committees, specifically the Financial, Scrutiny and Audit Committee to reflect that this is a consultative committee.</p> <p>Currently, there appears to be a gap in relation to the majority and casting</p>	Needs Attention	Solicitor and Monitoring Officer	Agreed and completed. Amendments to the Standing Orders and the review of the Terms of Reference for Committees were adopted by BA on 28/07/17.	By 31/07/17

Summary of Actions / Responses to Internal Audit Recommendations 2016/17

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>voting process and inclusion of this in the standing orders would mitigate the risk that the voting process is unclear and matters decided upon are undertaken improperly.</p> <p>Financial Scrutiny and Audit Committee decisions, in some instances, do not currently reflect the committee terms of reference and therefore amendment of these would mitigate the risk that the practices applied are inconsistent with agreed governance leading to ambiguity over which practices should actually be applied.</p>				

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>1. Maintenance and insurance A master record of building condition monitoring surveys is created, to provide assurance that all surveys are completed when required.</p> <p>An overall record of building surveys will provide management with assurance that condition of assets is being monitored and that necessary maintenance tasks are completed. If this kind of overview is not available, it is more difficult to determine whether surveys are being completed. Hence there is a risk that the condition of properties deteriorates, potentially leading to financial and reputational loss to the Authority.</p>	Important	Asset Officer	<p>Conditioning monitoring is dependent on the IT work plan and priorities. A meeting to scope project and timescale to be undertaken by end of September 2017.</p> <p>Update: A scoping meeting was held on 31 August resulting in an agreed proposal with first stage DMS solution by the end of January.</p>	By 30/09/17
<p>2. Policies and procedures Procedures or guidance for the asset management process is produced. This should include, but not be limited to, key tasks such as acquisitions and disposals. These should incorporate the existing flowchart which document the steps involved in acquiring a new</p>	Needs Attention	Asset Officer	Agreed	By 31/01/18

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

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>property asset.</p> <p>Guidance on timescales and responsibilities for tasks will ensure that all staff involved in the process are aware of their role. Written notes will also provide information in the event that key members of staff are unavailable.</p> <p>Without written guidance, there is a risk that tasks will not be completed in a timely manner or that staff will be unaware of their responsibilities</p>				
<p>3. Leases</p> <p>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</p>	By 01/04/18

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

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
			difficult to influence due to the size and type of their organisations.	

Port Marine Safety Code: September 2017

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>1. Governance To arrange for a peer review to be undertaken of the Broads Authority's Safety Management System (SMS) by the Canal and River Trust, or another suitable organisation, as a reciprocal arrangement in between external audit visits in addition to the 3 yearly external audit.</p> <p>The PMSC Guide to Good Practice advocates that the DP is independent of the SMS process and external / peer reviews would assist in mitigating the risks associated with this. This will also assist in assessing the performance of the SMS through benchmarking against other similar organisations.</p>	Important	Head of Safety Management	Agreed. The Authority has considered the issue of independence of the external auditors and the appointed designated person. The Authority is assured that the recent change in external audit providers adequately provides the assurance that the process is independent and complies with the requirements of the Port Marine Safety Code. However the recommendation of using a peer review or a MCA health check will give further assurance of independence. The Authority will	By 31/01/19

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

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
			commence talks with possible providers, by September 2018, regarding this proposal with the aim of scheduling an interim peer review or Health check in 2019.	
<p>2. Governance To include a PMSC dedicated page on the Authority's website. This should include:</p> <ul style="list-style-type: none"> - A performance dashboard showing the status of each indicator, detailing the target, current performance against the target and the historic trend. - The Authority's SMS, highlighting the Authority's responsibilities as Duty Holder for the Broads. <p>A dedicated page on the website would increase the awareness and prominence of the PMSC and a consistent approach to reporting performance, mitigating the risk that the PMSC is not complied with and performance of the PMSC is not transparent.</p>	Important	Head of Safety Management, Head of Communications.	Agreed. A dedicated webpage will be developed to pull together the elements that are already published but scattered around the website. This "new" page will allow for the compliance statements to be located where a clear focus exists on the PMSC and the SMS	By 31/03/18
3. Governance	Important	Head of	Agreed. The Annual report	By 30/09/18

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

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>The Authority's annual report should refer to the PMSC, including compliance with this and the standard of performance, cross referenced to the performance dashboard.</p> <p>Inclusion in the authority's annual report would increase the awareness and prominence of the PMSC, mitigating the risk that the PMSC is not complied with and performance of the PMSC is not transparent.</p>		Safety Management, Head of Communications.	is prepared during the spring of each year and published in the Summer. A statement to reflect the recommendation will be included in the next annual report and will feature as a standing item in future reports.	
<p>4. Governance To update the Authority's SMS as follows:</p> <ul style="list-style-type: none"> - The Introduction chapter to include reference to the commitment of the Broads Authority to comply with the standards laid down within the PMSC; - Reference is made to the harbour revision order being progressed for the transfer of Mutford Lock to the Authority; - Inclusion of an overall section on contractors and their obligations in respect of the PMSC; - Inclusion of the general direction and special direction policies as supported by the Navigation Committee. 	Important	Head of Safety Management	<p>Agreed. The SMS will be updated during the winter of 2017 for adoption by the Authority at its meeting in March 2018.</p> <p>All of the recommended changes and additions will be included in the new version 7 of the SMS.</p>	By 31/03/18

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

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
This will document that the Duty Holder makes a clear published commitment to comply with the standards laid down in the Code. Clearly documented obligations of contractors mitigates the risk that contractors do not comply with the code. Inclusion of relevant policies and harbour orders mitigates the risk that the authority's powers and procedures are not transparent.				
<p>5. Governance To formalise the reporting of internal audits by the Head of Safety Management to the appropriate committees / groups, e.g. the BSMG including the annual schedule / Internal Audit Programme of audits. To ensure these cover all aspects of the PMSC.</p> <p>The BSMG would receive assurance that the SMS is reviewed against all aspects of the PMSC mitigating the risk that some areas may not be in compliance.</p>	Needs Attention	Head of Safety Management	Agreed. SMS audits for 2017 will be reported to the Boat Safety Management Group in Jan 2018, Navigation Committee Feb 2018 and to the duty holders in March 2018. The SMS will be updated to reflect this formal reporting requirement at its next issue in March 2018.	By 31/03/18
<p>6 Governance The PMSC is included as a standard item in the Authority's induction</p>	Needs Attention	Head of Human Resources	Agreed. Duty Holders and operational staff have received PMSC awareness	By 30/11/17

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

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>pack/process.</p> <p>The requirements of the PMSC are far reaching and affects many aspects of the Boards authority work. Including this in the induction process helps reduce the risk that staff undertake tasks that are not in compliance with the code.</p>			<p>training.</p> <p>Induction programme will be updated to include mandatory PMSC SMS awareness training for new starters</p>	
<p>7. Governance</p> <p>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.</p> <p>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.</p> <p>A record of all training provides</p>	Needs Attention	Solicitor and Monitoring Officer, Head of Safety Management	<p>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 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</p> <p>Any new members to the group will be trained in this regard prior to any risk</p>	By 28/02/19

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

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
confirmation that it has taken place and reduces the risk that misinformed decisions are made resulting in inadequate port marine safety.			review or assessment as part of the regular refresher training being delivered each time the risk review process is entered into.	
<p>8. Governance A timescale is finalised for the roll out of the document management system in relation to the safety management team.</p> <p>Adequate document management provides a clear audit trail so that documents can be used in the right context and mitigate the risk that out of date or incomplete documents are used.</p>	Needs Attention	Head of ICT and Collector of Tolls	<p>Agreed. A Document Management System work area is to be created where the Safety Management System documents will be stored with check-in and check-out monitoring including version control and tracking.</p> <p>All SMS document will then fall under strict version control and security systems.</p> <p>Meeting to scope project scheduled for 24 October. Timescales to be determined on completion of scoping; delivery is dependent on the IT work plan and priorities</p>	By 31/12/17
<p>9. Hazards To review the SMS risk categories /</p>	Needs Attention	Head of Safety	<p>Agreed. A review of assessment</p>	By 31/03/18

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

Recommendations	Priority Rating	Responsible Officer(s)	BA Response/Action	Timetable
<p>criteria of people, environment and assets against the four criteria of: life, environment, business (reputation) and damage (port and shipping), as contained in the latest PMSC Guide to Good Practice.</p> <p>The risk categories/criteria will be based on the latest PMSC Guide to Good Practice mitigating the risk that the consequences of risks/hazards are not appropriately assessed and mitigated as required.</p>		Management	<p>criteria will be carried out by the Boat Safety management Group at its meeting in March 2018. Any “new” criteria will be used as the basis for the next formal stakeholder hazard review in February 2019.</p>	

**Financial Scrutiny and Audit
Committee**

14 November 2017

Agenda Item No 11

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

Report by Chief Financial Officer

Summary: This report provides the Committee with details of the actual income and expenditure for the six month period to 30 September 2017, and provides a forecast of the projected expenditure at the end of the financial year (31 March 2018).

Recommendation: That the report be noted.

1. Introduction

1.1. This financial monitoring report summarises details of the forecast outturn and actual expenditure for both National Park and Navigation.

2. Overview of Actual Income and Expenditure

Table 1 – Actual Consolidated I&E by Directorate to 30 September 2017

	Profiled Latest Available Budget	Actual Income and Expenditure	Actual Variance
Income	(4,745,768)	(4,810,980)	+ 65,213
Operations	1,860,032	1,896,213	- 36,181
Planning and Resources	1,147,293	1,048,461	+ 98,831
Chief Executive	695,763	664,704	+ 31,059
Projects, Corporate Items and Contributions from Earmarked Reserves	(50,611)	(11,997)	- 38,614
Net (Surplus) / Deficit	(1,093,290)	(1,213,598)	+ 120,308

2. Core navigation income is above of the profiled budget at the end of month six. The overall position as at 30 September 2017 is a favourable variance of £120,308 or 11% difference from the profiled LAB. This is principally due to:

- An overall favourable variance of £65,526 within toll income:
 - Hire Craft Tolls £42,461 above the profiled budget.
 - Private Craft Tolls £25,277 above the profiled budget.
- An adverse variance within Operations budgets relating to:

- Construction and Maintenance Salaries is under profiled budget by £29,773 due to a number of vacancies this year.
- Water Management is under profiled budget by £36,895 due to outstanding Natural England consent and the Hydrographic survey invoice.
- Practical Maintenance is over the profiled budget by £171,410 due to timing differences on the profile originally set. This is due to Acle Bridge being purchased.
- Premises is under profiled budget by £44,637 due to timing differences around the Dockyard Wet Shed repairs.
- A favourable variance within Planning and Resources budgets relating to:
 - Human Resources is under profiled budget by £16,788 due to vacancies and timing differences on staff training.
 - Project Funding is under profiled budget by £31,708 due to timing differences.
 - Communications is behind profiled budget by £19,945 due to staff vacancies at the beginning of the financial year.
 - Visitor Centres and Yacht stations is behind profiled budget by £13,615 due to salary savings.
 - Planning and Resources Management and Administration is under profiled budget by £12,977 due to a vacancy.
- A favourable variance within Chief Executive budgets relating to:
 - Governance is under budget by £12,641 due to timing differences around the invoicing for the Peer Review.
 - Asset Management is under budget by £16,243 due to timing differences.
- An adverse variance within Reserves relating to timing differences around the Dockyard Wet Shed repairs.

2.1. The charts at Appendix 1 provide a visual overview of actual income and expenditure compared with both the original budget and the LAB.

3. Latest Available Budget

3.1. The Authority's income and expenditure is being monitored against a latest available budget (LAB) in 2017/18. The LAB is based on the original budget for the year, with adjustments for known and approved budget changes such as carry-forwards and budget virements. Details of the movements from the original budget are set out in Appendix 2.

Table 2 – Adjustments to Consolidated LAB

	Ref	£
Original budget 2017/18 – deficit	Item 12 27/01/17 (BA)	41,178
Peer Review	Item 17 24/03/17 (BA)	25,000
	Item 11	

Approved budget carry-forwards	19/05/17 (BA)	31,245
LAB at 30 September 2017 – deficit		97,423

3.2. Taking account of the budget adjustments, the LAB therefore provides for a consolidated deficit of £97,423 in 2017/18 as at 30 September 2017.

4. Overview of Forecast Outturn 2017/18

4.1. Budget holders have been asked to comment on the expected expenditure at the end of the financial year in respect of all the budget lines for which they are responsible. These forecast outturn figures should be seen as estimates and they will be refined and clarified through the financial year.

4.2. As at the end of September 2017, the forecast outturn indicates:

- The total forecast income is £6,554,056, or £67,461 above the LAB.
- Total expenditure is forecast to be £6,593,848.
- The resulting deficit for the year is forecast to be £39,792.

4.3. The forecast outturn expenditure takes account of adjustments to the LAB and in addition reflects the changes shown in Table 3. The forecast surplus represents a favourable variance of £57,631 against the LAB.

Table 3 – Adjustments to Forecast Outturn

Item	£
Forecast outturn deficit per LAB	97,423
Increase to Hire Craft Income	(42,461)
Increase to Private Craft Income	(20,000)
Increase to Interest Income	(5,000)
Increase to Moorings Expenditure for Acle Bridge Purchase	30,000
Decrease to Boat Safety Income	7,000
Decrease to Volunteers due to Celebration day being held every other year	(2,000)
Decrease to Visitor Centre Salary costs	(10,500)
Increase to Collection of Tolls salaries following minor change in structure	3,380
Decrease in Telephone expenditure	(3,050)
Decrease in Apprenticeship Levy for government allowance	(15,000)
Forecast outturn deficit as at 30 September 2017	39,792

4.4. The main reason for the difference between the forecast outturn and the LAB is the increase in hire and private craft income. There is also additional savings within other budgets.

5. Reserves

Table 4 – Consolidated Earmarked Reserves

	Balance at 1 April 2017	In-year movements	Current reserve balance
	£	£	£
Property	(429,005)	(77,000)	(506,005)
Plant, Vessels and Equipment	(214,671)	(50,732)	(265,403)
Premises	(178,942)	(21,043)	(199,985)
Planning Delivery Grant	(194,908)	8,500	(186,408)
Upper Thurne Enhancement	(77,752)	(21,057)	(98,808)
Section 106	(109,020)	7,550	(101,470)
Heritage Lottery Fund	(92,936)	(33,061)	(125,997)
Catchment Partnership	(94,833)	1,021	(93,812)
Total	(1,392,066)	(185,821)	(1,577,888)

5.1. £668,946 of the current reserve balance relates to navigation reserves.

6. Summary

6.1. The current forecast outturn position for the year suggests a deficit of £63,264 for the national park side and a surplus of £23,472 on navigation resulting in an overall deficit of £39,792 within the consolidated budget, which would indicate a general fund reserve balance of approximately £978,000 and a navigation reserve balance of approximately £349,000 at the end of 2017/18 before any transfers for interest. This will mean that the navigation reserve will be slightly above the recommended level of 10% of net expenditure during 2017/18.

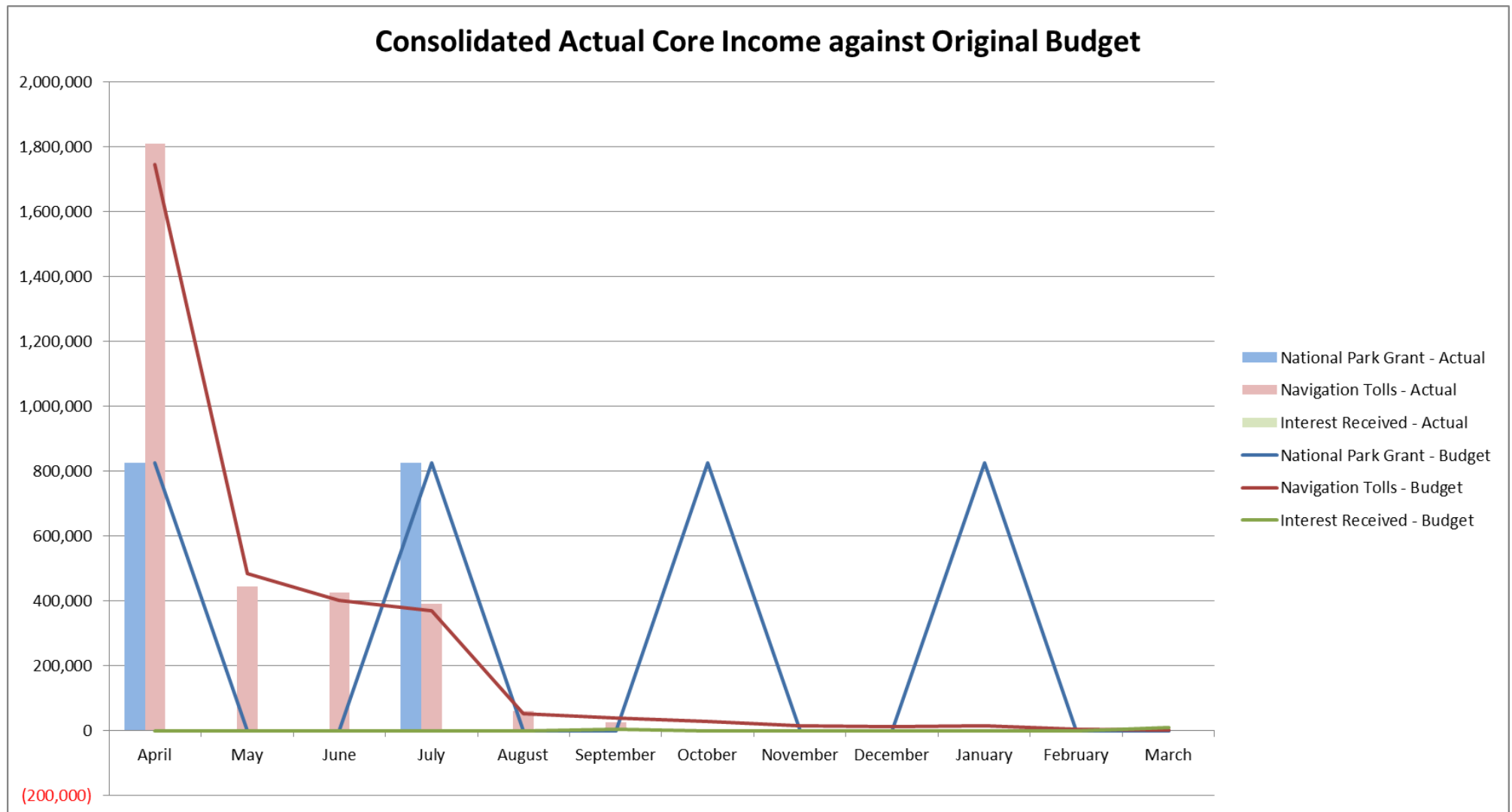
Background papers: None

Author: Emma Krelle
Date of report: 26 October 2017

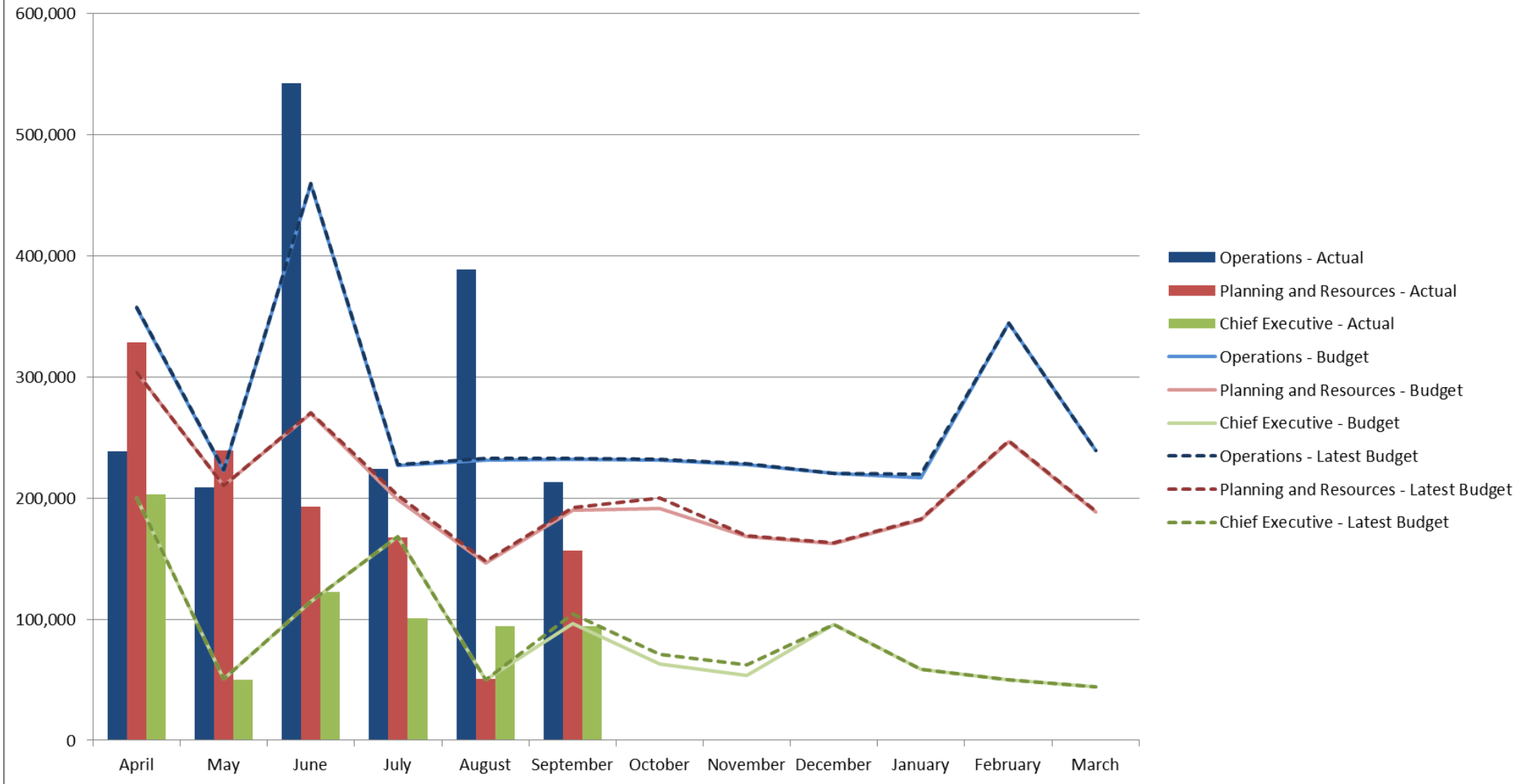
Broads Plan Objectives: None

Appendices: APPENDIX 1 – Consolidated Actual Income and Expenditure
Charts to 30 September 2017

APPENDIX 2: Financial Monitor: Consolidated Income and
Expenditure 2017/18



Consolidated Net Actual Expenditure against Original and Latest Budget



To 30 September 2017

Budget Holder

(All)

Row Labels	Values				
	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Income	(6,486,595)		(6,486,595)	(6,554,056)	67,461
National Park Grant	(3,299,595)		(3,299,595)	(3,299,595)	0
Income	(3,299,595)		(3,299,595)	(3,299,595)	0
Hire Craft Tolls	(1,073,400)		(1,073,400)	(1,115,861)	42,461
Income	(1,073,400)		(1,073,400)	(1,115,861)	42,461
Private Craft Tolls	(2,040,000)		(2,040,000)	(2,060,000)	20,000
Income	(2,040,000)		(2,040,000)	(2,060,000)	20,000
Short Visit Tolls	(39,800)		(39,800)	(39,800)	0
Income	(39,800)		(39,800)	(39,800)	0
Other Toll Income	(18,800)		(18,800)	(18,800)	0
Income	(18,800)		(18,800)	(18,800)	0
Interest	(15,000)		(15,000)	(20,000)	5,000
Income	(15,000)		(15,000)	(20,000)	5,000
Operations	3,410,265	9,160	3,419,425	3,454,425	-35,000
Construction and Maintenance Salaries	1,168,140		1,168,140	1,168,140	0
Income	(4,420)		(4,420)	(4,420)	0
Salaries	1,172,560		1,172,560	1,172,560	0
Expenditure			0		0
Equipment, Vehicles & Vessels	497,500	4,000	501,500	501,500	0
Income			0		0
Expenditure	497,500	4,000	501,500	501,500	0
Water Management	147,500		147,500	147,500	0
Income			0		0
Expenditure	147,500		147,500	147,500	0
Land Management	(36,000)		(36,000)	(36,000)	0
Income	(90,000)		(90,000)	(90,000)	0

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Expenditure	54,000		54,000	54,000	0
Practical Maintenance	433,200	2,565	435,765	465,765	-30,000
Income	(10,500)		(10,500)	(10,500)	0
Expenditure	443,700	2,565	446,265	476,265	-30,000
Ranger Services	698,790	7,300	706,090	706,090	0
Income	(127,130)		(127,130)	(127,130)	0
Salaries	623,420	7,300	630,720	630,720	0
Expenditure	202,500		202,500	202,500	0
Pension Payments			0		0
Safety	119,590		119,590	126,590	-7,000
Income	(9,000)		(9,000)	(2,000)	-7,000
Salaries	64,090		64,090	64,090	0
Expenditure	64,500		64,500	64,500	0
Volunteers	68,800		68,800	66,800	2,000
Income	(1,000)		(1,000)	(1,000)	0
Salaries	49,800		49,800	49,800	0
Expenditure	20,000		20,000	18,000	2,000
Premises	198,170	(8,650)	189,520	189,520	0
Income	(20,000)		(20,000)	(20,000)	0
Expenditure	218,170	(8,650)	209,520	209,520	0
Operations Management and Administration	114,575	3,945	118,520	118,520	0
Income	(3,465)		(3,465)	(3,465)	0
Salaries	105,540	3,945	109,485	109,485	0
Expenditure	12,500		12,500	12,500	0
Planning and Resources	2,206,055	17,380	2,223,435	2,223,855	-420
Development Management	255,270	2,850	258,120	258,120	0
Income	(80,000)		(80,000)	(80,000)	0
Salaries	308,770		308,770	308,770	0
Expenditure	26,500	2,850	29,350	29,350	0
Pension Payments			0		0
Strategy and Projects Salaries	427,155		427,155	437,745	-10,590

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Income	(3,500)		(3,500)	(14,090)	10,590
Salaries	307,155		307,155	317,745	-10,590
Expenditure	123,500		123,500	134,090	-10,590
Biodiversity Strategy	10,000	400	10,400	10,400	0
Income			0		0
Expenditure	10,000	400	10,400	10,400	0
Strategy and Projects			0		0
Expenditure			0		0
Human Resources	130,590	1,000	131,590	131,590	0
Salaries	71,090		71,090	71,090	0
Expenditure	59,500	1,000	60,500	60,500	0
Waterways and Recreation Strategy	85,920		85,920	85,920	0
Salaries	76,420		76,420	76,420	0
Expenditure	9,500		9,500	9,500	0
Project Funding	105,500		105,500	105,500	0
Expenditure	105,500		105,500	105,500	0
Pension Payments			0		0
Communications	328,330	13,130	341,460	341,460	0
Income	(4,120)		(4,120)	(4,120)	0
Salaries	257,950		257,950	257,950	0
Expenditure	74,500	13,130	87,630	87,630	0
Pension Payments			0		0
Visitor Centres and Yacht Stations	214,070		214,070	203,570	10,500
Income	(237,500)		(237,500)	(237,500)	0
Salaries	319,570		319,570	309,070	10,500
Expenditure	132,000		132,000	132,000	0
Collection of Tolls	128,550		128,550	131,930	-3,380
Salaries	115,850		115,850	119,230	-3,380
Expenditure	12,700		12,700	12,700	0
ICT	304,860		304,860	301,810	3,050
Salaries	181,360		181,360	181,360	0

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Expenditure	123,500		123,500	120,450	3,050
Planning and Resources Management and Administration	215,810		215,810	215,810	0
Income	(1,525)		(1,525)	(1,525)	0
Salaries	142,470		142,470	142,470	0
Expenditure	74,865		74,865	74,865	0
Chief Executive	1,045,653	29,705	1,075,358	1,075,358	0
Legal	106,980		106,980	106,980	0
Income			0		0
Salaries	46,980		46,980	46,980	0
Expenditure	60,000		60,000	60,000	0
Governance	124,440	25,000	149,440	149,440	0
Salaries	72,540		72,540	72,540	0
Expenditure	51,900	25,000	76,900	76,900	0
Chief Executive	110,970		110,970	110,970	0
Salaries	110,970		110,970	110,970	0
Expenditure			0		0
Asset Management	119,890	4,705	124,595	124,595	0
Income	(22,220)		(22,220)	(22,220)	0
Salaries	52,360	(3,945)	48,415	48,415	0
Expenditure	89,750	8,650	98,400	98,400	0
Finance and Insurance	341,680		341,680	341,680	0
Income	(6,490)		(6,490)	(6,490)	0
Salaries	148,170		148,170	148,170	0
Expenditure	200,000		200,000	200,000	0
Premises - Head Office	241,693		241,693	241,693	0
Expenditure	241,693		241,693	241,693	0
Projects and Corporate Items	126,800		126,800	111,800	15,000
Partnerships / HLF	50,000		50,000	50,000	0
Income	(45,736)		(45,736)	(45,736)	0
Salaries	23,945		23,945	23,945	0
Expenditure	71,791		71,791	71,791	0

Row Labels	Original Budget (Consolidated)	Budget Adjustments (Consolidated)	Latest Available Budget (Consolidated)	Forecast Outturn (Consolidated)	Forecast Outturn Variance (Consolidated)
Corporate Items	76,800		76,800	61,800	15,000
Expenditure	16,800		16,800	1,800	15,000
Pension Payments	60,000		60,000	60,000	0
Contributions from Earmarked Reserves	(261,000)	0	(261,000)	(271,590)	10,590
Earmarked Reserves	(261,000)	0	(261,000)	(271,590)	10,590
Expenditure	(261,000)	0	(261,000)	(271,590)	10,590
Grand Total	41,178	56,245	97,423	39,792	57,631

Review of Strategic Risk Register
Report by Solicitor and Monitoring Officer

Summary: The Strategic Risk Register has been reviewed and updated following consultation with risk owners in June 2017 and implements a recommendation from Internal Audit

Recommendation: That the Committee reviews and approves the Strategic Risk Register.

1 Background

- 1.1 The Authority's Strategic Risk Register is reviewed regularly and has a 6-monthly review by Risk Owners. In December 2016 the Register was subject to a thorough review and re-formatting in conjunction with Risk Owners by the Solicitor and Monitoring Officer. The Register underwent a further 6-monthly review in June 2017 by Risk Owners.
- 1.2 Risk 21 relating to Payroll is a new risk which has been implemented following a recommendation by internal audit. All risks have been reviewed in June 2017, with the next review by risk-owners due in December 2017.
- 1.3 Since the update to the Strategic Risk Register, it has been concluded that the EU Interreg *CANAPE* project, of which the Broads Authority is the lead Partner, requires its own risk register. This will be a separate risk assessment which will be presented to the *CANAPE* Project Steering Group in April 2018. Once the *CANAPE* risk register is approved by PSG, it is envisaged that the Strategic Risk Register will make reference to this separate document.
- 1.4 The Register contains a scoring system for both Initial Risks and Revised Risks, the latter re-scored after applying the mitigating factors of the safeguards and precautions listed. In each case the risks are scored by 0 to 3 for Severity (S) and Probability (P). The Risk (R) is then set out 1 to 9 by multiplying S by P. In some cases the assessment of the Revised Risk has not produced a lower figure than the Initial Risk, but this may be regarded as normal for certain types of risk.

Background papers:	None
Author:	David Harris
Date of report:	30 October 2017
Broads Plan Objectives:	None
Appendices:	Appendix 1 - Strategic Risk Register

Description of Risk Vulnerability: Loss/Non-Availability of Key Staff										
No.1	Risk Owner/Assessor: Head of HR					Assessment Date: June 2017				
						Review Date: December 2017				
Specific Hazards		Initial Risk			Controls / Safeguards / Precautions	Revised Risk			Additional Actions Required	Timescale
Describe the vulnerability & Impact		S	P	R		S	P	R		
Key post or role-specific posts absent for a prolonged time causing loss of decision making ability.		2	2	4	<p>Sickness absence reporting and monitoring procedures in place.</p> <p>Increased awareness through MT Agendas and ongoing consideration as to further specific steps to address it.</p>	2	2	4	<p>LP to develop three year People Strategy to aid succession planning , to be incorporated into Business Plan. Initial action is to complete research and planning stage of document.</p>	Review October 2017
Sickness/outbreak of pandemic (eg Swine Flu) causing loss of knowledge and experience and associated costs.		2	2	4	<p>Hygiene-preventable infections addressed recently through MF.</p> <p>Anti-bacterial soaps available in the wash rooms, hand wash & telephone sanitizers available to help reduce infectious disease spreading.</p>	2	2	4	<p>Consideration of office-bound staff being dispersed in the case of a major pandemic.</p> <p>Solicitor and Monitoring Officer to include this in next review of Business Continuity plan in October 2017</p>	October 2017
Terminal Illness suffered by member of staff or close relation causing them anxiety and inability to perform their role.		1	2	2	<p>Use of welfare and well-being service.</p> <p>Flexible working arrangements, unpaid annual</p>	1	1	1	Training of line managers to be able to counsel and	July 2017

				leave and other amended working duties available to help staff cope with private matters				support the employee concerned.	
Inability to compete in terms of pay causing reduced quality/less efficient service.	1	3	3	Job evaluation scheme to ensure fair and appropriate remuneration of staff. Also steps to seek to add value to employment packages where possible. Use of salary sacrifice scheme and vouchers and other packages. The ability to apply a Market Supplement is available in exceptional circumstances	1	3	3		Ongoing through MT
Inadequate succession planning causing loss of key staff and skills at all levels throughout the Authority.	2	2	4	People Strategy including identification of future staff requirements and annually reviewed job descriptions. Seeking to encourage shared knowledge of or experience of other staff to key skills through people strategy.	2	1	2	People Strategy to be scoped and thereafter advanced	By October 2017
Loss of key personnel through organisational review, including loss of financial expertise causing failure to meet Government and other deadlines. Loss of credibility/reputation with the public/stakeholders. Cost of taking on additional staff, including recruitment, agency costs and training.	1	3	3	Use of secondment arrangements where appropriate. Staff Representatives Group established. Training and development of staff, to enable them to cover for/contribute skills in the absence of more senior staff.. Ability to engage short term consultants in some areas to support the BA work as required. Emergency Management and Reporting System enabled.	1	2	2	Review as part of Business Continuity plan. NB: Areas at Risk are Parole and HR function	October 2017

Description of Risk Vulnerability: Loss of Offices including Field Bases											
No.2	Risk Owner/Assessor: Solicitor and Monitoring Officer						Assessment Date: June 2017				
							Review Date: December 2017				
Specific Hazards		Initial Risk			Controls / Safeguards / Precautions	Revised Risk			Additional Actions Required	Timescale	
Describe the vulnerability & Impact		S	P	R		S	P	R			
Destruction through fire, explosion or release of hazardous substances causing temporary loss of communication with staff, public and stakeholders.		3	1	3	Fire Safety Risk Assessment. Undertaken by landlord and BA. Appropriate fire prevention measures in place e.g fire alarms, fire extinguishers. Desktop Exercise successfully carried out in February 2017.	3	1	3			
Flooding of site or loss of access to site through flooding (especially Dockyard) could cause loss of information Access to the Dockyard can be cut off by rising flood water, this can lead to the Bridge Hole being coming impassable to pedestrians and vehicles		2	3	6	Yare house Emergency Fire Procedure and BA Supplementary Procedure (including bomb threat procedures). Dockyard has access to small boats so river access is possible, the site has an emergency evacuation plan and the high ground up and over the rail line is the route. Dockyard has built-in flood protection as part of the building design, office accommodation raised to first floor level, access placed on higher ground . A mains operated pump operates on the bridge hole keeping water levels down. Additional large bore pump on standby over pump if required.	1	3	3	Review with Business Continuity Plan	October 2017	
Loss of use or access to premises causing postponement of work, potential failure to		1	2	2	Business Continuity Plans, including IT Disaster Recovery Plan and Finance Business	1	1	1		October 2017	

achieve objectives/meet deadlines and damage to reputation/credibility.				Continuity Plan. Emergency Management and Reporting System. Home working and hot desking facility at alternative field bases available for some members of staff. Insurance Policies. Annual Review as part of Business Continuity Plan each October.					
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Description of Risk Vulnerability: Loss of IT/Communications Systems												
No.3	Risk Owner/Assessor: Head of ICT and Collector of Tolls					Assessment Date: June 2017						
						Review Date: December 2017						
Specific Hazards		Initial Risk			Controls / Safeguards / Precautions			Revised Risk			Additional Actions Required	Timescale
Describe the vulnerability & Impact		S	P	R				S	P	R		
Destruction of or serious damage to head office; long term power outage (> 12 hrs) causing temporary loss of communication with staff, public and stakeholders. Potential loss of income (eg tolls); reduced service delivery; loss of credibility/reputation with the public/stakeholders; inability to calculate/pay monthly salaries; inability to pay suppliers. Potential failure to achieve objectives/deadlines		3	1	3	<ul style="list-style-type: none">Business Continuity PlanDisaster Recovery PlanExternally hosted website – allowing continued communication to staff, public and stakeholdersExternal email filtering with remote access facilityInsurance PoliciesPayroll Contingency PlanFinance Business Continuity Plan			3	1	3	DR servers to be relocated to Dockyard which will reduce Revised risk	August 2017 (Timescale revised to allow completion of TMS online bug testing in DR environment)
Short term power loss		3	2	6	<ul style="list-style-type: none">Uninterruptible power supply for short term power loss to maintain server farm and phone system.			1	3	3		
Cyber-crime. Significant virus causing potential loss of data.					<ul style="list-style-type: none">Use of FirewallsAnti-virus softwarePassword and other security policiesElectronic Communications PolicyDaily backups to disk with data migrated to tape and taken offsite							

Description of Risk Vulnerability: Financial Overspend										
No.4	Risk Owner/Assessor: Chief Financial Officer					Assessment Date: June 2017				
						Review Date: December 2017				
Specific Hazards		Initial Risk			Controls / Safeguards / Precautions	Revised risk			Additional Actions Required	Timescale
Describe the vulnerability & Impact		S	P	R		S	P	R		
Large overspend of budget causing reduction in services		3	1	3	Budgetary control system including monthly reports to budget Holders/Management Team. Monthly meetings with directors likely to flag up any overspend at an early stage.	2	1	2		
Project overspend causing inability to meet expenses including payment of salaries without external support		3	1	3	Financial regulations and standing orders relating to contracts.	2	1	2		
Underestimation of costs of managing Breydon Water causing loss of credibility/reputation with the public/stakeholders.		2	1	2	Hydrographic modelling of Breydon Water, formation of Breydon User group and re-designed Turntide Jetty have increased our understanding of this waterbody and reduced the amounts of unknowns.	1	1	1		Ongoing
Poor financial management and inadequate forecasting leading to flawed decision making causing inability to pay suppliers		3	1	3	Regular auditing of financial systems and controls, standing orders and budgetary controls.	2	1	2		
Underestimation of/failure to make provision for costs of maintaining the Authority's assets causing potential redundancies and loss of reserves.					Three year Financial Strategy published January 2017. Counter Fraud, Corruption and Bribery Strategy. Budget Management Procedures training and ongoing support provided to Budget Holders. Asset management Strategy updated Nov 15 with regular reviews scheduled planned contributions to reserves set out in Financial Strategy.				Annual review required Annual review required	November 2017

			Turntide Jetty renewed, routine replacement of channel markers included in budget provision. Condition assessment of all BA buildings now completed in 2016.					
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Description of Risk Vulnerability: Significant Loss of Income												
No.5	Risk Owner/Assessor: Chief Financial Officer / Chief Executive						Assessment Date: June 2017					
							Review Date: December 2017					
Specific Hazards		Initial Risk			Controls / Safeguards / Precautions						Additional Actions Required	Timescale
Describe the vulnerability & Impact		S	P	R				S	P	R		
Significant reduction in core government grant aid causing reduction in service		2	1	2	Budgetary control System including monthly reports to Budget Holders/Management Team. Work on securing National Park Grant which is settled for next 3 years.			1	1	1	Review at end of 2018	2 years
Non receipt of other significant budgeted income, including funding cuts in funding of partners and loss of tourism/tolls income causing shortfall in income to meet commitments arising out of EC/other projects.		3	1	3	The changes in tolls structures implemented in late 2016 allows greater flexibility for setting tolls ongoing.			2	1	2	Review at next review of tolls structure in 2019.	2 years
Low level of investment income as a result of low returns/low interest rates due to wider economic climate causing inability to meet expenses including payment of salaries; loss of credibility/reputation with the public/stakeholders; potential redundancies and loss of reserves.		2	2	4	Regular auditing of financial systems and controls. Three year financial strategy. Regular reports to members. Cash flow forecasting and placing of fixed term investments. Ongoing review to identify alternative investment options. BA is not reliant on significant returns from its investments as low returns on prudent investments and interest rates have become an established part of the wider economy.			2	1	2	Annual Review of Treasury and Investment Strategy.	End March 2018.

No.5	Risk Owner/Assessor: Chief Financial Officer / Chief Executive	Assessment Date: June 2017 Review Date: December 2017
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Specific Hazards Describe the vulnerability & Impact	Initial Risk			Controls / Safeguards / Precautions				Additional Actions Required	Timescale
	S	P	R		S	P	R		
Significant reduction in core government grant aid causing reduction in service	2	1	2	Budgetary control System including monthly reports to Budget Holders/Management Team. Work on securing National Park Grant which is settled for next 3 years.	1	1	1	Review at end of 2018	2 years
Non receipt of other significant budgeted income, including funding cuts in funding of partners and loss of tourism/tolls income causing shortfall in income to meet commitments arising out of EC/other projects.	3	1	3	The changes in tolls structures implemented in late 2016 allows greater flexibility for setting tolls ongoing.	2	1	2	Review at next review of tolls structure in 2019.	2 years
Low level of investment income as a result of low returns/low interest rates due to wider economic climate causing inability to meet expenses including payment of salaries; loss of credibility/reputation with the public/stakeholders; potential redundancies and loss of reserves.	2	2	4	Regular auditing of financial systems and controls. Three year financial strategy. Regular reports to members. Cash flow forecasting and placing of fixed term investments. Ongoing review to identify alternative investment options. BA is not reliant on significant returns from its investments as low returns on prudent investments and interest rates have become an established part of the wider economy.	2	1	2	Annual Review of Treasury and Investment Strategy.	End March 2018.

Description of Risk Vulnerability: Loss of Invested Reserve Funds													
No.6	Risk Owner/Assessor: Chief Financial Officer					Assessment Date: June 2017							
						Review Date: December 2017							
Specific Hazards			Initial Risk		Controls / Safeguards / Precautions						Additional Actions Required	Timescale	
Describe the vulnerability & Impact			S	P	R				S	P			R
Risk to investments due to wider economic uncertainty causing reduction in service			3	1	3	Investment managed in line with CIPFA Code of Practice on Treasury Management and the Authority's Treasury and Investment Strategy. The Authority's strategy continues to adopt a low risk appetite and will only invest in institutions with a high credit score. Regular reports to Members on performance.			2	1	2	Continuous review of cash flow requirements and credit ratings. Annual review of Strategy.	Ongoing

Description of Risk Vulnerability: Failure of major procurement activity										
No.7	Risk Owner/Assessor: Chief Financial Officer					Assessment Date: June 2017				
						Review Date: December 2017				
Specific Hazards		Initial Risk			Controls / Safeguards / Precautions	Revised Risk			Additional Actions Required	Timescale
Describe the vulnerability & Impact		S	P	R		S	P	R		
Inadequate or incorrect procurement process applied causing reduction in service or failure to deliver service		2	1	2	Standing orders relating to contracts (updated). Procurement summary.	1	1	1	Training by end of March 2018	March 2018
Inappropriate supplier identified causing financial loss.		2	1	2	Procurement Strategy	1	1	1	Update Procurement Strategy	September 2017
Contract let incorrectly causing loss of credibility/reputation with the public/stakeholders.		1	1	1	Financial Regulations to be followed. Public Contracts Regulations2015 to be followed.	1	1	1		Ongoing
Potential for activity to be challenged.		2	1	2	Standard Terms for Contracts. Internal Audit of Key Controls; Finance/Director oversight of procurement activity; Use of in-house Solicitor and Monitoring Officer for advice.	2	1	2	Finance support for Payroll service	Ongoing

Description of Risk Vulnerability: Loss resulting from fraud, corruption or misappropriation of resources										
No.8	Risk Owner/Assessor: Chief Financial Officer					Assessment Date: June 2017				
						Review Date: December 2017				
Specific Hazards		Initial Risk			Controls / Safeguards / Precautions	Revised Risk			Additional Actions Required	Timescale
Describe the vulnerability & Impact		S	P	R		S	P	R		
Economic climate resulting in higher incidence of fraudulent and criminal activity causing financial loss and/ or loss of other resources		2	1	2	Financial Regulations. Segregation of financial duties and requirement to have additional signatories to bank account. Requirement for two levels of invoice approval. Increased awareness of phishing type e-mails inculcated throughout the organisation.	2	1	2		
Potential vulnerabilities in systems including those of external organisations (internet banking, payroll provider) causing loss of credibility/reputation with the public/ stakeholders		2	1	2	Standing Orders Relating to Contracts	2	1	2		
Fraudulent changes to supplier bank details causing higher insurance premiums		1	2	2	Reports are run to verify changes to ensure validity following audit recommendations. Supplier bank checking procedures are in place.	1	1	1		
Loss or theft of significant items of equipment causing impact on ability to deliver services					Internal/ External Audit					
Fraudulent creation of fictitious employees		1	2	2	Internal payment processing and authorisation controls, budget monitoring and financial reconciliations Separation of duties IT security and passwords Counter Fraud, Corruption and Bribery Strategy	1	1	1		

				Insurance					
				Physical security arrangements					

Description of Risk Vulnerability: Death or Serious injury to Member of Staff										
No.9	Risk Owner/Assessor: Head of Safety Management					Assessment Date: June 2017				
						Review Date: December 2017				
Specific Hazards		Initial Risk			Controls / Safeguards / Precautions	Revised risk			Additional Actions Required	Timescale
Describe the vulnerability & Impact		S	P	R		S	P	R		
Loss or non-availability of expertise/skill		3	1	3	Health and Safety at Work Policy Ability to sub-contract or hire expertise on some subjects Most teams have more than one person trained for specific tasks	3	1	3	To develop “People Strategy” (see HR item Risk 1 to be scoped)	Scoping by October 2017
Death or serious injury resulting in HSE involvement / prosecution- unforeseen costs and fines		3	1	3	Health and Safety Policy, Safety committee, Risk Assessments, Training for all staff and regular tool box talks. Safety Observations system to catch near misses to identify and learn from incidents. All accidents are investigated for learning. Regular audits to check control measures are being used. Insurance for legal / HSE costs but fines cannot be insured against. BA reserves maintained Quarterly reports on Health and Safety Monitoring to Management Team All vehicles/plant maintained in accordance with manufacturers requirements Driver licence Checks carried out annually Evacuation plans in place for fire Workplace inspections carried out regularly	3	1	3		

Loss of credibility/reputation with the public/ stakeholders				Health and Safety Policy, Safety committee, Risk Assessments, Training for all staff and regular tool box talks. Safety Observations system to catch near misses to identify and learn from incidents. All accidents are investigated for learning points. Regular audits to check control measures are being used. Communications Strategy					
Negligence (by Authority/ manager/ individual) causing potential legal action against the Authority/ costs	2	1	2	Safety Committee and nominate Safety Reps Health and Safety/ Fire awareness specific skills Training for relevant staff First Aid trained staff and Defibrillator at Yare House Insurance Policies to mitigate costs Audits in accordance with a publicised Audit schedule Quarterly reports on Health and Safety Monitoring to Management Team Personal Risk Assessment Occupational health practitioners carry out health surveillance etc. Management Development Training programme Employee assistance facility in place	2	1	2		

Description of Risk Vulnerability: Death or Serious injury to Member of the Public		
No.10	Risk Owner/Assessor: Head of Safety Management	Assessment Date: June 2017
		Review Date: December 2017

Specific Hazards Describe the vulnerability & Impact	Initial Risk			Controls / Safeguards / Precautions	Revised Risk			Additional Actions Required	Timescale
	S	P	R		S	P	R		
Death or Serious injury causing civil or criminal action against the Authority/ costs	3	1	3	Port Marine Safety Code Safety Management System including regular Hazard Review Regular Audits of Control measures Advice and guidance issued via website, leaflets and Tics on safe use of facilities/recreation Rangers inspect sites regularly for condition and faults are rectified Tree Policy on management of Trees Insurance to cover legal fees /cost Risk Assessment process Ranger issue advice and guidance and have powers of direction.	2	1	3	Complete roll out of electronic asset monitoring system to whole Broads area for BA properties. Set timescale for ongoing development relating to condition checks on properties and trees	2017 for river assets.
Death or serious injury resulting in closure of a facility and potential loss of income	3	1	3	Port Marine Safety Code Safety Management System including regular Hazard Review Port Marine Safety Code Safety Management System including regular Hazard Review Regular Audits of Control measures Advice and guidance issued via website, leaflets and Tics on safe use of facilities/recreation Rangers inspect sites regularly for condition	3	1	3		

Specific Hazards	Initial Risk			Controls / Safeguards / Precautions	Revised Risk			Additional Actions Required	Timescale
Describe the vulnerability & Impact	S	P	R		S	P	R		
				and faults are rectified Tree Policy on management of Trees Insurance to cover legal fees /cost Risk Assessment process Ranger issue advice and guidance and have powers of direction. Broads Authority reserves					
Death or serious injury through the Authority's negligence causing HSE involvement and loss of credibility/ reputation with the public/ stakeholders	3	1	3	Port Marine Safety Code Safety Management System including regular Hazard Review Port Marine Safety Code Safety Management System including regular Hazard Review Regular Audits of Control measures Advice and guidance issued via website, leaflets and Tics on safe use of facilities/recreation Rangers inspect sites regularly for condition and faults are rectified Tree Policy on management of Trees Insurance to cover legal fees /cost Risk Assessment process Ranger issue advice and guidance and have powers of direction. Communication Strategy	3	1	3		

Description of Risk Vulnerability: Denial of Public Access to the Broads										
No.11	Risk Owner/Assessor: Director of Operations					Assessment Date: June 2017				
						Review Date: December 2017				
Specific Hazards		Initial Risk			Controls / Safeguards / Precautions	Revised risk			Additional Actions Required	Timescale
Describe the vulnerability & Impact		S	P	R		S	P	R		
Major flooding incident/ failure of sea defences causing closure of sites, footpaths, other public areas		3	1	3	Integrated method of reviewing hazards both land and water developed Short and medium term coastal and flood defence provisions in place Close working relationship with key EA and NE staff	3	1	3	Publicise weather warnings on new Visit the Broads website	Spring 2017
Outbreak of disease, e.g. Foot and Mouth, Avian Flu, Ash Dieback causing closure of visitor attractions, negative impact on tourism and the local economy		2	2	4	Involvement in County Council emergency response procedures Emergency Communications Strategy Participation in major oil spill/ pollution events and exercises Legal undertaking with Network Rail regarding maintenance of the bridge network Involvement in partnership invasive species response, including agreement on appropriate control and communication measures Urgent boating/ environment news published in website Weather warnings circulated to operational staff	2	2	4		
Closure of bridges (by Network Rail) causing potential reduction in income for the Authority if vessels move away from the Broads		2	1	2		2	1	2		
Occurance of invasive species (eg Killer Shrimp) causing closure of navigation/ inability to navigate parts of Broads system, loss of credibility/ reputation with the public/ stakeholders; loss of or damage to property, loss of habitat, possible loss of life		2	1	2		2	1	2		

Description of Risk Vulnerability: Failure to deliver a project on time or within budget		
No.12	Risk Owner/Assessor: Director of Planning and Resources for Development and Director of Operations for Implementation	Assessment Date: June 2017 Review Date: December 2017

Specific Hazards Describe the vulnerability & Impact	Initial Risk			Controls / Safeguards / Precautions	Revised Risk			Additional Actions Required	Timescale
	S	P	R		S	P	R		
Lack of adequately trained project management staff causing project not managed to time or within budget	2	1	2	Standing Orders Relating to Contracts PRINCE2/ PRINCE Lite training provided for staff Acquisition of PRINCE Lite programme	2	1	2		On going
Lack of effective project management arrangements causing failure to meet project objectives; failure to meet commitment to partners; additional costs; loss of credibility/ reputation with the public/ stakeholders	2	1	2	Approval/ Monitoring of key projects by Management Team Contract management training completed for selected staff Improvements made to PDG process including introduction of regular Project Teams for specific projects Use Induction Process and Probationary period to highlight any training needs for new starters	2	1	2	Lessons learned to be captured from each project as part of PDG project evaluation process Engage officers/ consultants in support of project management tasks as required for major projects e.g. CANAPE	Ongoing

Description of Risk Vulnerability: Loss caused through poor management of assets		
No.13	Risk Owner/Assessor: Chief Financial Officer	Assessment Date: June 2017
		Review Date: December 2017

Specific Hazards Describe the vulnerability & Impact	Initial Risk			Controls / Safeguards / Precautions	Revised Risk			Additional Actions Required	Timescale
	S	P	R		S	P	R		
Lack of Asset Management Plan causing ineffective control of costs/ application of resources	1	2	2	Specialist property advice available from Concertus Design & Property Consultants	1	2	2	Database to be developed to maintain related records for each site. Asset Management Audit	By August 2017
Lack of Corporation Capital Strategy causing inappropriate utilisation of Assets; Asset devaluation; failure to properly maintain assets; loss of credibility/ regulation with the public/ stakeholders and potential negative impact on accounts and adverse audit opinion				All assets have been identified and recorded, with a record of all legal agreements maintained Schedule of inspection of all assets in place Detailed capital plan updated and endorsed by Broads Authority in November 2015				Property Services contract to be retendered every 3 years Condition assessment of all BA buildings carried out in 2016/17 to further inform Asset Management Strategy financial	By March 2019

Specific Hazards	Initial Risk			Controls / Safeguards / Precautions	Revised Risk			Additional Actions Required	Timescale
Describe the vulnerability & Impact	S	P	R		S	P	R		
				<p>Spreadsheet of assets has been enhanced to provide day to day management of assets</p> <p>Annual review of Asset Management Strategy and sites</p>				<p>requirements.</p> <p>Complete roll out of electronic Asset monitoring system to whole Broads area of BA properties</p>	<p>By November 2017</p>

Description of Risk Vulnerability: Loss caused by damage to relationships with key partners and stakeholders		
No.14	Risk Owner/Assessor: Head of Communications	Assessment Date: June 2017
		Review Date: December 2017

Specific Hazards Describe the vulnerability & Impact	Initial Risk			Controls / Safeguards / Precautions	Revised Risk			Additional Actions Required	Timescale
	S	P	R		S	P	R		
Failure to identify key partners/ stakeholders causing failure to deliver objectives	2	2	4	Regular scheduled meetings with Broads Forum, Broads Tourism, BLAF and other working groups. Consultations promoted on website	2	2	4		Ongoing
Failure to consult and engage with partners/ stakeholders on key issues causing lack of trust/ support from partners/ stakeholders				As above					Ongoing
Breakdown of relations with a key partner/ stakeholder causing loss of credibility/ reputation with the public/ stakeholders				Service Level Partnership Agreements, Climate Change Stakeholder Engagement through close working with relevant partners to allow Climate Change Adaptation Plan to be completed Parish Forums, HBO engagement meeting Consultations and communications of issues promoted through social media, direct engagement through Ask JP sessions. Major Review of Stakeholder and Community Engagement undertaken by Authority; Development of Biodiversity and Water Strategy enabled close engagement with all key partners in the area of biodiversity. Annual Forum being held with 100+ stakeholders Series of meetings held with RYA and BMF				Bulletin sent to parish councils Restructure of Communications team to provide more effective PR resilience. (now complete)	Ongoing Complete

Specific Hazards	Initial Risk			Controls / Safeguards / Precautions	Revised Risk			Additional Actions Required	Timescale
Describe the vulnerability & Impact	S	P	R		S	P	R		
				who are content for direct engagement with local groups Series of regular meetings set up between Chief Exec/ Chairman to engage with the NSBA/ BHBf					
Change to partner organisations causing loss of income	2	1	2	Review of Partnerships in November 2016 by Solicitor and Monitoring Officer concluded there was low risk.	1	1	1		
Changes in policies of partner organisations causing loss of opportunities				Register of Partnerships including operational risks for each partnership and Partnerships Governance Arrangements Action Plan Partnerships Protocol Annual review of partnerships by Management Forum/ BA				Review of Partnerships recently undertaken Parish Forum and Broads Forum Review completed	

Description of Risk Vulnerability: Failure to comply with legal or regulatory changes causing consequential financial or regulatory issues.		
No.15	Risk Owner/Assessor: Solicitor and Monitoring Officer	Assessment Date: June 2017
		Review Date: December 2017

Specific Hazards Describe the vulnerability & Impact	Initial Risk			Controls / Safeguards / Precautions	Revised Risk			Additional Actions Required	Timescale
	S	P	R		S	P	R		
Changes to legislation causing civil or criminal action against the Authority	3	1	3	On-going legal advice from in-house Solicitor and Monitoring Officer CPD training for post holder on key changes Internal audit reviews	2	1	2	New GDPR coming into force in May 2018 requires positive preparation for through management group established for this purpose.	April 2018
Failure to meet a key legislative requirement causing HSE involvement	3	2	6	Insurance Policies	1	2	2		
Lack of in-house expertise causing failure to deliver services	2	1	2	Solicitor and Monitoring Officer appointed June 2016. Ongoing arrangement with nplaw for external legal services.	1	1	1		
Failure of policies to comply with legislative requirements causing multiple complaints against the Authority; loss of credibility/ reputation with the public/ stakeholders; loss of political support	2	1	2	Additional specialist legal support available from NpLaw Annual review meeting held between Chief Executive/ Solicitor and Monitoring Officer Additional circulars provided via subscriptions on topics such as Safety Membership of National associations such as National Parks England and AINA highlight government policy initiatives and consultations	1	1	1		

Description of Risk Vulnerability: Death or Serious Injury to Volunteer		
No.16	Risk Owner/Assessor: Volunteer Coordinator	Assessment Date: June 2017
		Review Date: December 2017

Specific Hazards Describe the vulnerability & Impact	Initial Risk			Controls / Safeguards / Precautions				Additional Actions Required	Timescale
	S	P	R		S	P	R		
Lone working causing civil or criminal action against the Authority/ costs	3	1	3	Health and Safety at Work Policy Volunteer H&S training every 3 years	3	1	3	BW to create a suitable, fit for purpose personal Risk Assessment form for volunteers	April 2018
Danger of drowning through water based activity causing HSE involvement	3	1	3	Generic, Site Specific and Public Risk Assessments, and method statements Life jacket policy Volunteer H&S training every 3 years	3	1	3		
Road traffic accident causing lowering of staff and volunteer morale	3	1	3	Code of Practice for using BA vehicles Annual DVLA licence check for all volunteers who plan to drive a BA vehicle Vehicle familiarisation process for all volunteers who drive BA vehicles	3	1	3		
Death or accident through the Authority's negligence causing loss of credibility/ reputation with the public/ stakeholders	3	1	3	Safety Recording System for Lone Workers First Aid & Manual handling and induction training for volunteers every 3 years and induction H&S training. Insurance Policies. Volunteer Strategy 2017-22. Volunteers are contacted every 6 months to	2	1	2		

Specific Hazards	Initial Risk			Controls / Safeguards / Precautions				Additional Actions Required	Timescale
Describe the vulnerability & Impact	S	P	R		S	P	R		
				reinforce/ remind them of correct process and procedures when lone working BA Volunteer Training Programme					

Description of Risk Vulnerability: Significant Loss of Volunteers		
No.17	Risk Owner/Assessor: Volunteer Coordinator	Assessment: June 2017
		Review Date: December 2017

Specific Hazards Describe the vulnerability & Impact	Initial Risk			Controls / Safeguards / Precautions				Additional Actions Required	Timescale
	S	P	R		S	P	R		
Over-reliance on being able consistently to attract and retain a sufficient number of volunteers in order to support the functions of the Authority and support of permanent staff.	2	1	2	Absence reporting and monitoring procedures in place.	2	1	2	BW to introduce satisfaction monitoring	
Reduced service delivery causing loss of satisfaction and credibility with the public.	2	1	2	Volunteer Strategy Feedback opportunity on timesheet and on leaving the BA Volunteer Code of Conduct Volunteer training plan completed	2	1	2	Revision of volunteer training programme New Volunteer Training Plan to be rolled out	Summer 2017 June 2017

Description of Risk Vulnerability: Planning Decisions not made in accordance with Development Plan and Regulations and Procedures												
No.18	Risk Owner/Assessor: Director of Planning & Resources					Assessment Date: June 2017						
						Review Date: December 2017						
Specific Hazards		Initial Risk			Controls / Safeguards / Precautions						Additional Actions Required	Timescale
Describe the vulnerability & Impact		S	P	R				S	P	R		
Unattractive development causing legal challenges to decisions/ potential costs		2	1	2	National Guidance			2	1	2	Procedures Manual review on-going to reflect latest guidance	Ongoing as new guidance is issued
Decisions made which are not in accordance with policy. Development pressures due to society aspirations/ government legislation causing bad publicity/ loss of reputation. Complaints against the Authority		2	1	2	Local Development Framework (now moving to be replaced by Local Plan) LDF Development Management Policies Appointment of appropriately qualified staff Annual Training Programme provided for Planning Committee members – 2 sessions in March and October Annually plus Design Tour Specific Induction to Planning for all new Planning Committee Members Scheme of Delegated Powers in operation – but to be reviewed in 2017/18 Recourse to in-house and external specialist legal advice Continuing Professional Development (CPD) for Planning Guidance for Committee Site Visits reviewed PAS Peer Review of Planning Committee in			2	1	2	Review Scheme of Delegation	2017-18

			<p>2014</p> <p>BA has signed up to the Anglia Ruskin Programme for all Norfolk Authorities for 2014-15.</p> <p>Code of Conduct for Members on Planning Committee and Officers in process of review completion.</p>					
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Description of Risk Vulnerability: Risks associated with major external funding programmes (HLF, EU, Commercial Sponsorship)										
No.19	Risk Owner/Assessor: Director of Planning Resources (HLF Landscape Partnership and Commercial Sponsorship); Director of Operations (EU – CANAPE)					Assessment Date: June 2017				
						Review Date: December 2017				
Specific Hazards		Initial Risk			Controls / Safeguards / Precautions		Mitigated Risk			Additional Actions Required
Describe the vulnerability & Impact		S	P	R			S	P	R	
Failure to deliver the project on time and within budget leading to potential repayment of funding and adverse publicity – HLF, CANAPE and commercial partnerships		2	2	4	Effective Project Management and financial controls Regular reports to the Broads Authority Regular reports to HLF and LPS Board Clearly documented processes in place (See audit report)		2	1	2	
Increased exposure to risk as Lead Partner for European project - CANAPE		3	2	6	Effective control over bid writing to ensure bid is realistic and accurately costed by using expertise from Norfolk County Council Provision of dedicated resource to monitor progress not only of own project but of partners. Partnership agreement/ contract required to set out responsibilities and commitments of each partner to secure position		2	1	2	Procurement of ongoing consultancy support for Lead Partner project management to be undertaken if project successful
Currency fluctuations between grant claim submission and payment for CANAPE		3	3	9	Difficult to mitigate due to Local Authorities not being able to hedge Take precautionary approach to estimates of income in £		3	2	6	January 2018 onwards if bid successful

Failure to meet expectations of partners – both commercial, EU and UK	2	2	4	<p>Clarity in the bid documents for HLF and CANAPE and in the contract with commercial partners</p> <p>Investment in programme manager for HLF, external support for CANAPE delivery.</p> <p>Investment in time and resources in the development of the project(s) and during implementation to ensure there is a good understanding of the project aims and objectives.</p> <p>Ensure that relationships with partners and funders remain strong and respond rapidly to any misunderstandings.</p>	2	1	2		On-going
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Description of Risk Vulnerability: Risk associated with Member's actions causing damage to external relationships		
No.20	Risk Owner/Assessor: Solicitor and Monitoring Officer	Assessment Date: June 2017
		Review Date: December 2017

Specific Hazards Describe the vulnerability & Impact	Initial Risk			Controls / Safeguards / Precautions	Revised Risk			Additional Actions Required	Timescale
	S	P	R		S	P	R		
Damage caused by comments or actions of a Member, with consequent harm to relationships with key stakeholders or which undermines public confidence in the Authority.	2	2	4	<p>New Code of Conduct for Members containing Nolan Principles of conduct adopted by BA on 30/9/16</p> <p>Statutory undertakings given by Members to abide by Code of Conduct in relation to new Code of Conduct given by deadline of 30/11/16</p> <p>Training on new Code of Conduct provided to Members on 20/01/17</p> <p>Protocol on Member and Officer Relations which provides guidance to Members updated May 2017</p> <p>Members' induction</p>	2	1	2	<p>Member Handbook currently in progress to be completed</p> <p>Member Protocol on social media to be produced</p>	<p>September 2017</p> <p>July 2017</p>

Description of Risk Vulnerability: Risks Associated with Payroll – Internal (Risks associated with external provider covered under Risk 8)										
No.21	Risk Owner/Assessor: Head of HR					Assessment Date: June 2017				
						Review Date: December 2017				
Specific Hazards		Initial Risk			Controls / Safeguards / Precautions	Revised Risk			Additional Actions Required	Timescale
Describe the vulnerability & Impact		S	P	R		S	P	R		
Payroll errors leading to employees being incorrectly paid or not paid at all		3	3	9	Training given to staff and internal checks by Head of HR and Finance Team in place. Procedures for payroll review and checking and submission process in course of preparation in July 2017 in process of completion.	3	2	6	Fully documented procedures for the payroll review/checking and submission process undertaken by the HR team, including the role the Finance Team perform	End of July 2017