

Financial Scrutiny and Audit Committee

AGENDA

6 March 2018

2:00pm

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| 1. To receive apologies for absence | |
| 2. To note whether any items have been proposed as matters of urgent business | |
| 3. To receive declarations of interest | |
| 4. To receive and confirm the minutes of the Financial Scrutiny and Audit Committee meetings held on 14 November 2017 (herewith) | 3 - 8 |
| 5. Public Question Time To note whether any questions have been raised by members of the public | |

FINANCIAL SCRUTINY

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| 6. Investment Strategy and Performance Report 2017/18 Report by Chief Financial Officer (herewith) | 9 - 18 |
| 7. Consolidated Income and Expenditure: 1 April to 31 January 2018 Actual and 2017/18 Forecast Outturn Report by Chief Financial Officer (herewith) | 19 - 30 |

AUDIT

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| 8. Internal Audit Strategic and Annual Plans 2018/19 Report by Head of Internal Audit Consortium (herewith) | 31 - 42 |
| 9. External Audit Report by Chief Financial Officer (herewith) | 43 - 89 |
| 10. Implementation of Internal Audit Recommendations: Summary of Progress Report by Chief Financial Officer (herewith) | 90 - 106 |

RISK MANAGEMENT

11. **Review of Strategic Risk Register** 107 - 142
Report by Solicitor and Monitoring Officer (herewith)

OTHER MATTERS

12. **Review of Code of Corporate Governance** 143 - 160
Report by Solicitor and Monitoring Officer
13. **Update on Implementation of General Data Protection Regulation** 161 - 162
Report by Solicitor and Monitoring Officer (herewith)
14. **Strategy and Regulation Updates** 163 - 221
Report by Chief Financial Officer (herewith)
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**
16. **To answer any formal questions of which due notice has been given**

To note the date of the next meeting – Tuesday 24 July 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 14 November 2017

Present:

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

In Attendance:

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

1/1 Apologies for Absence

Apologies were received from Nicky Talbot

1/2 Appointment of Chair

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

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

There being no other nominations, it was

RESOLVED

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

Mr Louis Baugh (in the Chair)

1/3 Appointment of Vice Chair

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

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

There being no other nominations, it was

RESOLVED

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

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

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

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

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

1/5 Declarations of Interests

No declarations of interests were expressed.

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

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

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

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

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

1/8 Public Question Time

No questions were raised by members of the public.

1/9 External Audit

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

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

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

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

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

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

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

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

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

Members noted the report.

Agenda item 13 was dealt with at this point.

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

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

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

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

Members noted the report.

1/12 Preparation for the 2018/19 Budget

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

The main issues being taken into account were:

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

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

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

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

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

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

Members welcomed the presentation.

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

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

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

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

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

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

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

Members approved the strategic risk register.

1/14 To consider any other items of business which the Chairman decides should be considered as a matter of urgency pursuant to Section 100B (4) (b) of the Local Government Act 1972

There were no further items of business which the Chairman decided should be considered as a matter of urgency pursuant to Section 100B (4) (b) of the Local Government Act.

1/15 Formal Questions

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

1/16 Date of the next meeting

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

The meeting concluded at 3.42 pm.

CHAIRMAN

Investment Strategy and Performance Report 2017/18
Report by Chief Financial Officer

Summary: This report sets out details of the Authority's investment of surplus cash, including the investment principles adopted and performance during the ten months to 31 January 2018.

Recommendation: That the current arrangements regarding the investment of surplus cash are noted.

1. Introduction

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

2. Investment Principles and Performance

2.1. The investment of surplus cash is governed by the Authority's Treasury and Annual Investment Strategy 2017/18. Details of this strategy renewal can be found in paragraph 3.1.

2.2. As detailed in the strategy the Authority's primary concern is to safeguard its capital and the liquidity of its investments. Surplus cash sums are monitored on a weekly basis by the Authority's Finance staff and transferred as and when required to appropriate institutions listed in the Strategy. Cash flow requirements can result in transfers in both directions as the year progresses. The key facts for the ten months to 31 January 2018 were:

- Opening balance £2.000 million.
- Closing balance £2.500 million.
- Highest sum £2.500 million.
- Lowest sum £2.000 million.

2.3. There has been one maturity in September of a Fixed Term investment which was reinvested for a further period of one year (£1 million). The Authority also invested in a 90 day notice account in September (£500 thousand) to reduce funds held in the Business Premium Account (instant access). The current portfolio has meant that interest income is forecast to beat previous budget predictions.

2.4. The figures for the previous year (2016/17) were:

- Opening balance £4.250 million.
- Closing balance £2.000 million.
- Highest sum £4.250 million.
- Lowest sum £0.000 million.

2.5. It is important to note that whilst the figures for 2016/17 had larger opening balances this was under the previous arrangement with Broadland District Council. This arrangement meant that any balances held were available on an instant access basis and a transaction charge was made to cover the Council's costs involved in the administration of the investments (including bank charges for direct money transfers). Up until 30 November 2016 the actual interest receivable by the Broads Authority was based on the actual interest received on Broadland's internal investments.

2.6. The sum paid over by Broadland for 2016/17 was £11,776.59 based on internal monthly returns that ranged from 0.031% to 0.047%. Interest earned by the Broads to 31 March 2017 was £2,994.11 based on monthly returns that ranged from 0.013% to 0.083%.

2.7. The total interest earned in 2016/17 was £14,771 which includes the interest from Broadland and other internal investments. Forecast interest for 2017/18 is £20,000.

3. Draft Treasury and Annual Investment Strategy 2018/19

3.1. The Prudential Code requires local authorities to produce an Annual Investment and Capital Financing (borrowing) strategy. This must be approved before the start of each financial year, by the Full Authority.

3.2. A draft can be found in Appendix 1 which incorporates the latest CIPFA guidance from its Treasury Management Code of Practice (2017). The main changes between the draft and the current year's are shown in track changes. The main change relates to the inclusion of non-treasury investments, such as investment properties. Details of which can be found in the Treasury Strategy paragraph 2.5 and the Annual Investment Strategy paragraph 6.

3.3. Members views are sought on the draft prior to the full Authority on 16 March 2018.

Background papers: None

Author: Emma Krelle
Date of report: 14 February 2018

Broads Plan Objectives: None

Appendices: Draft Treasury and Annual Investment Strategy

Treasury Strategy

1. Introduction

1.1. Both CIPFA's Treasury Management Code of Practice (2014~~7~~ Edition) and the Prudential Code requires the Authority to produce a strategy which explains the Authority's borrowing and investment activities and the effective management and control of those risks. This strategy seeks to incorporate the best practice recommendations from this guidance whilst also bearing in mind the Guidance for Smaller Public Service Organisations (2014 Edition).

2. Treasury Management Policy Statement

2.1. The Authority defines its treasury management activities as:

2.1.1. The Management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; the pursuit of optimum performance consistent with those risks and any financial instruments entered into to manage these risks.

2.1.2. The Authority regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

2.1.3. The Authority acknowledges that effective treasury management will provide support towards the achievement of its strategic objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance management techniques, within the context of effective risk management.

2.2. Borrowing Principles

2.2.1. The Authority intends to fund all of its capital expenditure from either its earmarked reserves, capital receipts or from its revenue accounts. However if any of those accounts hold insufficient funds borrowing may be considered.

2.2.2. The Authority currently has one long term loan from the Public Works Loan Board that was utilised to purchase the dredging operation from May Gurney in November 2007 for £290,000. This is to be paid over a 20 year period at a fixed interest rate of 4.82%. Repayments are incorporated into the revenue budget.

2.2.3. The Authority also has the option to enter into finance leases to purchase capital items. Typically this has included the purchase of large pieces of equipment such as the JCB, ~~and~~ the Doosan excavator and the concrete pump. International Financial Reporting Standards include these types of leases as borrowing due to the risk and reward of the asset transferring to the Authority.

2.2.4. If additional borrowing was deemed necessary following committee consultation then the Authority would need to minimise the costs to the revenue budgets including future year repayments and undertake new borrowing at the cheapest cost.

2.3. Investment Principles

2.3.1. The Authority's main objective is the prudent investment of its treasury balances. The main priorities are the security of capital and the liquidity of its investments. It will be only after these have been satisfied that it will aim to achieve optimum return on its investments. The Authority will not engage in borrowing purely to invest or to on-lend to make a return. Such activity is considered unlawful.

2.4. Treasury Management Practices

2.4.1. Risk Management

2.4.1.1. The Authority adopts a low risk appetite to its treasury management but is not totally risk averse. It will invest with other institutions with appropriate credit ratings rather than just making use of government deposits. If additional borrowing should be required it will seek to borrow on a fixed rate basis to build in assurance for future year liabilities.

2.4.1.2. As part of the Authority's strategic risk register risks are monitored and managed on a regular basis. This includes investment risks. These are reported at least twice a year to the Financial Scrutiny and Audit Committee. Responsible Officers review these throughout the year and are discussed at Management Forum.

2.4.1.3. Risks specific to treasury management include:

2.4.1.3.1. *Credit and Counterparty*

The main objective of the Authority is to secure the principal sum it invests and therefore takes a prudent approach as to whom it invests funds with. This is limited to organisations who meet minimum criteria and is covered in more detail within the investment strategy. The Authority also faces this risk through the default of its debtors. Payment terms are limited to 30 days or where appropriate payment is asked for in advance. Corrective action is taken as required to secure outstanding debts. Bad debts are kept to a minimum.

2.4.1.3.2. *Liquidity*

The Authority will maintain adequate cash balances and borrowing arrangements to enable it to achieve its strategic objectives. The Authority will only borrow in advance of need where there is a clear business case to do so and will only do so for the current capital programme. Debt repayments are included in the annual revenue budget.

2.4.1.3.3. *Interest rate*

The Authority will manage its exposure to fluctuations to interest rate risks in line with its budgets. It will achieve this through the prudent use of its approved instruments, methods and techniques to create stability and certainty of costs and revenues, whilst remaining sufficient flexibility to take advantage of unexpected changes to interest rates. The Authority will limit fixed term deposits to a period of no longer than one year to limit risks to liquidity.

2.4.1.3.4. *Exchange rate*

The Authority will manage its exposure to fluctuations in exchange rates to minimise any impact on its budgeted income/expenditure levels. External advice will be sought to

manage this in the most appropriate way as it could have a significant impact; this is particularly important in regards to EU grants.

2.4.1.3.5. *Inflation*

The Authority will keep under review the sensitivity of its treasury assets and liabilities to inflation, and will seek to manage the risk accordingly in the context of the whole Authority's inflation exposures.

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2.4.1.3.5-2.4.1.3.6. *Re-financing*

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If the Authority was in a position to re-finance its borrowing it will ensure that such arrangements are negotiated, structured and documented and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or re-financing. These will be competitive and as favourable to the organisation that can be reasonably achieved in the light of market conditions at the time. It will manage its relationships with its counterparties to secure this objective and will avoid the over reliance on any one source of funding if this might jeopardise achievement of the above.

2.4.1.3.6-2.4.1.3.7. *Legal and regulatory*

The Authority will ensure all of its treasury management activities comply with its statutory powers and regulatory requirements. The Authority recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as reasonable to do so, will seek to minimise any adverse risks.

2.4.1.3.7-2.4.1.3.8. *Fraud, error and corruption, and contingency management*

The Authority will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error or corruption. It will employ suitable systems and procedures to ensure segregation of duties, and will maintain effective contingency management arrangements to do so. In addition the Authority holds Fidelity Guarantee Insurance with Zurich Municipal as part of its overall insurance management arrangements.

2.4.1.3.8-2.4.1.3.9. *PriceMarket*

The Authority will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect it-self from such fluctuations.

2.4.2. Performance Measurement

- 2.4.2.1. Treasury management will be subject to regular review of its value for money and if other alternative methods of delivery will become more appropriate. The Financial Scrutiny and Audit Committee will receive reports twice a year detailing performance. It will also review the Treasury Strategy prior to the Authority meeting which remains responsible for its adoption. Further details of those performance measures are included within the Investment Strategy.

2.4.3. Decision making and analysis

2.4.3.1. The Authority will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps have been taken to ensure that all issues relevant to those decisions were taken into account at that time.

2.4.4. Approved Instruments, methods and techniques

2.4.4.1. The Authority will undertake its treasury management activities by employing instruments, methods and techniques as detailed in the Investment Strategy.

2.4.5. Organisation, clarity & segregation of responsibilities, and dealing arrangements

2.4.5.1. In order for there to be effective control and risk management it is essential that there is clear segregation of duties. This will be subject to regular review by Internal Audit as part of its key control test. If at any time there is a lack of resources that does not allow this, it will be reported to the Financial Scrutiny and Audit Committee. Such duties are detailed in the Finance department's job descriptions and are reviewed annually.

2.4.5.2. The ~~Head of Finance~~Chief Financial Officer is responsible for the development of the strategy, whilst cash flow monitoring is undertaken by the Senior Finance Assistant and reviewed by the Financial Accountant. The ~~Head of Finance~~Chief Financial Officer will remain responsible for identifying appropriate counter parties in line with agreed criteria. Funds to be transferred will be carried out by the Senior Finance Assistant and Financial Accountant following approval by the ~~Head of Finance~~Chief Financial Officer. All funds will be automatically transferred back into the Authority's main bank account.

2.4.6. Reporting requirements and management information

2.4.6.1. The ~~Head of Finance~~Chief Financial Officer will prepare regular reports for consideration on the implementation of its policies, decisions taken and transactions executed. The reports will also consider the impact of any changes on the budget or other regulatory, economic and market factors.

2.4.6.2. The Full Authority will receive an annual report on the strategy and the plan for the coming year. The Financial Scrutiny and Audit Committee will review this strategy and receive a mid year review and an annual report on activity over the last year. Any impact on investment income will be reported throughout the year to the Full Authority as part of its Finance Performance and Direction reports.

2.4.7. Budgeting, accounting and audit arrangements

2.4.7.1. The ~~Head of Finance~~Chief Financial Officer will prepare the annual budget which will include the costs of the treasury function as well as the investment income as deemed by statute and regulation. The ~~Head of Finance~~Chief Financial Officer will be responsible for exercising control over these items and will report any changes as required as detailed above.

2.4.8. Cash and cash flow management

2.4.8.1. The ~~Head of Finance~~Chief Financial Officer will be responsible for all monies in the hands of the Authority and will be reviewed for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis to ensure

that liquidity risk is monitored. This will be undertaken on a weekly basis by the Senior Finance Assistant and reviewed by the Financial Accountant. This weekly forecast will also look at predictions for the current month. Annual cash flow predictions will be prepared by the ~~Head of Finance~~Chief Financial Officer following preparation of the annual budget.

2.4.9. Money laundering

2.4.9.1. The Authority is aware that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Further details can be found in the Authority's Counter Fraud, Bribery and Corruption policy and its Financial Regulations. Copies are available to all staff on the Intranet.

2.4.10. Training and qualifications

2.4.10.1. The Authority recognises the importance of ensuring that all staff involved in the treasury management are equipped to undertake the duties and responsibilities allocated to them. Recruitment of vacant posts will reflect this position and training opportunities will be identified through the annual Individual Performance Review (IPR).

2.4.10.2. The ~~Head of Finance~~Chief Financial Officer will ensure that the Financial Scrutiny and Audit Committee who have treasury management/scrutiny responsibilities have access to training relevant to their needs and responsibilities.

2.4.11. Use of External providers

2.4.11.1. The Authority recognises that responsibility for treasury management decisions remain with the Authority at all times. It recognises that there may be value in employing external providers in order to access specialist skills and resources. However the use of external providers is not currently used based on the Authority's limited amount of surplus funds and the costs associated. If this position changed it would ensure a full evaluation had been undertaken as to the costs and benefits through the Authority's Standing Orders.

2.4.12. Corporate Governance

2.4.12.1. Treasury Management activities will be undertaken with openness and transparency, honesty, integrity and accountability. This together with the other arrangements detailed in the Investment Strategy are considered vital to the achievement of proper corporate governance in treasury management. The ~~Head of Finance~~Chief Financial Officer will monitor and report upon the effectiveness of these arrangements.

2.5. Management Practices for Non-Treasury Investments

2.5.1. The Authority recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries, and investment property portfolios.

~~2.4.12.1-~~2.5.2. The Authority will ensure that all investments are covered in the investment strategy, and will set out, where relevant, the Authority's risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that for treasury management. A schedule of these types of investments will be included.

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Annual Investment Strategy 2017/18/19

1. This strategy builds on those principles and practices as laid out in the Treasury Management Strategy. It continues to give priority to the security of capital and liquidity before returns are considered.

1.1. The Authority will continue to invest in Sterling.

2. Specified Investment

2.1. These investments are made in Sterling and have a duration of 1 year or less. Typically these are low risk investments due to being made with high credit rating bodies, examples include:

- UK government or local authorities;
- UK/European banks and building societies
- Money Market funds (AAA rated by credit rating agency)
- Debt Management Agency deposit facility

2.1.1. This list is not exhaustive but highlights where the Authority is most likely to place its funds.

2.1.2. To mitigate against the risks of credit and counterparty the Authority will only seek investments with bodies that have at least a short term rating of F-1 as stated by Fitch credit ratings.

2.1.3. The Authority will monitor these ratings monthly through online credit watches and use these to determine any new investments. This may mean those failing to meet the criteria will be removed from the list, whilst those new counterparties who do may be added. Other market information including the financial press will be monitored.

3. Non Specified Investments

3.1. These investments tend to be any other type of permitted investment which have durations of more than a year. This also includes equity-type investments. At this point the Authority does not consider these types of investments as appropriate but may do so in the future if surplus funds permit.

3.2. Longer term investments will only be considered with those institutions that have a Fitch credit rating of A (+/-).

3.3. The Authority will seek proper advice and will consider that advice when entering into arrangements on derivatives to ensure that it fully understands those products.

4. Liquidity

4.1. The Authority will seek to spread its investments to avoid over reliance on one institution. This is currently split between the Authority's current account provider (Barclays) and fixed term deposits with Lloyds. Funds held at Barclays are automatically swept each day into its Business Premium Account that pays a small amount of interest. This facility is instant access. Based on its cash flow forecasts the Authority anticipates that its cash balances will range between £2.5m and £4m.

4.2. Current Holdings as at ~~03/19/032/187~~

| Counterparty | Holding/Investment | Interest Rate | Investment Date | Maturity Date |
|-------------------------|--------------------|---------------|---------------------|--------------------------|
| Lloyds Fixed Term | 1,000,000 | 1% | 01/03/17 | 28/02/18 |
| Lloyds Fixed Term | 1,000,000 | 0.65% | 04/03/17 | 31/04/089/178 |
| Barclays Notice Account | 500,000 | Base rate + | 95 days notice | |

Comment [EK1]: Plan to reinvest for 1 year, verbal update to be provided at meeting

| | | | |
|--------------------------|-----------|--------|----------------|
| | | 0.25% | |
| Barclays Premium Account | 1,462,000 | 0.154% | Instant access |

5. Capital Financing (Borrowing) Principles

5.1. The following table shows the current forecast for capital expenditure for the next three years. Commentary is also provided below.

| Prudential indicator | 20178/189 | 20189/1920 | 201920/201 |
|------------------------------------|-----------|------------|------------|
| Estimate of capital expenditure | £200,000 | £200,000 | £200,000 |
| Authorised limit for external debt | £500,000 | £500,000 | £500,000 |
| Operational Boundary | £400,000 | £400,000 | £400,000 |

5.2. The use of reserves to finance capital expenditure will have an impact on level of investments. However budgeted contributions to earmarked reserves should mitigate this as well as the sale of assets. The table below shows estimates of year end balances for each resource.

| Estimated Year-End reserves | 20178/189 | 20189/1920 | 201920/201 |
|---------------------------------|---------------|------------------|-----------------|
| General and Navigation Reserves | £1,325,07,000 | £1,293,27,000 | £1,243,54,000 |
| Earmarked reserves | £1,266,53,000 | £1,594,40,000 | £1,737,290,000 |
| Total Investments 31 March | £2,590,15,000 | £3,2,171,833,000 | £23,980,544,000 |

5.3. Affordability

5.3.1. The prudential code indicator for affordability asks the Authority to estimate the ratio of financing costs to net revenue stream. However as the only current borrowing was to finance the acquisition of the dredging operation from May Gurney, the financing costs have a zero effect on the bottom line of navigation income and expenditure as the dredging operation (financing costs and ongoing running cost including any additional capital expenditure) are less than or equal to the cost paid to contract out to May Gurney in the past. It is therefore felt that this indicator is not appropriate for use by the Authority in this instance.

5.4. External Debt

5.4.1. Prudential indicators in respect of external debt must be set and revised taking into account their affordability. It is through this means that the objective of ensuring that external debt is kept within sustainable, prudent limits is addressed year on year.

5.4.2. Therefore, the Authority will at this time only borrow to finance the capital expenditure incurred on the acquisition of the dredging operation from May Gurney.

5.5. Authorised limit

5.5.1. The Authority will set for the forthcoming financial year and the following two financial years an authorised limit for its total external debt, separately identifying borrowing from other long term liabilities (excluding pension liability and government grants deferred). It should be noted that the Authority does not have any other long term liabilities at present or plans to have any in the future. This prudential indicator is referred to as the authorised limit and is shown in the table above.

5.6. Operational Boundary

5.6.1. The Authority will set for the forthcoming financial year and the following two financial years an operational boundary for its total external debt. This Prudential indicator is referred to as the operational boundary and is shown in the table above. The operational boundary is based on the Authority's estimate of most likely, i.e. prudent, but not worst case, scenario.

5.7. Capital expenditure

5.7.1. The Authority will make reasonable estimates of the total of capital expenditure that it plans to incur during the forthcoming financial year and at least the following two financial years. This Prudential indicator will be referred to as estimate of capital expenditure and is included in the table above.

5.8. Treasury Management

5.8.1. The Prudential Code requires authorities to set upper limits for its exposure to the effects of changes in interest rates. However, as explained above under paragraph 5.3.1, the current borrowing costs will not be an additional cost to the Authority. The Authority has borrowed at a fixed interest rate, thus reducing its exposure to changes in interest rates. This Prudential indicator is therefore not considered necessary in this instance.

5.8.2. There remains a small risk to the Authority in using fixed term deposits that interest rates may increase in the short term. However given the historic low interest rates on offer following the financial crisis any increase in rates is likely to be slow. By minimising fixed term deposits to a minimum of 1 year and staggering them it will allow the Authority to take advantage of any increase as funds become available for re-investment. Funds in instant access will be able to take advantage of any increase in rates.

5.9. Maturity structure of borrowing

5.9.1. The Prudential Code requires authorities to set upper and lower limits with respect to the maturity structure of its borrowing. However as the Authority only has a single loan this indicator is not considered relevant.

6. Non-Treasury Investments

6.1. The schedule below provides details of the non-treasury investments the Authority currently holds;

| Classification | Investment | Details |
|---------------------|------------------|--|
| Investment Property | Ludham Fieldbase | Previously an operational base which was reclassified following reorganisation in 2013. Subsequently held to achieve rental income which has seen limited success following the specialist nature of the property and its location. This has led to the Authority agreeing to dispose of the property and holding it for sale. |

6.7. End of Year Investment and Capital Financing Report

6.7.1. The Authority will provide a report on its investments and capital financing activity at the end of the financial year, as part of its final accounts reporting procedure.

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**Financial Scrutiny and Audit
Committee**

6 March 2018

Agenda Item No 7

**Consolidated Income and Expenditure:
1 April to 31 January 2018 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 ten month period to 31 January 2018, 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 31 January 2018

| | Profiled Latest Available Budget | Actual Income and Expenditure | Actual Variance |
|---|---|--------------------------------------|------------------------|
| Income | (6,467,665) | (6,547,970) | + 80,305 |
| Operations | 2,803,367 | 2,760,792 | + 42,575 |
| Strategic Services | 1,820,427 | 1,712,107 | + 108,319 |
| Chief Executive | 982,133 | 933,781 | + 48,352 |
| Projects, Corporate Items and Contributions from Earmarked Reserves | (65,129) | (52,125) | - 13,004 |
| Net (Surplus) / Deficit | (926,867) | (1,193,414) | + 266,547 |

2. Core navigation income is above of the profiled budget at the end of month ten. The overall position as at 31 January 2018 is a favourable variance of £266,547 or 28.76% difference from the profiled LAB. This is principally due to:

- An overall favourable variance of £78,975 within toll income:
 - Hire Craft Tolls £42,732 above the profiled budget.
 - Private Craft Tolls £29,259 above the profiled budget.

- A favourable variance within Operations budgets relating to:
 - Construction and Maintenance Salaries is under profiled budget by £40,074 due to a number of vacancies this year.
 - Water Management is under profiled budget by £52,918 due to two contracts being delayed, both are scheduled for delivery by 31 March 2018.
 - Land Management is under profiled budget by £10,569 due to income being received ahead of profile.
 - Practical Maintenance is over the profiled budget by £138,859 due to timing differences on the profile originally set. This is due to Acle Bridge being purchased.
 - Ranger Services is under profiled budget by £20,669 due to additional income and underspends within salaries and expenditure.
 - Premises is under profiled budget by £60,579 due to timing differences around the Dockyard Wet Shed repairs.
- A favourable variance within Strategic Services budgets relating to:
 - Strategy and Projects is over profiled budget by £17,425 due to a number of small variances within all budgets.
 - Human Resources is under profiled budget by £15,341 due to vacancies and timing differences on staff training.
 - Project Funding is under profiled budget by £47,531 due to timing differences.
 - Communications is under profiled budget by £17,184 due to staff to timing differences.
 - Visitor Centres and Yacht stations is under profiled budget by £18,744 due to salary savings and increased income
 - Collection of Tolls is over profiled budget by £13,990 due to timing differences.
 - ICT is under profiled budget by £12,568 due to timing differences.
 - Strategic Services Management and Administration is under profiled budget by £11,805 due to a previous vacancy.
- A favourable variance within Chief Executive budgets relating to:
 - Governance is under budget by £12,810 due to timing differences around the invoicing for the Peer Review and Members workshop.
 - Asset Management is under budget by £30,022 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 |
| Approved budget carry-forwards | Item 11 19/05/17 (BA) | 31,245 |
| LAB at 31 January 2018 – 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 31 January 2018.

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 December 2017, the forecast outturn indicates:

- The total forecast income is £6,564,827, or £78,232 above the LAB.
- Total expenditure is forecast to be £6,581,448.
- The resulting deficit for the year is forecast to be £16,621.

4.3. A verbal update will be provided at the meeting on any January adjustments reported by budget holders.

4.4. 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 £80,802 against the LAB.

Table 3 – Adjustments to Forecast Outturn

| Item | £ |
|---|---------------|
| Forecast outturn deficit per LAB | 97,423 |
| Adjustments reported 14/11/17 | (57,631) |
| Increase to Hire Craft Income | (271) |
| Increase to Private Craft Income | (10,500) |
| Decrease in Strategic Services Management and Admin following a vacancy | (12,400) |
| Forecast outturn deficit as at 31 January 2018 | 16,621 |

4.5. 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) | (51,500) | (480,505) |
| Plant, Vessels and Equipment | (214,671) | 10,500 | (204,170) |
| Premises | (178,942) | 14,809 | (164,133) |
| Planning Delivery Grant | (194,908) | 11,075 | (183,833) |
| Upper Thurne Enhancement | (77,752) | (21,057) | (98,808) |
| Section 106 | (109,020) | 7,550 | (101,470) |
| Heritage Lottery Fund | (92,936) | 25,444 | (67,493) |
| CANAPE | - | (84,752) | (84,752) |
| Catchment Partnership | (94,833) | 7,335 | (87,497) |
| Total | (1,392,066) | (80,595) | (1,472,661) |

5.1. £649,654 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 £54,584 for the national park side and a surplus of £37,963 on navigation resulting in an overall deficit of £16,621 within the consolidated budget, which would indicate a general fund reserve balance of approximately £987,000 and a navigation reserve balance of approximately £364,000 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: 19 February 2018

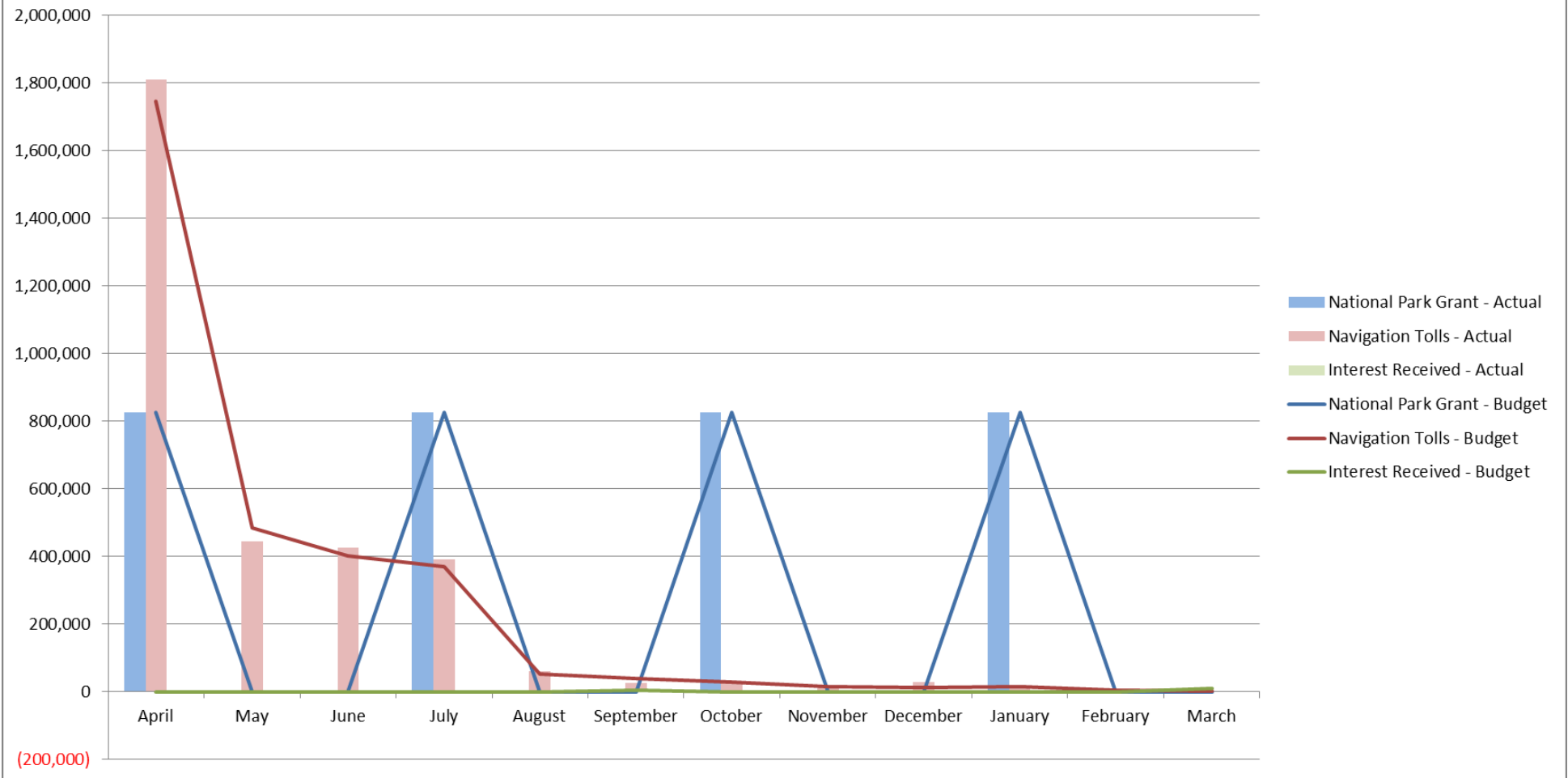
Broads Plan Objectives: None

Appendices:

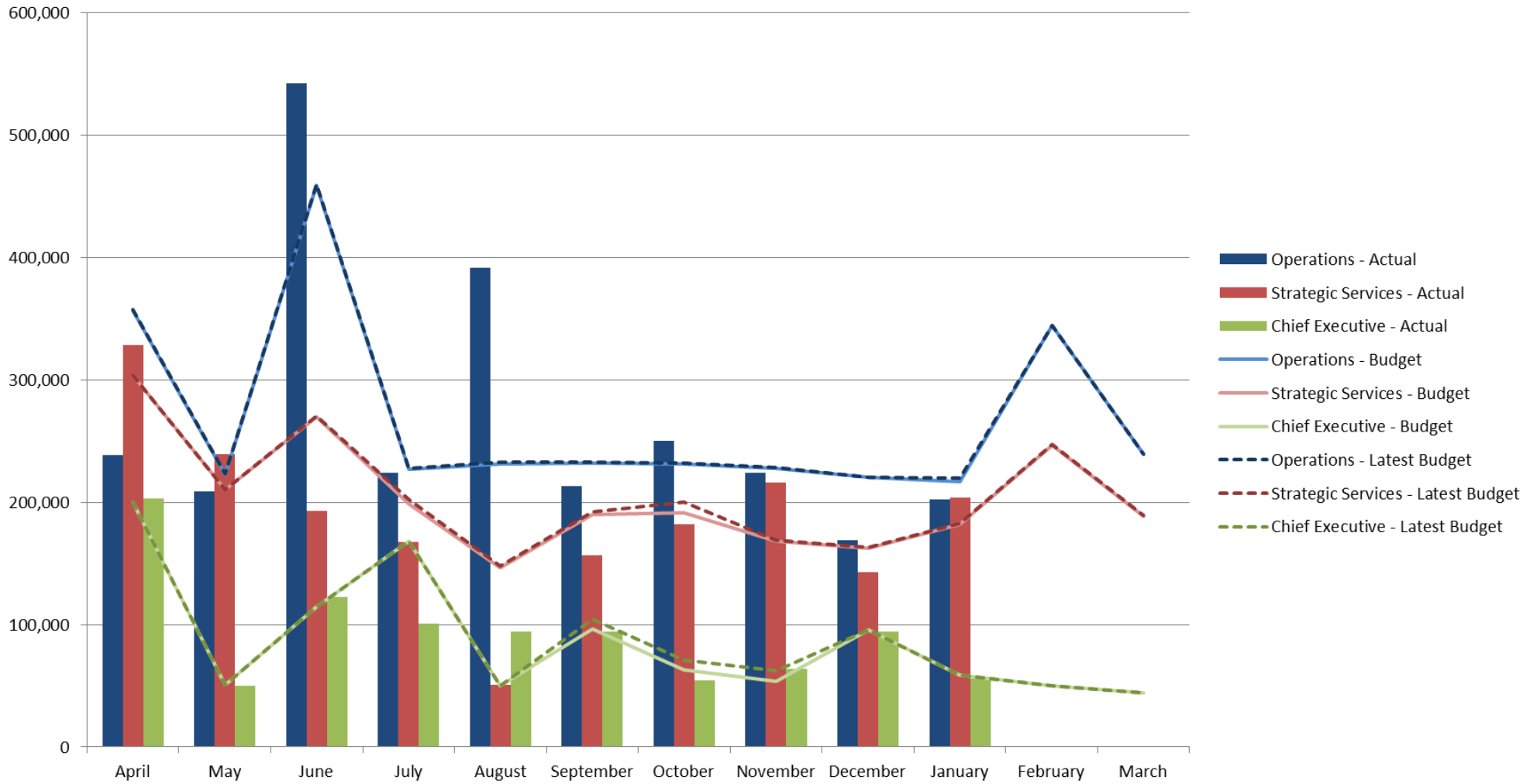
APPENDIX 1 – Consolidated Actual Income and Expenditure
Charts to 31 January 2018

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

Consolidated Actual Core Income against Original Budget



Consolidated Net Actual Expenditure against Original and Latest Budget



To 31 January 2018

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) | (6,564,827) | 78,232 |
| 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) | (1,116,132) | 42,732 |
| Income | (1,073,400) | | (1,073,400) | (1,116,132) | 42,732 |
| Private Craft Tolls | (2,040,000) | | (2,040,000) | (2,070,500) | 30,500 |
| Income | (2,040,000) | | (2,040,000) | (2,070,500) | 30,500 |
| 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 |
| Strategic Services | 2,206,055 | 17,380 | 2,223,435 | 2,211,455 | 11,980 |
| 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 |
| Strategy and Projects | | | 0 | | 0 |
| Expenditure | | | 0 | | 0 |
| Biodiversity Strategy | 10,000 | 400 | 10,400 | 10,400 | 0 |
| Income | | | 0 | | 0 |
| Expenditure | 10,000 | 400 | 10,400 | 10,400 | 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 |
| Income | | | 0 | | 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 |

| Row Labels | Original Budget (Consolidated) | Budget Adjustments (Consolidated) | Latest Available Budget (Consolidated) | Forecast Outturn (Consolidated) | Forecast Outturn Variance (Consolidated) |
|--|-----------------------------------|---|--|------------------------------------|--|
| Salaries | 181,360 | | 181,360 | 181,360 | 0 |
| Expenditure | 123,500 | | 123,500 | 120,450 | 3,050 |
| Strategic Services Management and Administration | 215,810 | | 215,810 | 203,410 | 12,400 |
| Income | (1,525) | | (1,525) | (1,525) | 0 |
| Salaries | 142,470 | | 142,470 | 130,070 | 12,400 |
| 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 |
| Income | | | 0 | | 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 |

| Row Labels | Original Budget (Consolidated) | Budget Adjustments (Consolidated) | Latest Available Budget (Consolidated) | Forecast Outturn (Consolidated) | Forecast Outturn Variance (Consolidated) |
|---------------------------------------|-----------------------------------|---|--|------------------------------------|--|
| Salaries | 23,945 | | 23,945 | 23,945 | 0 |
| Expenditure | 71,791 | | 71,791 | 71,791 | 0 |
| 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 | 16,621 | 80,802 |

Internal Audit Strategic and Annual Plans 2018/19
Report by Head of Internal Audit

Summary:

This report provides an overview of the stages followed prior to the formulation of the Internal Audit Plan for 2018/19.

The Annual Internal Audit Plan serves as the work programme and initial terms of reference for the Authority's Internal Audit Services Contractor, TIAA Ltd, and provide the basis upon which the Head of Internal Audit will subsequently give an Annual Audit Opinion for 2018/19.

Recommendation:

The Committee is requested to approve:

- (i) The Internal Audit Strategy for 2018/19; and
- (ii) The Annual Internal Audit Plan for 2018/19.

The Committee is requested to note:

- (iii) The Performance Management measures for the Internal Audit Contractor.

1 Introduction

- 1.1 The Authority is required by the Accounts and Audit Regulations 2015 to ensure "a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance".
- 1.2 Those standards are set out in the Public Sector Internal Audit Standards (PSIAS) which came into effect in April 2013.
- 1.3 The formulation of the Annual Internal Audit Plans for 2018/19 is described in the attached report, and the resulting plan contained therein.

| | |
|-------------------------|---|
| Background papers: | Nil |
| Author: | Emma Hodds, Head of Internal Audit for the Broads Authority |
| Date of Report: | 18 February 2018 |
| Broads Plan Objectives: | None |
| Appendices: | Internal Audit Plan 2018/19 |

Eastern Internal Audit Services



BROADS AUTHORITY

Internal Audit Plans 2018/19

Responsible Officer: Head of Internal Audit

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1. INTRODUCTION

- 1.1 The Accounts and Audit Regulations 2015 require that “a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.
- 1.2 The Public Sector Internal Audit Standards (PSIAS) mandate a periodic preparation of a risk-based plan, which must incorporate or be linked to a strategic high-level statement on how the internal audit service will be delivered and developed in accordance with the charter and how it links to the organisational objectives and priorities, this is set out in the Internal Audit Strategy.
- 1.3 Risk is defined as 'the possibility of an event occurring that will have an impact on the achievement of objectives'. Risk can be a positive and negative aspect, so as well as managing things that could have an adverse impact (downside risk) it is also important to look at potential benefits (upside risk).
- 1.4 The development of a risk-based plan takes into account the organisation's risk management framework. The process identifies the assurance (and consulting) assignments for a specific period, by identifying and prioritising all those areas on which objective assurance is required. This is then also applied when carrying out individual risk based assignments to provide assurance on part of the risk management framework, including the mitigation of individual or groups of risks.
- 1.5 The following factors are also taken into account when developing the internal audit plan:
 - Any declarations of interest so as to avoid conflicts of interest;
 - The requirements of the use of specialists e.g. IT auditors;
 - Striking the right balance over the range of reviews needing to be delivered, for example systems and risk based reviews, specific key controls testing, value for money and added value reviews;
 - The relative risk maturity of the Authority;
 - Allowing contingency time to undertake ad-hoc reviews or fraud investigations as necessary;
 - The time required to carry out the audit planning process effectively as well as regular reporting to and attendance at Financial Scrutiny and Audit Committee, the development of the annual report and opinion and the Quality Assurance and Improvement Programme.
- 1.6 In accordance with best practice the Financial Scrutiny and Audit Committee should ‘*review and assess the annual internal audit work plan*’.

2. AUDIT CHARTER

- 2.1 The Internal Audit Charter (the Charter) was developed as part of the planning process in 2014/15 and incorporated the requirements of the PSIAS, this was updated in 2015/16 to more accurately reflect the working arrangements with the Internal Audit Contractor – TIAA Ltd.
- 2.2 The Charter was updated in 2017 to also reflect the updates made, the new Internal Professional Practices Framework (IPPF) and PSIAS – and in particular the mission statement and core principles. The Charter now also more explicitly includes reference to the

mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, and the International Standards.

- 2.3 There is an obligation under the PSIAS for the Charter to be periodically reviewed and presented. This Charter is therefore reviewed annually by the Head of Internal Audit to confirm its ongoing validity and completeness, and presented to the Section 17 Officer, Senior Management and the Financial Scrutiny and Audit Committee every 2 years, or as required, for review.
- 2.4 As part of the review of the Audit Charter the Code of Ethics are also reviewed by the Head of Internal Audit, and it is ensured that the Internal Audit Services contractor staff, as well as the Head of Internal Audit adhere to these, specifically with regard to; integrity, objectivity, confidentiality and competency. Formal sign off to acceptance of the Code of Ethics is retained by the Head of Internal Audit.

3. INTERNAL AUDIT STRATEGY

- 3.1 The purpose of the Internal Audit Strategy (**see Appendix 1**) is to confirm:
 - How internal audit services will be delivered;
 - How internal audit services will be developed in accordance with the internal audit charter;
 - How internal audit services links to organisational objectives and priorities; and
 - How the internal audit resource requirements have been assessed.

4. ANNUAL INTERNAL AUDIT PLAN

- 4.1 As agreed in prior years the Broads Authority internal audit plan is revisited on an annual basis to ensure that this is both responsive and reflective of the developments, new risks, emerging issues and any other changes on an annual basis.
- 4.2 The annual internal audit plan is attached at Appendix 2, the first section highlights the areas being reviewed in the forthcoming financial year, with the number of days identified for each review, the quarter during which the audit will take place and a brief summary / purpose of the review.
- 4.3 The second section of the plan confirms the audits that have been undertaken in previous years and the assurance opinion awarded on conclusion of the review, alongside areas for consideration in future financial years, thus ensuring that awareness is maintained of the services provided by the Authority. This approach will also continue to ensure that sufficient coverage is provided to enable the Head of Internal Audit to provide an opinion at financial year end.
- 4.4 It is also worth noting that IT audit coverage is reviewed every two years, as due to the size of the audit plan this enables other service areas to be regularly reviewed.
- 4.5 The key controls & assurance audit and the corporate governance & risk management audits will continue to be undertaken on an annual basis due to the importance of these areas in determining the adequacy and effectiveness of the Authority's framework of governance, risk management and control, which informs the Head of Internal Audit Annual Opinion.

- 4.6 The annual internal audit plan for 2018/19 totals 36 days, encompassing four assignments, with audit verification work concerning audit recommendations implemented to improve the Authority's internal control environment carried out at year end.
- 4.7 In addition the Head of Internal Audit role will continue to be provided by South Norfolk Council, the key roles include; developing the annual internal audit plan, quality reviewing the outcomes of the work undertaken by the contractor (TIAA Ltd) & ensuring that this meets the contract requirements, providing an annual report and opinion to the Authority, ensuring that the Committee continues to follow best practice through the self-assessment exercise and providing training as requested to new members of the Committee.

5. PERFORMANCE MANAGEMENT

- 5.1 The new Internal Audit Services contract includes a suite of key performance indicators (**see Appendix 3**) against which the contractor will be reviewed on a quarterly basis. There are a total of 11 indicators, over 4 areas.
- 5.2 There are individual requirements for performance in relation to each indicator; performance will be assessed on an overall basis as follows:
- 9-11 KPIs have met target = Green Status.
 - 5-8 KPIs have met target = Amber Status.
 - 4 or below have met target = Red Status.

Where performance is amber or red a Performance Improvement Plan will be developed and agreed with the contractor to ensure that appropriate action is taken.

- 5.3 Performance in relation to these indicators will be reported to the Committee as part of the Annual Report and Opinion.

APPENDIX 1 – INTERNAL AUDIT STRATEGY

EASTERN INTERNAL AUDIT SERVICES THE BROADS AUTHORITY

INTERNAL AUDIT STRATEGY FOR 2018/19

1. Introduction

- 1.1 The Internal Audit Strategy is a high-level statement of;
- how the internal audit service will be delivered;
 - how internal audit services will be developed in accordance with the internal audit charter;
 - how internal audit services links to the organisational objectives and priorities; and
 - how the internal audit resource requirements have been assessed.

The provision of such a strategy is set out in the Public Sector Internal Audit Standards (the standards).

- 1.2 The purpose of the strategy is to provide a clear direction for internal audit services and creates a link between the Charter and the annual plan.

2. How the internal audit service will be delivered

- 2.1 The Role of the Head of Internal Audit and contract management is provided by South Norfolk Council to; Breckland, Broadland, North Norfolk, South Holland and South Norfolk District Councils, Great Yarmouth Borough Council and the Broads Authority. All Authorities are bound by a Partnership Agreement.
- 2.2 The delivery of the internal audit plans for each Authority is provided by an external contractor, who reports directly to the Head of Internal Audit. The current contract is with TIAA Ltd, and commenced on 1 April 2015, for an initial period of 5 years.

3. How internal audit services will be developed in accordance with the internal audit charter

3.1 Internal Audit objective and outcomes

- 3.1.1 Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the Authority's operations. It helps the Authority accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 3.1.2 The outcomes of the internal audit service are detailed in the Internal Audit Charter and can be summarised as; delivering a risk based audit plan in a professional, independent manner, to provide the Authority with an opinion on the level of assurance it can place upon the internal control environment, systems of risk management and corporate governance arrangements, and to make recommendations to improve these provisions, where further development would be beneficial.
- 3.1.3 The reporting of the outcomes from internal audit is through direct reports to senior management in respect of the areas reviewed under their remit, in the form of an audit report. The Financial Scrutiny and Audit Committee and the Section 17 Officer also receive:

- The Audit Plans Report, which is risk based and forms the next financial year's plan of work; and
- The Annual Report and Opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control.

3.2 Internal Audit Planning

- 3.2.1 A risk-based internal audit plan (RBIA) is established in consultation with senior management that identifies where assurance and consultancy is required.
- 3.2.2 The audit plan establishes a link between the proposed audit areas and the priorities and risks of the Authority taking into account:
- Stakeholder expectations, and feedback from senior and operational managers;
 - Objectives set in the strategic plan and business plans;
 - Risk maturity in the organisation to provide an indication of the reliability of risk registers;
 - Management's identification and response to risk, including risk mitigation strategies and levels of residual risk;
 - Legal and regulatory requirements;
 - The audit universe – all the audits that could be performed; and
 - Previous Internal Audit plans and the results of audit engagements.
- 3.2.3 In order to ensure that the internal audit service adds value to the Authority, assurance should be provided that major business risks are being managed appropriately, along with providing assurance over the system of internal control, risk management and governance processes.
- 3.2.4 Risk based internal audit planning starts with the Authority's Business Plan, linking through to the priority areas and the related high-level objectives. The focus is then on the risks, and opportunities, that may hinder, or help, the achievement of the objectives. The approach also focuses on the upcoming projects and developments for the Authority.
- 3.2.5 The approach ensures; better and earlier identification of risks and increased ability to control them; greater coherence with the Authority's priorities; an opportunity to engage with stakeholders; the Committee and Senior Management better understand how the internal audit service helps to accomplish its objectives; and this ensures that best practice is followed.
- 3.2.6 The key distinction with establishing plans derived from a risk based internal audit approach is that the focus should be to understand and analyse management's assessment of risk and to base audit plans and efforts around that process.
- 3.2.7 Consultation with the Section 17 Officer and Senior Management takes place through specific meetings during which current and future developments, changes, risks and areas of concern are discussed and the plan amended accordingly to take these into account.
- 3.2.8 The outcome of this populates the annual internal audit plan, which is discussed with and approved by Management Team prior to these being brought to the Financial Scrutiny and Audit Committee. In addition, External Audit is also provided with early sight of the plans.

3.3 Internal Audit Annual Opinion

3.3.1 The annual opinion provides Senior Management and the Financial Scrutiny and Audit Committee with an assessment of the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control.

3.3.2 The opinion is based upon:

- The summary of the internal audit work carried out;
- The follow up of management action taken to ensure implementation of agreed action as at financial year end;
- Any reliance placed upon third party assurances;
- Any issues that are deemed particularly relevant to the Annual Governance Statement (AGS);
- The Annual Review of the Effectiveness of Internal Audit, which includes;
 - A statement on conformance with the standards and the results of any quality assurance and improvement programme,
 - the outcomes of the performance indicators and
 - the degree of compliance with CIPFA's Statement on the Role of the Head of Internal Audit.

3.3.3 In order to achieve the above internal audit operates within the standards and uses a risk based approach to audit planning and to each audit assignment undertaken. The control environment for each audit area reviewed is assessed for its adequacy and effectiveness of the controls and an assurance rating applied.

4. **How internal audit services links to the organisational objectives and priorities**

4.1 In addition to the approach taken as outlined in section 3.2 (Internal Audit Planning), which ensures that the service links to the organisations objectives and priorities and thereby through the risk based approach adds value, internal audit also ensure an awareness is maintained of local and national issues and risks.

4.2 The annual audit planning process ensures that new or emerging risks are identified and considered at a local level. This strategy ensures that the planning process is all encompassing and reviews the records held by the Authority in respect of risks and issue logs and registers, reports that are taken through the Authority Committee meetings, and through extensive discussions with senior management.

4.3 Awareness of national issues is maintained through the contract in place with the external internal audit provider through regular "horizon scanning" updates, and annually a particular focus provided on issues to be considered during the planning process. Membership and subscription to professional bodies such as the Institute of Internal Auditors and the CIPFA on-line query service, liaison with External Audit, and networking, all help to ensure developments are noted and incorporated where appropriate.

5. **How internal audit resource requirements have been assessed**

5.1 Through utilising a contractor the risk based internal audit plan can be developed without having to take into account the existing resources, as you would with an in-house team, thus ensuring that audit coverage for the year is appropriate to the Authority's needs and not tied to a particular resource.

- 5.2 That said a core team of staff is provided to deliver the audit plan, and these staff bring with them considerable public sector knowledge and experience. These core staff can be supplemented with additional staff should the audit plan require it, and in addition specialists, e.g. computer auditors, contract auditor, fraud specialists, can be drafted in to assist in completing the internal audit plan and focusing on particular areas of specialism.
- 5.3 All audit professionals are encouraged to continually develop their skills and knowledge through various training routes; formal courses of study, in-house training, seminars and webinars. As part of the contract with TIAA Ltd the contractor needs to ensure that each member of staff completes a day's training per quarter.

APPENDIX 2 – ANNUAL INTERNAL AUDIT PLAN

| Audit Area | No. of days | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Summary / purpose of audit |
|--|-------------|-----------|-----------|-----------|-----------|--|
| Annual Opinion audits | | | | | | |
| Corporate Governance and Risk Management | 5 | | | 5 | | The Head of Internal Audit places reliance on the regular reports that are provided to FSAC on the Authority's risks, this review will look at the processes leading up to these reports to ensure that risk is well managed, monitored and reported on. The governance element of this audit will revisit the GDPR audit findings from the 2017/18 audit review, to provide assurance that the Authority remains on track. |
| Key Controls and Assurance Framework | 15 | | | 15 | | This audit looks at the fundamental systems that feed into the statement of accounts to provide assurance on the key controls. The areas reviewed as part of this audit are; Treasury Management/Investments, General Ledger, Asset Management, Budgetary Control, Accounts Receivable, Accounts Payable, Payroll, Toll Income, Control Accounts, and Follow Up of Internal Audit Recommendations. |
| Service Area audits | | | | | | |
| Branding | 8 | | | | 8 | The audit will review the links with District Councils, and look at the related strategies, policies and procedures and the branding criteria. |
| Disaster Recovery | 8 | | | | 8 | Disaster Recovery has not been reviewed for quite some time and the back-up servers are currently being moved to the dockyard and the location within which these will sit is currently being refitted to accommodate these at the required standard. As a result of this the DR plan will be updated and communicated to staff. An audit will review this post the move to ensure that the appropriate controls are in place. |
| Total number of days | 36 | 0 | 0 | 20 | 16 | |

| Audits Previously undertaken | | | Future areas for consideration for audit review | | |
|---|---------|------------|--|--|--|
| Service area audits | | | Branding - 2018/19 audit in quarter four | | |
| Partnership Working | 2009/10 | Limited | Procurement - 2019/20 audit in quarter two | | |
| Fens Ecological Project | 2009/10 | Reasonable | Peer Review Action Plan - member working group leading | | |
| Planning | 2011/12 | Reasonable | HLF and National Parks Partnership - to be revisited in future years | | |
| Procurement | 2013/14 | Reasonable | Project and Programme Management - part of HLF audits | | |
| Consultation Activities and partnership provisions | 2014/15 | Reasonable | | | |
| Planning | 2015/16 | Reasonable | | | |
| External Funding - HLF Bid and National Parks Partnership | 2016/17 | Reasonable | | | |
| Port Marine Safety Code* | 2017/18 | Reasonable | | | * this is a 3 yearly review and is next due in 2020/21 |
| Asset Management | 2017/18 | Reasonable | | | |
| IT Audits | | | | | |
| Disaster Recovery | 2008/09 | Limited | | | |
| IT Governance and Strategy | 2010/11 | Reasonable | | | |
| Toll Income Application Review | 2011/12 | Limited | | | |
| Network Security | 2013/14 | Limited | | | |
| End User Controls | 2014/15 | Reasonable | | | |
| Anti-Virus, Malware, Backups & Firewall Administration | 2016/17 | Reasonable | | | |

APPENDIX 3 – PERFORMANCE MEASURES

| Area / Indicator | Target |
|--|--|
| <u>Audit Committee / Senior Management</u> 1. Audit Committee Satisfaction – measured annually 2. Chief Finance Officer Satisfaction – measured quarterly | Adequate Good |
| <u>Internal Audit Process</u> 3. Each quarters audits completed to draft report within 10 working days of the end of the quarter 4. Quarterly assurance reports to the Contract Manager within 15 working days of the end of each quarter 5. An audit file supporting each review and showing clear evidence of quality control review shall be completed prior to the issue of the draft report (a sample of these will be subject to quality review by the Contract Manager) 6. Compliance with Public Sector Internal Audit Standards 7. Respond to the Contract Manager within 3 working days where unsatisfactory feedback has been received. | 100% 100% 100% Full 100% |
| <u>Clients</u> 8. Average feedback score received from key clients (auditees) 9. Percentage of recommendations accepted by management | Adequate 90% |
| <u>Innovations and Capabilities</u> 10. Percentage of qualified (including experienced) staff working on the contract each quarter 11. Number of training hours per member of staff completed per quarter | 60% 1 day |

External Audit
Report by Chief Financial Officer

Summary: This report appends:

- (i) the Audit Plan for the 2017/18 audit
- (ii) the Local Government Audit Committee Briefing by Ernst & Young.

Recommendation:

- (i) That the Audit Plan for the 2017/18 audit be noted.
- (ii) That the briefing, including the key questions for Audit Committees as set out on page 5, be noted.

1 Introduction

- 1.1 The Audit Plan for the 2017/18 audit by Ernst & Young is appended to this report (appendix 1). The plan sets out the work which the auditors propose to undertake for the audit of the financial statements and the value for money conclusion for 2017/18. It confirms that the proposed audit fee will be £13,943, which represents no change from the fee charged since 2012/13.
- 1.2 The Audit Director, Kevin Suter, along with Audit Manager, Sappho Powell, will be attending the meeting to introduce the Audit Plan and answer any questions.

2 Identification of Significant Risks

- 2.1 The Audit Plan takes a risk-based approach to audit planning and identifies one significant risk in 2017/18, which relates to management override. This risk is consistent to the risks presented for 2016/17.
- 2.2 This year sees the introduction of the other risks sections. These are not new risks and were considered in last year's plan under the use of specialists. The risks identified relate to Valuation of Land and Buildings and Pension Liability valuation.
- 2.3 The audit approach to these risks and value for money is set out in section two and three of the Audit Plan.

3 Financial Implications

- 3.1 Provision for the audit fee is included in the 2017/18 budget and will be charged in the accounts for the year.

4 Briefing Key Issues

4.1 This briefing is presented to Members as a “for information” item.

4.2 The items of relevance to the Authority are:

- The government and economic news, in particular regarding the latest forecast (page 2 onwards);
- Planning fees (page 3), which have subsequently increased from 17 January 2018, <http://www.publicfinance.co.uk/news/2018/01/councils-able-increase-planning-fees-20-month>;
- Commercialisation (page 4); and
- 2017/18 early accounts closure (page 4).

| | |
|-------------------------|---|
| Background papers: | None |
| Author: | Emma Krelle |
| Date of report: | 25 January 2017 |
| Broads Plan Objectives: | None |
| Appendices: | APPENDIX 1 – Ernst & Young Audit Plan 2017/18 APPENDIX 2 – Ernst & Young Local Government Audit Committee Briefing (Quarter 4 2017) |



Broads Authority Audit planning report

Year ended 31 March 2018

February 2018



The Members
Financial Scrutiny and Audit Committee
Broads Authority
Yare House
62-64 Thorpe Road
Norwich NR1 1RY

12 February 2018

Dear Members

Audit planning report

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Financial Scrutiny and Audit Committee with a basis to review our proposed audit approach and scope for the 2017/18 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Authority, and outlines our planned audit strategy in response to those risks.

This report is intended solely for the information and use of the Financial Scrutiny and Audit Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 06 March 2018 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Kevin Suter

Executive Director

For and on behalf of Ernst & Young LLP

Enc

Contents

| | | | | | | | | | |
|---|--|---|---|---|---|---|---|---|--------------------|
| 01 | Overview of our 2017/18 audit strategy | 02 | Audit risks | 03 | Value for Money Risks | 04 | Audit materiality | 05 | Scope of our audit |
|  |  |  |  |  |  |  |  |  | |
| | 06 | Audit team | 07 | Audit timeline | 08 | Independence | 09 | Appendices | |

In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the 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 February 2017)" issued by the 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 in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to the Financial Scrutiny and Audit Committee and management of the Broads Authority in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Financial Scrutiny and Audit Committee and management of the Broads Authority those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Financial Scrutiny and Audit Committee and management of the Broads Authority for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Overview of our 2017/18 audit strategy



Overview of our 2017/18 audit strategy

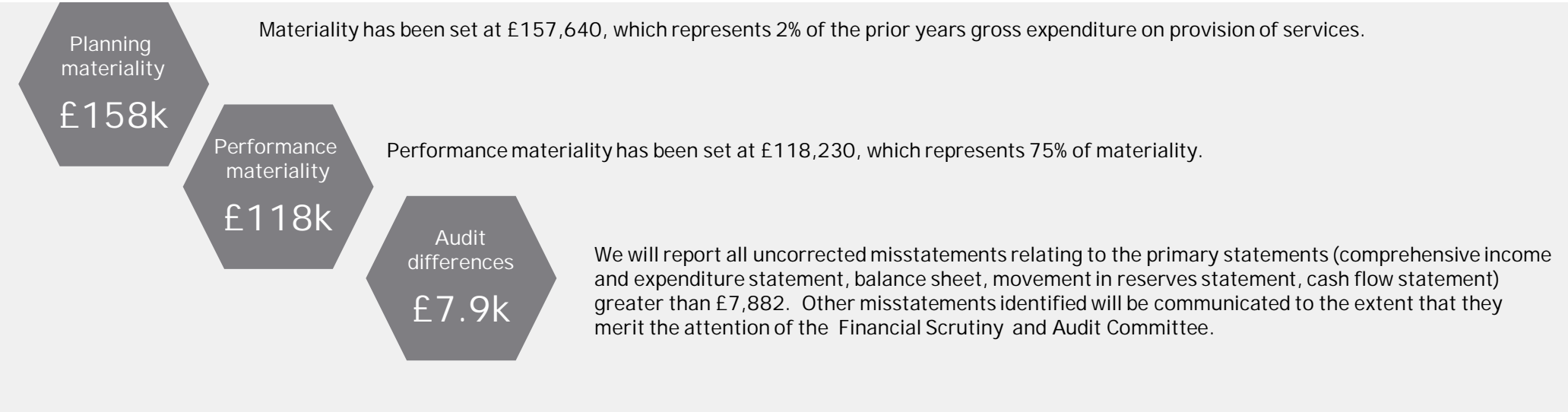
The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Financial Scrutiny and Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

Audit risks and areas of focus

| Risk / area of focus | Risk identified | Change from PY | Details |
|---|--------------------------------|----------------------------|--|
| Risk of management override | Fraud risk | No change in risk or focus | 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 prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively. |
| Property, Plant and Equipment Valuation | Other financial statement risk | No change in risk or focus | <p>Property, Plant and Equipment represents a significant balance in the Authority's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Material judgemental inputs and estimation techniques are required to calculate the year-end fixed assets balances held in the balance sheet.</p> <p>ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p> |
| Pensions Liability - IAS19 | Other financial statement risk | No change in risk or focus | <p>The Authority's current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the Authority's balance sheet.</p> <p>Accounting for this scheme involves significant estimation and judgement.</p> <p>ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p> |

Overview of our 2017/18 audit strategy

Materiality



Overview of our 2017/18 audit strategy

Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- § Our audit opinion on whether the financial statements of the Broads Authority give a true and fair view of the financial position as at 31 March 2018 and of the income and expenditure for the year then ended; and
- § Our conclusion on the Authority's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Authority's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- § Strategic, operational and financial risks relevant to the financial statements;
- § Developments in financial reporting and auditing standards;
- § The quality of systems and processes;
- § Changes in the business and regulatory environment; and,
- § Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Broads Authority.

Audit team changes

Key changes to our team:



Sappho Powell, Manager

- Sappho is a Manager within the UK&I Assurance practice, with over two years experience of managing LG audits. She will be the key contact for your Finance Team.
- She is a member of the Chartered Institute of Public Finance and Accountancy (CIPFA).



02 Audit risks



Audit risks

Our response to significant risks

We have set out the significant risks (including fraud risks denoted by*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

| | | |
|-----------------------------|---|--|
| <p>Management override*</p> | <p>What is the risk?</p> <p>The financial statements as a whole are not free of material misstatements whether caused by fraud or error.</p> <p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p> | <p>What will we do?</p> <ul style="list-style-type: none">• Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements. |
|-----------------------------|---|--|

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

| What is the risk/area of focus? | What will we do? |
|---|---|
| <p>Valuation of Land and Buildings</p> <p>The fair value of Property, Plant and Equipment (PPE) and Investment Properties (IP) represent significant balances in the Broads Authority accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.</p> | <p>We will:</p> <ul style="list-style-type: none"> • Consider the work performed by the Broads Authority valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work; • Sample testing key asset information used by the valuer in performing their valuation (e.g. floor plans to support valuations based on price per square metre); • Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE and annually for IP. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer; • Review assets not subject to valuation in 2017/18 to confirm that the remaining asset base is not materially misstated; • Consider changes to useful economic lives as a result of the most recent valuation; and • Test accounting entries have been correctly processed in the financial statements, |
| <p>Pension Liability Valuation</p> <p>The Local Authority Accounting Code of Practice and IAS19 require the Broads Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Norfolk County Council. The Broad's Authority pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Broads Authority balance sheet. At 31 March 2017 this totalled £7.7m million.</p> <p>The information disclosed is based on the IAS 19 report issued to the Broads Authority by the actuary to the County Council. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p> | <p>We will:</p> <ul style="list-style-type: none"> • Liaise with the auditors of Norfolk Pension Fund, to obtain assurances over the information supplied to the actuary in relation to the Broads Authority; • Assess the work of the Pension Fund actuary (Hymans Robertson) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and • Review and test the accounting entries and disclosures made within the Broads Authority's financial statements in relation to IAS19. |



03

Value for Money Risks





Background

We are required to consider whether the Broads 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.

For 2017/18 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

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.

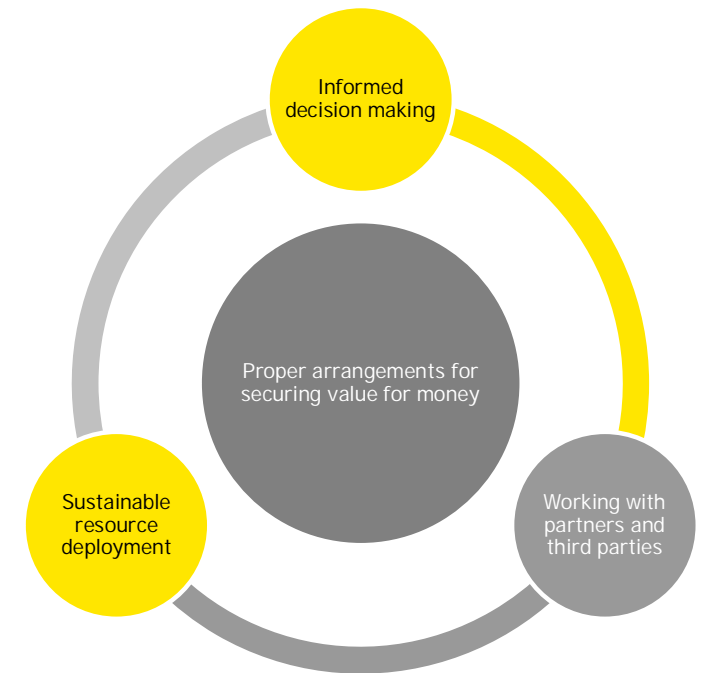
In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice defines as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public"

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work.

Our risk assessment has therefore considered both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. This has resulted in the identification of no significant risks.





04

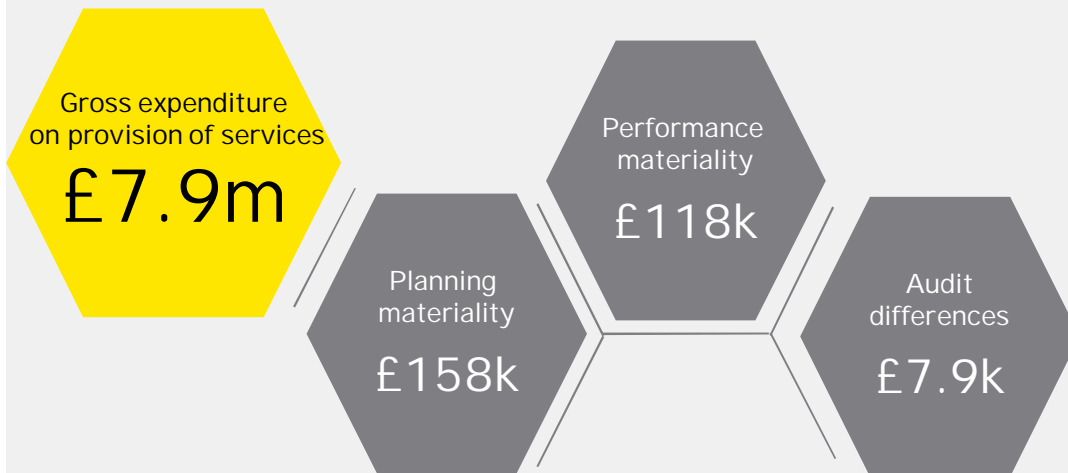
Audit materiality



Materiality

Materiality

For planning purposes, materiality for 2017/18 has been set at £158k. This represents 2% of the Authority's prior year gross expenditure on provision of services. It will be reassessed throughout the audit process. In GPS, gross expenditure is used as a basis for materiality (i.e. it is an equivalent of Operating expenses) due to the fact the main function of the entity is to provide services to the local community. We have based PM on the 16/17 Final Statement of Accounts - Gross expenditure as we do not expect any significant changes in the economic environment in which the Authority operates in We have provided supplemental information about audit materiality in Appendix D.



We request that the Financial Scrutiny & Audit Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality – the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Performance materiality – the amount we use to determine the extent of our audit procedures. We have set performance materiality at £118k which represents 75% of planning materiality. The rationale for using 75% is based on the anticipation of identifying few or no errors during the audit. This expectation has been built on our experience of the Authority in prior years.

Audit difference threshold – we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement, balance sheet, that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Financial Scrutiny & Audit Committee, or are important from a qualitative perspective.

Specific materiality – We have set a materiality of nil for remuneration disclosures, related party transactions, members' allowances and exit packages which reflects our understanding that an amount less than our materiality would influence the economic decisions of users of the financial statements in relation to this.



05

Scope of our audit



Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Authority's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland).

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- Addressing the risk of fraud and error;
- Significant disclosures included in the financial statements;
- Entity-wide controls;
- Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and
- Auditor independence.

Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance; and
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO [delete if not applicable]

2. Arrangements for securing economy, efficiency and effectiveness (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.

Our Audit Process and Strategy (continued)

Audit Process Overview

Our audit involves:

- ▶ Evaluating the design and implementation of key internal controls in place at the Authority;
- ▶ Reliance on the work of internal audit where appropriate;
- ▶ Procedures to establish reliance on the work of experts in relation to areas such as pensions and property valuations; and
- ▶ Substantive tests of detail of transactions and amounts.

Processes:

We plan to rely on management procedures that operate at the financial statement or transactional level.

Our initial assessment has identified the following key processes that we will test:

- ▶ Clear communication of roles and responsibilities.
- ▶ Authorisation of significant transactions.
- ▶ Procedures to prepare financial statements.
- ▶ Management's review of the entity's financial performance.

Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Financial Scrutiny and Audit Committee.

Internal audit:

As in prior years, we will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our audit strategy where we identify issues that could have an impact on the yearend financial statements



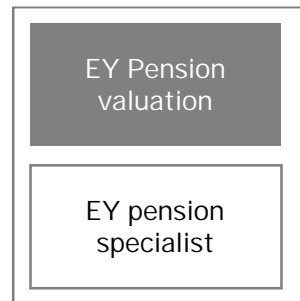
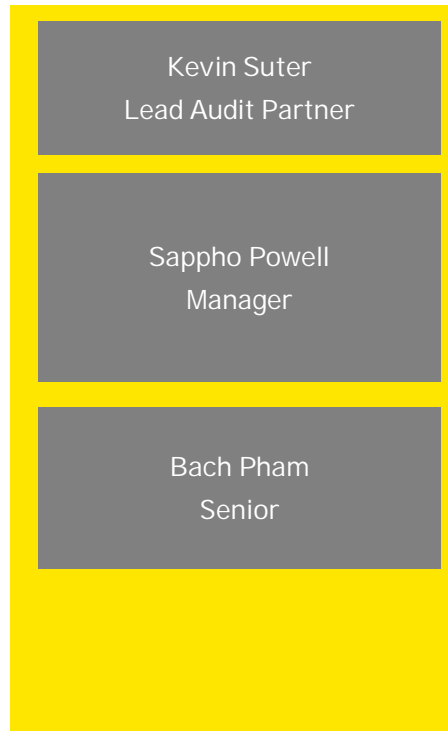
06

Audit team



Audit team

Audit team structure:



Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

| Area | Specialists |
|---------------------------------|---|
| Valuation of Land and Buildings | <ul style="list-style-type: none">▶ Concertus Design and Property Consultants▶ EY Estates team |
| Pensions disclosure | <ul style="list-style-type: none">▶ EY pensions valuations team▶ PWC review of Hymans pension fund actuary |

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Authority's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- Assess the reasonableness of the assumptions and methods used;
- Consider the appropriateness of the timing of when the specialist carried out the work; and
- Assess whether the substance of the specialist's findings are properly reflected in the financial statements.



07

Audit timeline





Audit timeline

Timetable of communication and deliverables

Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2017/18.

From time to time matters may arise that require immediate communication with the Financial Scrutiny and Audit Committee and we will discuss them with the Financial Scrutiny and Audit Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.

| Audit phase | Timetable | Financial Scrutiny and Audit committee timetable | Deliverables |
|---|------------------|--|--|
| Planning: Risk assessment and setting of scopes. | December/January | | |
| Walkthrough of key systems and processes | March | Financial Scrutiny and Audit Committee | Interim audit update Audit Planning Report |
| Interim audit testing | June | | |
| Year end audit | June | | |
| Audit Completion procedures | July | Financial Scrutiny and Audit Committee | Audit Results Report Audit opinions and completion certificates |
| | November | Financial Scrutiny and Audit Committee | Annual Audit Letter |

Other areas of audit focus

Earlier deadline for production of the financial statements

Earlier deadline for production of the financial statements

The Accounts and Audit Regulations 2015 introduced a significant change in statutory deadlines from the 2017/18 financial 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 accounts by 31 July.

These changes provide risks for both the preparers and the auditors of the financial statements.

The Authority now has less time to prepare the financial statements and supporting working papers. Risks to the Authority include slippage in delivering data for analytics work in format and to time required, late working papers, and internal quality assurance arrangements.

As your auditor, we have a more significant peak in our audit work and a shorter period to complete the audit. Risks for auditors relate to delivery of all audits within same compressed timetable. Slippage at one client could potentially put delivery of others at risk.

To mitigate this risk we will require:

- good quality draft financial statements and supporting working papers by the agreed deadline;
- appropriate Authority staff to be available throughout the agreed audit period; and
- complete and prompt responses to audit questions.

If you are unable to meet key dates within our agreed timetable, we will notify you of the impact on the timing of your audit, which may be that we postpone your audit until later in the summer and redeploy the team to other work to meet deadlines elsewhere.

Where additional work is required to complete your audit, due to additional risks being identified, additional work being required as a result of scope changes, or poor audit evidence, we will notify you of the impact on the fee and the timing of the audit. Such circumstances may result in a delay to your audit while we complete other work elsewhere.

What will we do?

We will:

- Work with the Authority to engage early to facilitate early substantive testing where appropriate.
- Provide an early review on the Authority's streamlining of the Statement of Accounts where non-material disclosure notes are removed.
- Facilitate faster close workshops to provide an interactive forum for Local Authority accountants and auditors to share good practice and ideas to enable us all to achieve a successful faster closure of accounts for the 2017/18 financial year.
- Work with the Authority to implement EY Client Portal, this will:
 - Streamline our audit requests through a reduction of emails and improved means of communication;
 - Provide on-demand visibility into the status of audit requests and the overall audit status;
 - Reduce risk of duplicate requests; and
 - Provide better security of sensitive data.
- Agree the team and timing of each element of our work with you.
- Agree the supporting working papers that we require to complete our audit.



08

Independence



Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

| Planning stage | Final stage |
|--|---|
| <ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence. ▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard [note: additional wording should be included in the communication reflecting the client specific situation] | <ul style="list-style-type: none"> ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit services provided and the fees charged in relation thereto; ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us; ▶ Written confirmation that all covered persons are independent; ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; ▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and ▶ An opportunity to discuss auditor independence issues. |

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Kevin Suter, your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the Authority. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with the Authority. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Authority. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

Other communications

EY Transparency Report 2017

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 1 July 2017 and can be found here:

<http://www.ey.com/uk/en/about-us/ey-uk-transparency-report-2017>



09

Appendices



Appendix A

Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government.

PSAA has published a scale fee for all relevant bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the NAO Code.

| | Planned fee 2017/18 | Final Fee 2016/17 |
|-----------------------|------------------------|----------------------|
| | £ | £ |
| Total Fee - Code work | 13,943 | 13,943 |
| Total fees | 13,943 | 13,943 |

All fees exclude VAT

The agreed fee presented is based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Broads Authority; and
- ▶ The Authority has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Authority in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

Appendix B

Regulatory update



In previous reports to the Financial Scrutiny and Audit Committee, we highlighted the issue of regulatory developments. The following table summarises progress on implementation:

| Earlier deadline for production and audit of the financial statements from 2017/18 | |
|--|--|
| Proposed effective date | Effective for annual periods beginning on or after 1 April 2017. |
| Details | 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. |
| Impact on the Broads Authority | <p>These changes provide challenges for both the preparers and the auditors of the financial statements.</p> <p>We held a faster close workshop for clients on in November 2017 to facilitate early discussion and sharing of ideas and good practice.</p> <p>We are now working with the Authority on ideas coming from the workshop, for example:</p> <ul style="list-style-type: none"> • Streamlining the Statement of Accounts removing all non-material disclosure notes; • Bringing forward the commissioning and production of key externally provided information such as IAS 19 pension information, asset valuations; • Providing training to departmental finance staff regarding the requirements and implications of earlier closedown; • Re-ordering tasks from year-end to monthly/quarterly timing, reducing year-end pressure; • Establishing and agreeing working materiality amounts with the auditors. |

Appendix C




Required communications with the Financial Scrutiny and Audit Committee

We have detailed the communications that we must provide to the Financial Scrutiny & Audit Committee.

| | |  Our Reporting to you |
|-------------------------------------|---|--|
| Required communications | What is reported? |  When and where |
| Terms of engagement | Confirmation by the Financial Scrutiny & Audit Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties. | The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies. |
| Our responsibilities | Reminder of our responsibilities as set out in the engagement letter | The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies. |
| Planning and audit approach | Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team | Audit planning report |
| Significant findings from the audit | <ul style="list-style-type: none"> • Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Significant difficulties, if any, encountered during the audit • Significant matters, if any, arising from the audit that were discussed with management • Written representations that we are seeking • Expected modifications to the audit report • Other matters if any, significant to the oversight of the financial reporting process | Audit results report Report to those charged with Governance |

Appendix C




Required communications with the Financial Scrutiny and Audit Committee (continued)

| | | |  Our Reporting to you |
|-------------------------|---|--|--|
| Required communications |  What is reported? |  When and where | |
| Going concern | <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> • Whether the events or conditions constitute a material uncertainty • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The adequacy of related disclosures in the financial statements | <p>Audit results report Report to those charged with Governance</p> | |
| Misstatements | <ul style="list-style-type: none"> • Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation • The effect of uncorrected misstatements related to prior periods • A request that any uncorrected misstatement be corrected • Corrected misstatements that are significant • Material misstatements corrected by management | <p>Audit results report Report to those charged with Governance</p> | |
| Fraud | <ul style="list-style-type: none"> • Enquiries of the Financial Scrutiny & Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity • Any fraud that we have identified or information we have obtained that indicates that a fraud may exist • A discussion of any other matters related to fraud | <p>Audit results report Report to those charged with Governance</p> | |
| Related parties | <ul style="list-style-type: none"> • Significant matters arising during the audit in connection with the entity's related parties including, when applicable: • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the entity | <p>Audit results report Report to those charged with Governance</p> | |

Appendix C

Required communications with the Financial Scrutiny and Audit Committee (continued)




Our Reporting to you

| Required communications |  What is reported? |   When and where |
|-------------------------|--|--|
| Independence | <p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence | Audit Planning Report and Audit results report Report to those charged with Governance |

Appendix C





Required communications with the Financial Scrutiny and Audit Committee (continued)

Our Reporting to you

| Required communications |  What is reported? |   When and where |
|---------------------------------------|---|--|
| External confirmations | <ul style="list-style-type: none"> • Management's refusal for us to request confirmations • Inability to obtain relevant and reliable audit evidence from other procedures | Audit results report Report to those charged with Governance |
| Consideration of laws and regulations | <ul style="list-style-type: none"> • Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off • Enquiry of the Financial Scrutiny & Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Financial Scrutiny & Audit Committee may be aware of | Audit results report Report to those charged with Governance |
| Internal controls | <ul style="list-style-type: none"> • Significant deficiencies in internal controls identified during the audit | Management letter/audit results report Report to those charged with Governance |

Appendix C

Required communications with the Financial Scrutiny and Audit Committee (continued)

|  Our Reporting to you | | |
|--|---|--|
| Required communications |  What is reported? |   When and where |
| Representations | Written representations we are requesting from management and/or those charged with governance | Audit results report Report to those charged with Governance |
| Material inconsistencies and misstatements | Material inconsistencies or misstatements of fact identified in other information which management has refused to revise | Audit results report Report to those charged with Governance |
| Auditors report | <ul style="list-style-type: none"> • Key audit matters that we will include in our auditor's report • Any circumstances identified that affect the form and content of our auditor's report | Audit results report Report to those charged with Governance |
| Fee Reporting | <ul style="list-style-type: none"> • Breakdown of fee information when the audit plan is agreed • Breakdown of fee information at the completion of the audit • Any non-audit work | Audit planning report Audit results report Report to those charged with Governance |

Additional audit information

Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

Our responsibilities required by auditing standards

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Authority to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, including the board's statement that the annual report is fair, balanced and understandable, the Financial Scrutiny & Audit Committee reporting appropriately addresses matters communicated by us to the Financial Scrutiny & Audit Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and
- Maintaining auditor independence.

Additional audit information (continued)

Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

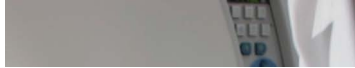
Materiality determines:

- The level of work performed on individual account balances and financial statement disclosures.

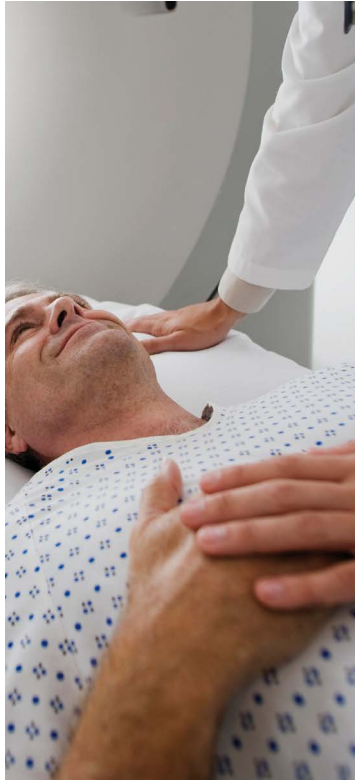
The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.


A close-up photograph of a person's hands holding a large quantity of Euro coins. The coins are of various denominations, including 1 Euro, 2 Euro, and 5 Euro. The hands are positioned over a rustic, weathered wooden surface. A bright yellow rectangular overlay is positioned in the upper right corner of the image, containing the title text.

Local Government Audit Committee Briefing



Contents at a glance





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 highlights how this year's general election result has increased political uncertainty and hindered the Article 50 EU exit negotiations, but that it could lead to a more business-friendly Brexit (with agreement on transition arrangements and to a comprehensive free trade agreement).

In terms of the economy itself, the surge in inflation has slowed consumption which, combined with investment and exports failing to offset this effect, meant GDP growth fell back to 0.2% quarter-on-quarter in the first three months of 2017. The outlook for the rest of the year remains poor, and the April forecast of 1.8% for GDP growth in 2017 has been revised down to 1.5%. Conversely, the growth forecast for next year of 1.2% has been revised up to 1.3%.

Consumer spending grew by just 0.4% quarter-on-quarter in Q1 of 2017, down from 0.7% in Q4 of 2016 and 0.8% in each of the previous quarters. This is a reflection that household savings are already very stretched, wage growth remains low, whilst inflation is picking up faster than expected. When wages fail to keep pace with price rises, inflation reduces the strength of consumption and pushes down demand. With the economy slowing it seems unlikely that falling unemployment could now trigger a significant increase in wage inflation. In terms of Consumer Prices Index (CPI) inflation, it is expected to move above 3% by July and reach 3.2 to 3.3% in the autumn, maintaining the pressure on households.

Returning to Brexit, a transition agreement with talks on a free trade agreement under way, should stimulate investment, especially in sectors like the motor industry where it has been held back by Brexit uncertainty. As a result the EY Item Club medium-term forecasts have been revised upwards. April's GDP growth forecast of 1.5% for 2019 is raised to 1.8%, whilst expected growth rates of 1.8% for 2020 and 2021 have moved up to 2.0% and 2.2% respectively.

2018-19 local government settlement: consultation

During September and October 2017 DCLG embarked on a consultation process for the 2018-19 finance settlement, which will be the third year of the multi-year settlement that was accepted by 97% of local authorities. The main themes of the consultation were:

- ▶ **Business rate retention** – the 100% retention of business rate income scheme was piloted by five regions in 2017/18. Central government is committed to giving local government greater control over the money they raise and so they have invited interested local authorities to apply to participate in a new wave of pilot schemes for 2018/19. The Spring Budget 2017 announced that authorities in London were working with Government to explore piloting the scheme for 2018/19. However, independent research commissioned by the County

Council Network has identified that 100% business rate retention could actually increase the funding gap for county authorities by £700mn by 2029. The analysis indicated that there would be a divergence between future business rate growth and demographic cost pressures.

- ▶ **New homes bonus** – since its inception the New Home Bonus has allocated £6bn to local authorities to encourage the building of over 1.2mn new homes. As part of the 2017/18 financial settlement Government reduced the number of years for legacy payments from six to four starting in 2018/19, and also set a national baseline for housing growth to incentivise local authorities to build more new homes. The national baseline (below which no bonus will be paid) was set at 0.4% for 2017/18, which is significantly below average past growth rates. The 2018/19 baseline is yet to be confirmed; however, will be calculated based on additional housing stock as reported through council tax base figures.
- ▶ **Council tax referendum principles** – government is considering whether to retain the core principle that increasing council tax demands by greater than 2% would require a local referendum. In addition, Government is considering whether this 2% core principle should also apply to Mayoral Combined Authorities.
- ▶ Continuation of the Adult Social Care Precept principle of a 2% increase, with the additional flexibility in 2018/19 to increase this precept by an additional 1% to 3%, provided that the total increase between 2017/18 and 2019/20 does not exceed 6%.

Planning fees

A government white paper published in February 2017 set out plans to allow local authorities to increase planning permission fees by up to 20% from July 2017; however, this increase has not

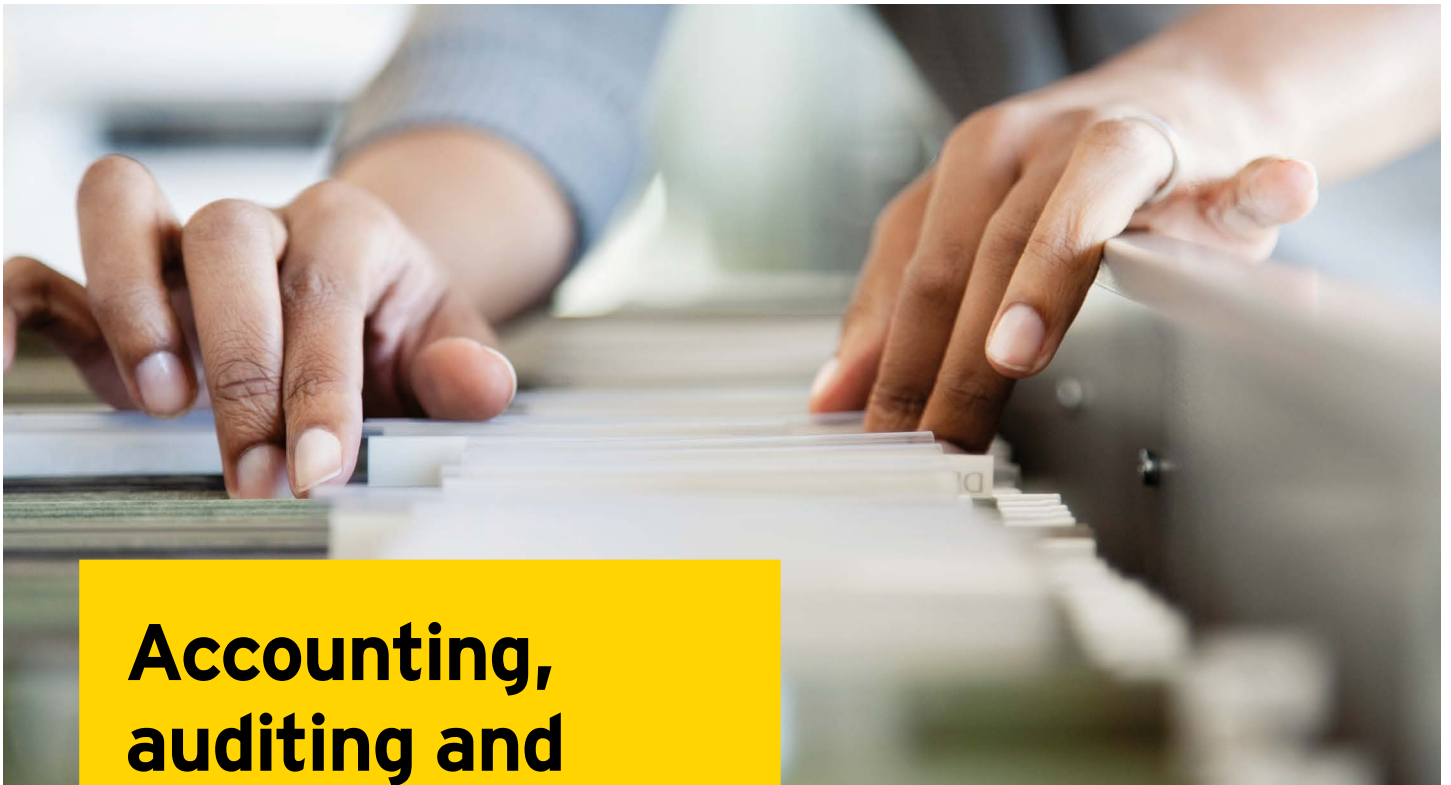
been implemented and it is unclear whether it will in the future. This has put £1bn of potential future funding up to 2022 at risk according to the Local Government Association (LGA).

The LGA has estimated that the average council receives 486,500 planning applications per year with council tax funds being used to fund approximately one third of applications. Planning permission fees are set nationally so that applicants have certainty of cost throughout the country. Often individual householder applications will result in an overall loss for councils due to the small size of the application and corresponding fee, the cost of which is picked up by the taxpayer.

Adult social care

The DCLG 2017/18 Budget indicated that total local authority expenditure on adult social care is expected to rise by 8.6% in 2017/18 from £14.4bn to £15.6bn. Government has assisted local authorities to finance this increased expenditure through both the £2bn of extra funding for adult social care announced back in Spring 2017, of which £1bn will be available for 2017/18, and the adult social care precept first introduced in 2015/16 at a rate of up to 2%.

Given the increasing aging population throughout the UK there are still concerns that even this increased funding is not sufficiently sustainable to meet the future demand for adult social care services. A study published in the Lancet has found that the demand for high dependency adult care places is expected to increase by 86% by 2035, therefore the long term sustainable funding of adult social is critical. A green paper from Government is expected to be published shortly that will discuss the options for shaping the future of social care, including how it will be funded.



Accounting, auditing and governance

Commercialisation: local authority owned companies

Over 60% of local authorities currently own at least one trading company and this figure is expected to increase significantly by 2020 as councils seek efficiencies and innovations to generate extra income to bridge future funding gaps. Therefore, irrespective of type or purpose of newly established trading companies, governance and the interface between the local authority and their owned companies is critical to the commercial success of the trading enterprise.

Mike Birch, the CEO of a £300mn turnover wholly owned local authority company, said at CIPFA's annual conference that "the presence of too many members on executive boards could hamper the agility that a small and focused board needed to efficiently deliver services in a commercial environment ... You cannot run a business by committee; it has to have a degree of focus and agility."

Having too many members on the Board of a council owned company may not be in the best interests of either the company or the council. Therefore when establishing (or reviewing) the governance arrangements of council owned companies it is important that the appropriate framework is put in place to operate effectively for both entities. There are many complex issues that require careful consideration, for example, minimisation of conflicts of interest for key individuals of both entities and the balance of sufficient oversight by the council whilst not hindering the operations of the trading company.

EY think piece: 2017/18 early accounts closure

The Accounts and Audit Regulations 2015 introduced a significant change in statutory deadlines from the 2017/18 financial year. The new timetable for preparation and approval of accounts will be brought forward with draft accounts needing to be prepared by 31 May and the publication of audited accounts by 31 July. These reporting deadline changes will provide a challenge for both preparers and auditors of local authority financial statements.

The EY Think Piece on 'Accelerating your financial close arrangements' has identified several areas of consideration that may assist in the achievement of the challenging accelerated deadlines. These include:

- ▶ **Revisit the current closure timetable.** The robustness of project timetables and the management of bottlenecks in the closure process will be critical to achieve the new deadline.
- ▶ **Format of your accounts.** Are there superfluous notes in the financial statements that could be streamlined or removed on the basis of materiality? Discuss with auditors what would be considered material.
- ▶ **Review year-end journal process.** Do year end journals actually have to be done at year end? Could journals be made throughout the year, and then adjusted at year end for material changes.
- ▶ **Manage Members' Expectations.** A 31 July audit deadline will mean rescheduling your Audit Committee (or equivalent body who perform the duties of 'those charged with governance') before the deadline.

Key questions for the Audit Committee

How is the impact of Brexit being factored into the authorities MTFP projections?

Has your local authority considered the impact of the proposed financial settlement for 2018/19?

How has the uncertainty around future charges for planning applications affected your council?

How does your council ensure that it has a sustainable financial plan for the increasing demand for adult social care?

What assurance do you have that your council's owned trading companies have effective governance arrangements in place?

What actions has your local authority taken to ensure that it is best placed to achieve the financial accounts early closure timetable of 31 July 2018?

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>

2018-19 local government financial settlement: consultation

<https://www.gov.uk/government/consultations/local-government-finance-settlement-2018-to-2019-technical-consultation>

Planning fees

<http://www.publicfinance.co.uk/news/2017/08/governments-failed-planning-fees-promise-leaves-councils-ps1bn-bill>

Adult social care

<http://www.cipfa.org/cipfa-thinks/cipfa-thinks-articles/the-road-ahead-for-managing-social-care>

Commercialisation: local authority owned companies

<http://www.publicfinance.co.uk/news/2017/07/local-authority-run-companies-should-avoid-too-many-council-board-members>

EY Think Piece: 2017/18 early accounts closure

[http://www.ey.com/Publication/vwLUAssets/EY_-_Accelerating_your_financial_close_arrangements/\\$FILE/EY-accelerating-your-financial-close-arrangements.pdf](http://www.ey.com/Publication/vwLUAssets/EY_-_Accelerating_your_financial_close_arrangements/$FILE/EY-accelerating-your-financial-close-arrangements.pdf)

EY client resources and information

<http://www.ey.com/gl/en/industries/government--public-sector/ey-citizen-today#recent-content>

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ED None

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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 November the final recommendation relating to External Funding remains outstanding. The recommendation relating to Toll Income within the 2016/17 Key Controls audit has been completed. Two of the recommendations relating to the Asset Management Audit and two of the Port Marine Safety Code have been completed. Commentary on the outstanding recommendations is provided in Appendix 1.

3 Internal Audit Programme 2017/18

- 3.1 The third audit from the 2017/18 programme has now been completed, with further details below. The fourth audit of Corporate Governance is due to start 20 February with its results reported to the next committee in July 2018.

3.2 Key Controls

3.2.1 The objective of the audit was to look at the fundamental systems that feed into the statement of accounts to provide assurance on the key controls. The areas reviewed were; Treasury Management/Investments, General Ledger, Asset Management, Budgetary Control, Accounts Receivable, Accounts Payable, Payroll, Toll Income, Control Accounts and Follow Up of Internal Audit Recommendations. This resulted in a “reasonable” audit opinion with two “important” and two “needs attention” recommendations.

3.2.2 The audit identified four 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:

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

3.2.4 Both of the “important” recommendations have been completed. The two “needs attention” remain outstanding but on target for completion.

| | |
|-------------------------|---|
| Background papers: | None |
| Author: | Emma Krelle |
| Date of report: | 14 February 2018 |
| 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> <p>The new board is due to meet week commencing 19/02/18.</p> | |

Key Controls & Assurance: February 2017

| Recommendations | Priority Rating | Responsible Officer(s) | BA Response/Action | Timetable |
|-----------------------|-----------------|------------------------|--------------------|----------------------|
| 7. Toll Income | Needs | Head of IT | Agreed. | Originally agreed by |

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

| Recommendations | Priority Rating | Responsible Officer(s) | BA Response/Action | Timetable |
|--|-----------------|------------------------|--|-----------------------------------|
| <p>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.</p> <p>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> | Attention | and Collector of Tolls | <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 structure within Tolls will mean that this work will be completed prior to the new season commencing (31 March 2018).</p> | <p>31/08/17</p> <p>Completed.</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>Completed: First stage DMS solution now live and available for use.</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 | <p>By 31/01/18</p> <p>Completed.</p> |

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 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 |
|--|-----------------|--|---|-------------|
| | | | <p>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> <p>Update: Initial contact made with both the MCA and an external independent consultant who offer PMSC health checks.</p> | |
| <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</p> | Important | Head of Safety Management, Head of Communications. | <p>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.</p> <p>Update: New webpage under development, will be in place after the updated Safety management system is considered by the</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 |
|--|-----------------|--|--|-------------|
| consistent approach to reporting performance, mitigating the risk that the PMSC is not complied with and performance of the PMSC is not transparent. | | | Authority in March 2018. | |
| <p>3. Governance 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> | Important | Head of Safety Management, Head of Communications. | Agreed. The Annual report 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. | By 30/09/18 |
| <p>4. Governance To update the Authority's SMS as follows: - 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;</p> | 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> <p>Update: All elements</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>- Inclusion of an overall section on contractors and their obligations in respect of the PMSC;</p> <p>- Inclusion of the general direction and special direction policies as supported by the Navigation Committee. 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> | | | included in the draft update currently being consulted on which will be considered by the Authority at its meeting on the 16th March. | |
| <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</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. | Originally agreed by 31/03/18 Updated to 31/05/18 |

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

| Recommendations | Priority Rating | Responsible Officer(s) | BA Response/Action | Timetable |
|--|-----------------|---|---|-------------------------------|
| aspects of the PMSC mitigating the risk that some areas may not be in compliance. | | | Update: This has slipped due to the development and update of the Safety Management System however the Audit will be taken to the groups and committees at the next committee cycle. March April and May respectively | |
| <p>6 Governance The PMSC is included as a standard item in the Authority's induction 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> | Needs Attention | Head of Human Resources | Agreed. Duty Holders and operational staff have received PMSC awareness training. Induction programme will be updated to include mandatory PMSC SMS awareness training for new starters. | By 30/11/17 Completed. |
| <p>7. Governance Briefings given to the Navigation Committee and BSMG on the risk assessment process, hazard identification and assessment and the ALARP principle are documented and recorded in the minutes. Briefing packs in relation to the risk</p> | Needs Attention | Solicitor and Monitoring Officer, Head of Safety Management | Agreed. All members of Boat safety management group, the stakeholder hazard review group, the navigation committee and the Broads Authority receive training on risk assessment and ALARP principles | By 28/02/19 |

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

| Recommendations | Priority Rating | Responsible Officer(s) | BA Response/Action | Timetable |
|--|-----------------|------------------------------------|---|---------------------------|
| <p>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 confirmation that it has taken place and reduces the risk that misinformed decisions are made resulting in inadequate port marine safety.</p> | | | <p>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 review or assessment as part of the regular refresher training being delivered each time the risk review process is entered into.</p> | |
| <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</p> | By 31/12/17 Completed. |

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

| Recommendations | Priority Rating | Responsible Officer(s) | BA Response/Action | Timetable |
|---|-----------------|---------------------------|--|-------------|
| | | | <p>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> <p>DMS site now in operation.</p> | |
| <p>9. Hazards To review the SMS risk categories / 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> | Needs Attention | Head of Safety Management | <p>Agreed. A review of assessment criteria will be carried out by the Boat Safety management Group at its meeting in March 2018.</p> <p>Any “new” criteria will be used as the basis for the next formal stakeholder hazard review in February 2019.</p> <p>Update: Proposed assessment criteria are set out in the draft update to the Safety Management System, BSMG are being</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 |
|-----------------|-----------------|------------------------|---|-----------|
| | | | consulted as part of the SMS update. It is proposed that the new criteria will be considered by the Authority in March 2018 | |

Key Controls: December 2017

| Recommendations | Priority Rating | Responsible Officer(s) | BA Response/Action | Timetable |
|--|-----------------|-------------------------|---|-------------------------------------|
| <p>1. Accounts Receivable Invoices are to be raised promptly upon receipt of invoice requisition forms within Finance.</p> <p>Prompt raising of invoices will ensure that the Authority is able to collect money owed as early as possible. If there is a delay in the raising of invoices, there will be unnecessary delays in receipt of payment, which will negatively affect the Authority's cash flow.</p> | Important | Chief Financial Officer | Agreed. Reminder to finance staff about raising invoices promptly and to log reasons for delays beyond our control. | Implemented and verified - 20/12/17 |
| <p>2. Accounts Payable Changes to supplier bank details are confirmed with the supplier using existing contact details, with records of this check retained.</p> | Important | Chief Financial Officer | Agreed. Changes will be verified with existing contact details on Dimensions. Date and name to be recorded on notification. | Implemented and verified - 20/12/17 |

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

| Recommendations | Priority Rating | Responsible Officer(s) | BA Response/Action | Timetable |
|---|-----------------|----------------------------------|---|-------------|
| <p>Confirming changes with suppliers will ensure that all changes made are legitimate. If there is no such check, there is an increased risk of fraudulent payments being made resulting in financial loss to the Authority.</p> | | | | |
| <p>3. Budgetary Control The limit for reporting on variances identified through budget monitoring is reviewed and reduced if necessary, to reduce the risk of potentially significant variances going unchallenged. The review could consider introducing a percentage in addition to an amount.</p> <p>Reviewing the limit for variances will ensure that it is set at an appropriate level so that all significant variances are addressed. If this threshold is not reviewed, then there is a risk that some significant variances will not be challenged or reported on.</p> | Needs Attention | Chief Financial Officer | Agreed for a review to be undertaken with members whilst taking into account variance reporting levels at other National Parks. | By 31/03/18 |
| <p>4. Accounts receivable The Scheme of Powers Delegated to Officers is updated to remove outdated references to the Treasurer and Financial Advisor to the Authority</p> | Needs Attention | Solicitor and Monitoring Officer | Agreed. Scheme of Powers to be updated and adopted by the Authority. | By 16/05/18 |

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

| Recommendations | Priority Rating | Responsible Officer(s) | BA Response/Action | Timetable |
|--|-----------------|------------------------|--------------------|-----------|
| <p>and to replace them with current references including the Chief Financial Officer (Section 17 Officer).</p> <p>Updating the Scheme of Powers Delegated to Officers will align governance arrangements to the Authority's current officer structure. If the document is not up to date, there is a risk of confusion over the decision making arrangements which could also lead to decisions being made by unauthorised members of staff.</p> | | | | |

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 December 2017 and implements a recommendation from Internal Audit and a new risk on Data Protection.

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 2017 the Risk Register underwent a scheduled 6-monthly review by Risk Owners.
- 1.2 Risk 21 relating to Payroll is a new risk which has been implemented following a recommendation by internal audit and was implemented in June 2017. Risk 22 is a new risk identified as part of the December 2017 review and relates to the forthcoming implementation of the EU General Data Protection Regulation from 25th May 2018. The latter is a primary focus of the Authority at the current time.
- 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 member, requires its own risk assessment and report. This will be a separate risk assessment.
- 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: 19th February 2018

Broads Plan Objectives: None
Appendices: Appendix 1 - Strategic Risk Register reviewed December 2017.

Introduction and overview

This is the Broads Authority Strategic Risk Register

Presently there are 22 sections, or risk areas identified.

The Register is reviewed six-monthly by the risk owners identified in each section and this is organised by the Solicitor and Monitoring Officer.

The risks are assessed both before and after the application of the mitigating factors under the Controls/Safeguards/Precautions column.

New risks should be identified by risk owners and Management Forum

For the purpose of scoring each risk:

S = Severity of risk is scored by 1 to 3 (3 being highest)

P = Probability of the risk occurring is scored by 1 to 3

R = the Risk score which will be (S x P) and will produce R - a figure of between 1 and 9.

| Description of Risk Vulnerability: Loss/Non-Availability of Key Staff | | | | | | | | | |
|---|---------------------------------|---|---|--|--------------|--------------------------------|---|---|--------------|
| No.1 | Risk Owner/Assessor: Head of HR | | | | | Assessment Date: December 2017 | | | |
| | | | | | | Review Date: June 2018 | | | |
| Specific Hazards Describe the vulnerability & Impact | Initial Risk | | | Controls / Safeguards / Precautions | Revised Risk | | | Additional Actions Required | Timescale |
| | 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 | Sickness absence reporting and monitoring procedures in place. Increased awareness through MT Agendas and ongoing consideration as to further specific steps to address it. | 2 | 2 | 4 | 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. | March 2018 |
| Sickness/outbreak of pandemic (eg Swine Flu) causing loss of knowledge and experience and associated costs. | 2 | 2 | 4 | Hygiene-preventable infections addressed recently through MF. Anti-bacterial soaps available in the wash rooms, hand wash & telephone sanitizers available to help reduce infectious disease spreading. | 2 | 2 | 4 | Consideration of office-bound staff being dispersed in the case of a major pandemic. Solicitor and Monitoring Officer to include this in next review of Business Continuity plan in October 2018 | October 2018 |

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| Terminal Illness suffered by member of staff or close relation causing them anxiety and inability to perform their role. | 1 | 2 | 2 | Use of welfare and well-being service. Flexible working arrangements, unpaid annual leave and other amended working duties available to help staff cope with private matters Line managers received training on the new HR policies in early 2017 and Head of HR regularly promotes the Authority's EAP | 1 | 1 | 1 | Training of line managers to be able to counsel and support the employee concerned. | Completed (January 2017) |
| 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. Uses 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 March 2018 |
| 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 Payroll and HR function | October 2018 |

| Description of Risk Vulnerability: Loss of Offices including Field Bases | | | | | | | | | |
|--|---|---|---|---|--------------|--------------------------------|---|--------------------------------------|--------------|
| No.2 | Risk Owner/Assessor: Solicitor and Monitoring Officer | | | | | Assessment Date: December 2017 | | | |
| | | | | | | Review Date: June 2018 | | | |
| Specific Hazards Describe the vulnerability & Impact | Initial Risk | | | Controls / Safeguards / Precautions | Revised Risk | | | Additional Actions Required | Timescale |
| | 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 2018 |
| 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 2018 |

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| <p>achieve objectives/meet deadlines and damage to reputation/credibility.</p> | | | <p>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.</p> | | | | | |
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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: December 2017 | | | | | | |
| | | | | | | Review Date: June 2018 | | | | | | |
| 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 Plan • Disaster Recovery Plan • Externally hosted website – allowing continued communication to staff, public and stakeholders • External email filtering with remote access facility • Insurance Policies • Payroll Contingency Plan • Finance 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 building work and installation of cooling system) |
| 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 Firewalls • Anti-virus software • Password and other security policies • Electronic Communications Policy • Daily 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: December 2017 | | | | | | |
| | | | | | | Review Date: June 2018 | | | | | | |
| 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/Members. Monthly meetings with directors and section heads 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 17 with regular reviews scheduled planned contributions to reserves set out in Financial Strategy. | | | | | | Review of Navigation furniture due in 2018 | March 2018 |

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| | | | 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: December 2017 | | | | | |
| | | | | | | Review Date: June 2018 | | | | | |
| 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/members. Work on securing National Park Grant which is settled for next 2 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: December 2017 | | | | | | |
| | | | | | | Review Date: June 2018 | | | | | | |
| 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: December 2017 | | | | | | |
| | | | | | | Review Date: June 2018 | | | | | | |
| 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 | March 2018 |
| Contract let incorrectly causing loss of credibility/reputation with the public/stakeholders. | | 1 | 1 | 1 | Financial Regulations to be followed. Public Contracts Regulations 2015 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: December 2017 | | | | |
| | | | | | | Review Date: June 2018 | | | | |
| 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/scams embedded throughout the organisation. | 2 | 1 | 2 | Barclays Fraud awareness training to be delivered to Finance/HR. | January 2018 |
| 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 | | |

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|--|--|--|--------------------------------|--|--|--|--|--|
| | | | 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 | | |

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|--|---|---|--|---|---|---|--|--|
| Loss of credibility/reputation with the public/ stakeholders | | | <p>Health and Safety Policy, Safety committee, Risk Assessments, Training for all staff and regular tool box talks.</p> <p>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.</p> <p>Communications Strategy</p> | | | | | |
| Negligence (by Authority/ manager/ individual) causing potential legal action against the Authority/ costs | 2 | 1 | <p>2</p> <p>Safety Committee and nominate Safety Reps</p> <p>Health and Safety/ Fire awareness specific skills Training for relevant staff</p> <p>First Aid trained staff and Defibrillator at Yare House</p> <p>Insurance Policies to mitigate costs</p> <p>Audits in accordance with a publicised Audit schedule</p> <p>Quarterly reports on Health and Safety Monitoring to Management Team</p> <p>Personal Risk Assessment</p> <p>Occupational health practitioners carry out health surveillance etc.</p> <p>Management Development Training programme</p> <p>Employee assistance facility in place</p> | 2 | 1 | 2 | | |

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| 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 Describe the vulnerability & Impact | Initial Risk | | | Controls / Safeguards / Precautions | Revised Risk | | | Additional Actions Required | Timescale |
|--|--------------|---|---|--|--------------|---|---|-----------------------------|-----------|
| | 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: December 2017 Review Date: June 2018 | | | | | | | | |
| 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. | | | 3 | 1 | 3 | | |
| 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 | Weather warnings shared across social media platforms Broads Authority are statutory consultees on coastal flood risk management plans. Close working relationship with key EA and NE | | | 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 | Involvement in County Council emergency response procedures Emergency Communications Strategy Participation in major oil spill/ pollution events and exercises | | | 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 | 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 staff | | | 2 | 1 | 2 | | |

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| Description of Risk Vulnerability: Failure to deliver a project on time or within budget | | |
| No.12 | Risk Owner/Assessor: Director of Strategic Services for Development and Director of Operations for Implementation | Assessment Date: December 2017 Review Date: June 2018 |

| 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 PDG process includes regular meetings and the analysis of detailed evaluation form Use Induction Process and Probationary period to highlight any training needs for new starters | 2 | 1 | 2 | Formal process to capture lessons learned from each project funded by PDG Review the version and quantity of Microsoft Project licences | Ongoing |

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| Description of Risk Vulnerability: Loss caused through poor management of assets | | |
| No.13 | Risk Owner/Assessor: Chief Financial Officer | Assessment Date: December 2017 |
| | | Review Date: June 2018 |

| 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 recommendations to be implemented | By April 2018 |
| 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 Describe the vulnerability & Impact | Initial Risk | | | Controls / Safeguards / Precautions | Revised Risk | | | Additional Actions Required | Timescale |
|---|--------------|---|---|---|--------------|---|---|---|-------------------------|
| | 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 2018</p> |

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| 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: December 2017 |
| | | Review Date: June 2018 |

| 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 Describe the vulnerability & Impact | Initial Risk | | | Controls / Safeguards / Precautions | Revised Risk | | | Additional Actions Required | Timescale |
|--|--------------|---|---|---|--------------|---|---|-----------------------------|-----------|
| | S | P | R | | S | P | R | | |
| | | | | <p>who are content for direct engagement with local groups</p> <p>Series of regular meetings set up between Chief Exec/ Chairman to engage with the NSBA/ BHBf</p> | | | | | |
| 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 | | | | <p>Register of Partnerships including operational risks for each partnership and Partnerships Governance Arrangements Action Plan</p> <p>Partnerships Protocol</p> <p>Annual review of partnerships by Management Forum/ BA</p> | | | | | |

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| 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: December 2017 |
| | | Review Date: June 2018 |

| 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 | | |
| 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 | | |

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| Description of Risk Vulnerability: Death or Serious Injury to Volunteer | | |
| No.16 | Risk Owner/Assessor: Volunteer Coordinator | Assessment Date: December 2017 |
| | | Review Date: June 2018 |

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

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| Description of Risk Vulnerability: Significant Loss of Volunteers | | |
| No.17 | Risk Owner/Assessor: Volunteer Coordinator | Assessment: December 2017 Review Date: June 2018 |

| 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 | September 2018 |
| Reduced service delivery causing loss of satisfaction and credibility with the public. | 2 | 1 | 2 | Volunteer Strategy 2017-2022 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 | June 2017 |

| Description of Risk Vulnerability: Planning Decisions not made in accordance with Development Plan and Regulations and Procedures | | | | | | | | | | | | |
|--|--|---------------------|----------|----------|--|---------------------------------------|--|----------|------------------------------------|------------------|--|-----------------------------------|
| No.18 | Risk Owner/Assessor: Head of Planning | | | | | Assessment Date: December 2017 | | | | | | |
| | | | | | | Review Date: June 2018 | | | | | | |
| 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 | | | 2 | 1 | 2 | Review Scheme of Delegation | 2017-18 |

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| | | | <p>Visits reviewed</p> <p>PAS Peer Review of Planning Committee in 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) | | | | | | | | | | |
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| No.19 | Risk Owner/Assessor: Director of Strategic Services (EU – CANAPE); Director of Operations (HLF Landscape Partnership) | Assessment Date: December 2017 | | | | | | | | |
| | | Review Date: June 2018 | | | | | | | | |
| Specific Hazards | | Initial Risk | | | Controls / Safeguards / Precautions | Mitigated Risk | | | Additional Actions Required | Timescale |
| 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 | Set-up a Project Steering Group for CANAPE | On-going |
| Increased exposure to risk as Lead Partner for European project - CANAPE | | 3 | 2 | 6 | 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 Specific risk register required for the CANAPE project The CANAPE Project Manager Job Description includes strong project management skills as essential | 2 | 1 | 2 | Recruitment of Project Manager with strong understanding of EU regulations Approval of key governance documents by the CANAPE Project Steering Group, including the risk register Need to better understand the steps to be | February 2018 April 2018 |

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| | | | | | | | | carried out in case “unduly” payments must be recovered from project beneficiaries. | |
| 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 | Risk related to exchange rate to be included in the CANAPE risk register | April 2018 |
| Failure to meet expectations of partners – both commercial, EU and UK | 2 | 2 | 4 | Ensure good quality staff are appointed as programme managers and time is taken in good relationship building with partners. 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. Ensure that relationships with partners and funders remain strong and respond rapidly to any misunderstandings. | 2 | 1 | 2 | Contractual documents for WWM and CANAPE to be reviewed by the Solicitor and Monitoring Officer | 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: December 2017 |
| | | Review Date: June 2018 |

| 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, currently in draft form</p> <p>Member Protocol on social media to be produced</p> | <p>January 2018</p> <p>Completed</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: December 2017 | | | | | | |
| | | | | | | Review Date: June 2018 | | | | | | |
| 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 | Completed |

| Description of Risk Vulnerability: Disclosure or loss of personal data resulting in fine from Information Commissioner | | | | | | | | | | | | |
|--|--|---------------------|----------|----------|---|---------------------------------------|--|---------------------|----------|----------|---|---|
| No.22 | Risk Owner/Assessor: Solicitor and Monitoring Officer (in role of Data Protection Officer). | | | | | Assessment Date: December 2017 | | | | | | |
| | | | | | | Review Date: June 2018 | | | | | | |
| Specific Hazards | | Initial Risk | | | Controls / Safeguards / Precautions | | | Revised Risk | | | Additional Actions Required | Timescale |
| Describe the vulnerability & Impact | | S | P | R | | | | S | P | R | | |
| The General Data Protection Regulation will be implemented from 28 th May 2018 into UK law and provides for substantial fines for breach of data protection laws. | | 3 | 3 | 9 | GDPR working group of officers set up to review and implement policies and procedures. Training provided to some staff groups. Designated Data Protection Officer (DPO) identified and has undertaken a GDPR Foundation course. Internal audit to review the Authority's preparation for GDPR in late February 2018. | | | 3 | 2 | 6 | Data asset register in course of preparation Data retention policy to be produced Deletion of unnecessary data to take place DPO to undertake practitioner course Training to staff and Members to take place Where appropriate a DPIA to take place on shared data Renewal of processing | End of January 2018 End of January 2018 End of February 2018 End of February 2018 March 2018 End of March 2018 |

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| | | | | | | | | | consents required where processing relies upon consent | |
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Review of Code Corporate Governance
Report by Solicitor and Monitoring Officer

Summary: The Code of Corporate Governance has been redrafted to reflect the 2016 CIPFA framework.

Recommendation: That the Committee reviews and comments upon the draft.

1 Background

- 1.1 The Authority's current Code of Corporate Governance reflects the guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), in particular their publication "Delivering Good Governance in local government framework".
- 1.2 The Accounts and Audit Regulations 2015 amended the existing 2011 Regulations and the Authority's Annual Governance Statement for 2015/16 envisaged that the Code of Corporate Governance would need to be revised in accordance with both the change in Regulations and the anticipation of a revised CIPFA Framework.
- 1.3 The new CIPFA guidance was published in 2016. It states that authorities should test their governance structures and partnerships against the principles contained in the Framework by:
 - Reviewing existing governance arrangements
 - Developing and maintaining an up-to-date local code of governance, including arrangements for ensuring on-going effectiveness
 - Reporting publicly on compliance with their own code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.
- 1.4 The new Framework also states that in order to achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and sub-principles contained in the Framework. These are set out below. It is also crucial that the Framework is applied in a way that demonstrates the spirit and ethos of good governance which cannot be achieved by rules and procedures alone. Shared values that are integrated into the culture of an organisation and are reflected in behaviour and policy are hallmarks of good governance. The Authority has its shared values set out in the Core Values, which are within the new draft document.

1.5 The six core principles under the new Framework are:

- (i) Behaving with Integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
- (ii) Ensuring openness and comprehensive stakeholder engagement
- (iii) Defining outcomes in terms of sustainable economic, social and environmental benefits
- (iv) Determining the interventions necessary to optimise the achievement of the intended outcomes
- (v) Developing the entity's capacity including the capability of its leadership and the individuals within it.
- (vi) Managing risks and performance through robust internal control and strong public financial management.

1.6 In accordance with the above a new draft Code of Corporate Governance has been prepared by the Solicitor and Monitoring Officer. The document's Appendix is the subject of ongoing input, but should be complete when it is reviewed by Management Forum in March 2018. In the meantime comments from the Committee are welcome. The ongoing procedure is that once the Chair of the Committee and Chief Executive are satisfied with the final version, it is signed by the Chair of the Authority and Chief Executive.

2 Conclusion

2.1 The Committee's comments on the draft Code of Corporate Governance are welcomed pending its finalisation in accordance with the process noted above.

Background papers: None

Author: David Harris
Date of report: 21 February 2018

Broads Plan Objectives: None

Appendix: Appendix 1 – Draft Code of Corporate Governance 2018

Broads Authority

Draft Code of Corporate Governance:

2018

1. Introduction

- 1.1. Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.
- 1.2. Good governance is more than making sure that things do not go wrong or fixing them if they do. Good governance adds value; it is the cornerstone for efficient and effective organisational performance. Accordingly, systems and structures for governance need to be supported by effective leadership and organisational culture. Within public services, a key focus of governance should include the attainment of sustainable economic, societal and environmental outcomes.

2. Code of Corporate Governance: Objectives

- 2.1. The principal objective of a code is to increase credibility, accountability and public confidence in local authorities, and all public bodies are encouraged to adopt a local code. A code helps:
 - to develop a framework for corporate governance for the Authority based on good practice and external guidance;
 - to demonstrate compliance with the principles of good governance;
 - to continuously improve the Authority's effectiveness through an annual review of performance against the framework with an action plan to address weaknesses; and
 - to feed the results of this assessment into the Authority's Annual Governance Statement.

3 Delivering Good Governance

- 3.1 The following schedule, which forms the basis of the Authority's Code, has been developed using the structure recommended in the CIPFA/SOLACE document 'Delivering Good Governance in Local Government: Framework 2016 Edition'. This framework builds on the set of core principles recommended by the Independent Commission on Good Governance in Public Services in 2004 for underpinning the governance arrangements of all public sector organisations of:
 - a clear definition of the body's purpose and desired outcomes;
 - well-defined functions and responsibilities;
 - an appropriate corporate culture;
 - transparent decision making;
 - a strong governance team; and
 - real accountability to stakeholders.

3.2 The framework has six core principles, a number of supporting principles and suggestions for source documents/good practice that may be used to demonstrate compliance. The core principles are:

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting and audit to deliver effective accountability

3.3 The Broads Authority's Local Code of Corporate Governance , set out below, incorporates these principles and identifies the source documents, good practice and other means of demonstrating the Authority's compliance with the principles of good governance.

3.4 The Broads Authority has agreed the following core values as an expression of the values which will underpin the behaviour of its Members and staff.

- Sustainable – We consider the environment and financial implications in everything we do.
- Exemplary – We strive for excellence in all we do.
- Caring – We are considerate and respectful of each other
- Commitment – We are committed to making a difference to the Broads for the benefit of everyone
- Open and honest – We are open, honest and inclusive in all our decisions and communications

4 Commitment and Review

4.1 The Broads Authority is committed to a constant process of review and improvement and incorporating good governance by design into its policies and procedures. This includes a commitment to high ethical standards and its core values as a local ethics code. Column 2 of the schedule represents what the Authority does now or intends to do with immediate effect. Performance against the schedule is reviewed and updated on an annual basis, highlighting what has been done and any further improvements needed for the forthcoming year. The outcome of the review will be reflected in the Annual Governance Statement published each year with the Statement of Accounts, and actions which are outstanding will be incorporated into the Annual Governance Statement Action Plan.

5 Responsibilities

- 5.1 All Members and officers of the Broads Authority share responsibility for good governance.
- 5.2 The annual review of this Code will be initiated by the Solicitor and Monitoring Officer, who will consult with the Management Team, the Chief Financial Officer, the Head of Internal Audit and the Chair of the Financial Scrutiny and Audit Committee. Other senior staff will also be invited to contribute. Significant areas of concern raised during the annual review will be referred to the Management Team or to the appropriate committee for comment or decision.
- 5.3 Delegation is given to the Chief Executive to make the necessary changes/amendments to the Code as a result of the annual review to ensure it stays relevant and up to date. Any significant changes will be reported to the Authority as part of the report on the Annual Governance Statement, and any weaknesses or outstanding actions identified will be incorporated into the Action Plan for the following year.
- 5.4 The Annual Governance Statement is approved by the Authority and signed by the Chair and the Chief Executive on behalf of the Authority.

Signed:

Prof. Jacquelin Burgess
Chair of the Authority

Dr John Packman
Chief Executive

Date: 2018

Schedule

| Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law | |
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| We will: | Evidenced by: |
| <p>Behave with integrity:</p> <ul style="list-style-type: none"> • Ensure members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation • Ensure members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles) • Lead by example and using the above standard operating principles or values as a framework for decision making and other actions • Demonstrate, communicate and embed the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively | <p>Committee Oversight & Scrutiny:</p> <ul style="list-style-type: none"> • Annual Governance Statement • Financial Scrutiny and Audit Committee • Independent persons appointed • Arrangements for handling complaints against Members • Standing Orders for conduct of meetings <p>Corporate Policies and Strategies:</p> <ul style="list-style-type: none"> • Members' Code of Conduct incorporates Nolan Principles • Register of Interests for Members and declarations of interests made at meetings and recorded in minutes • Financial Regulations • Contract Standing Orders • Declaration of Gifts and Hospitality for Members and Officers • Anti-fraud and Corruption Policy • Whistleblowing Policy • Local Protocol for Member and Officer Relations <p>Operational Procedures</p> <ul style="list-style-type: none"> • BA Core Values • Induction programme for new Members and staff including standards of behaviour expected • Annual performance appraisal for staff and members • Report template for decision making • Key processes audited and reported on |
| <p>Demonstrate strong commitment to ethical values:</p> <ul style="list-style-type: none"> • Seek to establish, monitor and maintain the organisation's ethical standards and performance • Underpin personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation • Develop and maintain robust policies and procedures which place emphasis on agreed ethical values • Ensure that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation | <p>Committee Oversight & Scrutiny:</p> <ul style="list-style-type: none"> • Member/officer performance appraisal process • Use of Independent Persons in complaints procedures <p>Corporate Policies and Strategies:</p> <ul style="list-style-type: none"> • Members' and Officer Codes of Conduct • Whistleblowing Policy • Equality and Diversity Policy • Procurement procedures • Recruitment Procedure • Members considered a report on ethics in the Authority in 2017. • Investors in People accredited Silver in December 2017 |

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| | <p>Operational Procedures</p> <ul style="list-style-type: none"> • BA Core values • Equality Working Group set up • Job descriptions |
| <p>Respect the rule of law:</p> <ul style="list-style-type: none"> • Ensure members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations • Create the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements • Strive to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders • Deal with breaches of legal and regulatory provisions effectively • Ensure corruption and misuse of power are dealt with effectively | <p>Committee Oversight & Scrutiny:</p> <ul style="list-style-type: none"> • Statutory Officers appointed by the Full Authority • Committee structure in place with terms of reference • Monitoring Officer in place • Committee support <p>Corporate Policies and Strategies:</p> <ul style="list-style-type: none"> • Whistleblowing policy • Financial Regulations, Contract Standing orders and Procurement Guide • Codes of conduct • Anti-fraud and corruption policy • Scheme of delegations <p>Operational Procedures</p> <ul style="list-style-type: none"> • Member induction programme and development protocol • Provision of legal advice to officers and members to ensure compliance with law • Compliance with CIPFA's statement on the role of the Chief Finance Officer in Local Govt (CIPFA 2015) • Job descriptions • Internal and external audit • Register of member's and officers interests and related party interest |

| Principle B: Ensuring openness and comprehensive stakeholder engagement | |
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| We will: | Evidenced by: |
| <p>Be open</p> <ul style="list-style-type: none"> • Ensure an open culture through demonstrating, documenting and communicating the organisation’s commitment to openness • Make decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided • Provide clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear • Use formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action | <p>Committee Oversight & Scrutiny:</p> <ul style="list-style-type: none"> • Availability of audio recordings of meetings • Committee meetings held in public and authority • Publication of agendas and reports in line with Local Government Act1972 requirements • Chairman’s briefing • Decision Records • Public participation at BA meetings <p>Corporate Policies and Strategies:</p> <ul style="list-style-type: none"> • Financial Regulations and Standing Orders • Record of delegated decisions • Broads Plan • Annual review • Access to information policy • Broads Authority website (includes - publicly available information about who the Members are and what they do, who the officers are and how the public can input and influence Authority decisions) • Member Allowance Scheme • Fair and transparent data processing through privacy notices <p>Operational Procedures</p> <ul style="list-style-type: none"> • BA core values • Financial statements • Information published in respect of expenditure over £250 • Public consultation over local plan • Broads Forum • Strategic partnerships Register • Use of Transparency Regulations 2015 |
| <p>Engage with stakeholders</p> <ul style="list-style-type: none"> • Effective engagement with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably • Develop formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively <p>Ensure that partnerships are based on: – trust – a shared commitment to change – a culture that promotes and accepts challenge among</p> | <p>Committee Oversight & Scrutiny:</p> <ul style="list-style-type: none"> • Appointment process to Navigation Committee <p>Corporate Policies and Strategies:</p> <ul style="list-style-type: none"> • Development of the Broads Plan • Communication Strategy • Regular management team meetings with stakeholder bodies • 2 x Parish Forums each year <p>Operational Procedures</p> <ul style="list-style-type: none"> • Broads Authority KPI performance indicators |

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| <p>partners and that the added value of partnership working is explicit</p> | <ul style="list-style-type: none"> • Visitor survey • Newsletters • Broadcaster • Broad Sheet |
| <p>Engage with individual citizens and service users:</p> <ul style="list-style-type: none"> • Establish a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes • Ensure that communication methods are effective and that members and officers are clear about their roles with regard to community engagement • Encourage, collection and evaluation the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs • Implement effective feedback mechanisms in order to demonstrate how views have been taken into account • Balance feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity <p>Take account of the impact of decisions on future generations of tax payers and service users</p> | <p>Committee Oversight & Scrutiny</p> <ul style="list-style-type: none"> • Navigation Committee • Public questions • Broads Plan updates – May and November <p>Corporate Policies and Strategies:</p> <ul style="list-style-type: none"> • Communication Strategy • Broads Local Access Forum • Corporate Twitter and Facebook • Notices to Mariners • “Ask JP” <p>Operational Procedures</p> <ul style="list-style-type: none"> • Broads Plan updates • Learning resources on website • Annual Report and Business Plan |

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| <p>Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits</p> | |
| <p>We will:</p> <p>Define outcomes:</p> <ul style="list-style-type: none"> • Have a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and other decisions • Specify the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer • Deliver defined outcomes on a sustainable basis within the resources that will be available • Identify and manage risks to the achievement of outcomes • Manage service users' expectations effectively with regard to determining priorities and making the best use of the resources available | <p>Evidenced by:</p> <p>Committee Oversight & Scrutiny:</p> <ul style="list-style-type: none"> • Statutory Purposes set out in Norfolk and Suffolk Broads Act 1998 <p>Corporate Policies and Strategies:</p> <ul style="list-style-type: none"> • Broads Plan based on the shared vision for the Norfolk and Suffolk Broads • Core Values <p>Operational Procedures</p> <ul style="list-style-type: none"> • Local Plan in development • Strategic Partnerships Register • Some elements of Strategic Risk Register |
| <p>Consider the social, economic and environmental benefits:</p> <ul style="list-style-type: none"> • Consider and balance the combined economic, social and environmental impact of policies and plans when taking decisions about service provision • Take a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints • Determine the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs • Ensure fair access to services | <p>Committee Oversight & Scrutiny:</p> <ul style="list-style-type: none"> • Statutory purposes <p>Corporate Policies and Strategies:</p> <ul style="list-style-type: none"> • Equalities working group <p>Operational Procedures</p> |

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| Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes. | |
| We will: | Evidenced by: |
| <p>Determining interventions:</p> <ul style="list-style-type: none"> • Ensure decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided • Consider feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts | <p>Committee Oversight & Scrutiny:</p> <ul style="list-style-type: none"> • Chairman's briefing • Committee chairs <p>Corporate Policies and Strategies:</p> <ul style="list-style-type: none"> • Broads Plan based on the shared vision for the Broads agreed with partners • Development of Local Plan • Financial Regulations and Contract Standing orders <p>Operational Procedures</p> <ul style="list-style-type: none"> • Budget setting process |
| <p>Planning interventions:</p> <ul style="list-style-type: none"> • Establish and implement robust planning and control cycles that cover strategic and operational plans, priorities and targets • Engage with internal and external stakeholders in determining how services and other courses of action should be planned and delivered • Consider and monitor risks facing each partner when working collaboratively, including shared risks • Ensure arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances • Establish appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured • Ensure capacity exists to generate the information required to review service quality regularly • Prepare budgets in accordance with objectives, strategies and the medium term financial plan • Inform medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy | <p>Committee Oversight & Scrutiny:</p> <ul style="list-style-type: none"> • Annual budget processes • Budget plan agreed by BA • Committee review of Strategic Risk Register • Performance reporting to Committee <p>Corporate Policies and Strategies:</p> <ul style="list-style-type: none"> • Communication strategy • Risk management • Financial Strategy <p>Operational Procedures</p> <ul style="list-style-type: none"> • Budget monitoring and performance monitoring undertaken on a regular basis by Management Team. • Budget setting process includes Members and senior managers • Financial Monitor |
| <p>Optimise achievement of outcomes:</p> <ul style="list-style-type: none"> • Ensure the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints • Ensure the budgeting process is all- | <p>Committee Oversight & Scrutiny:</p> <ul style="list-style-type: none"> • Budgets monitored by FSAC <p>Corporate Policies and Strategies:</p> |

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| <p>inclusive, taking into account the full cost of operations over the medium and longer term</p> <ul style="list-style-type: none">• Ensure the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage• Ensure the achievement of 'social value' through service planning and commissioning | <ul style="list-style-type: none">• <p>Operational Procedures</p> <ul style="list-style-type: none">• |
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| Principle E: Developing the Authority's capacity, including the capacity of its leadership and the individuals within it. | |
| We will: | Evidenced by: |
| <p>Develop capacity:</p> <ul style="list-style-type: none"> • Review operations, performance and use of assets on a regular basis to ensure their continuing effectiveness • Improve resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently • Recognise the benefits of partnerships and collaborative working where added value can be achieved • Develop and maintain an effective workforce plan to enhance the strategic allocation of resources | <p>Committee Oversight & Scrutiny:</p> <p>Corporate Policies and Strategies:</p> <ul style="list-style-type: none"> • Member/officer induction and appraisal programmes • IT strategy <p>Operational Procedures</p> <ul style="list-style-type: none"> • Appropriate job profiles used in recruitment • learning and development plans • Training events • In-house training |
| <p>Develop the capability of leadership:</p> <ul style="list-style-type: none"> • Develop protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained • Publish a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body • Ensure the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority • Develop the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks • Ensure that there are structures in place to encourage public participation • Take steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections „ Holding staff to account through regular performance reviews which take account of training or development needs | <p>Committee Oversight & Scrutiny:</p> <ul style="list-style-type: none"> • Scheme of Powers delegated to officers Terms of Reference for Committees <p>Corporate Policies and Strategies:</p> <ul style="list-style-type: none"> • Member Development Protocol • Chief Finance Officer compliance with both the CIPFA Statement on the Role of the Chief Finance Officer in Local Government and the CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations • Monitoring Officer • Financial Regulations and Standing Orders • Communication Strategy • HR policies in place <p>Operational Procedures</p> <ul style="list-style-type: none"> • Conditions of employment • Contract management in respect of externally provided services • Member workshops on key issues • Induction programme for staff and members • Annual Member appraisal |

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| <ul style="list-style-type: none">• Ensure arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing | |
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| <p>Principle F: Managing risks and performance through robust internal controls and strong public finance management</p> | |
| <p>We will:</p> | <p>Evidenced by:</p> |
| <p>Manage risk</p> <ul style="list-style-type: none"> Recognise that risk management is an integral part of all activities and must be considered in all aspects of decision making Implement robust and integrated risk management arrangements and ensuring that they are working effectively Ensure that responsibilities for managing individual risks are clearly allocated | <p>Committee Oversight & Scrutiny:</p> <ul style="list-style-type: none"> Regular risk reporting to FSAC <p>Corporate Policies and Strategies:</p> <ul style="list-style-type: none"> Strategic Risk Register Insurance policies in place Whistleblowing Policy Anti-fraud and Corruption Policy Health and Safety policies and procedures <p>Operational Procedures</p> <ul style="list-style-type: none"> Risk assessment as part of project planning Strategic Risk Register reviewed every 6 months Review of Strategic Risk Register by Management Forum |
| <p>Manage performance</p> <ul style="list-style-type: none"> Monitor service delivery effectively including planning, specification, execution and independent post implementation review Make decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook Ensure an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible (Or, for a committee system) Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making Provide members and senior management with regular reports on service delivery plans and on progress towards outcome achievement. Ensure there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements) | <p>Committee Oversight & Scrutiny:</p> <ul style="list-style-type: none"> Chairs and FSAC meetings Chairman's briefings Terms of reference for Committees <p>Corporate Policies and Strategies:</p> <ul style="list-style-type: none"> Financial regulations Standing orders <p>Operational Procedures</p> <ul style="list-style-type: none"> Financial Monitor |
| <p>Develop robust internal control</p> <ul style="list-style-type: none"> Align the risk management strategy and | <p>Committee Oversight & Scrutiny:</p> <ul style="list-style-type: none"> Training for Members |

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| <p>policies on internal control with achieving objectives</p> <ul style="list-style-type: none"> • Evaluate and monitor risk management and internal control on a regular basis • Ensure effective counter fraud and anti-corruption arrangements are in place • Ensure additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor • Ensure an audit committee or equivalent group/ function, which is independent of the executive and accountable to the governing body | <ul style="list-style-type: none"> • Publication of reports and meeting minutes showing declarations of interest made • Annual Governance Statement <p>Corporate Policies and Strategies:</p> <ul style="list-style-type: none"> • Standing Orders • Scheme of Delegation of powers to Officers • Financial Regulations • Anti-fraud and corruption policy • Contract Standing Orders and Procurement Policy • Members' and Officer Codes of Conduct • Investors in People <p>Operational Procedures</p> <ul style="list-style-type: none"> • Effective internal audit function resourced and maintained |
| <p>Manage data</p> <ul style="list-style-type: none"> • Ensure effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data • Ensure effective arrangements are in place and operating effectively when sharing data with other bodies • Review and audit regularly the quality and accuracy of data used in decision making and performance monitoring | <p>Committee Oversight & Scrutiny:</p> <p>Corporate Policies and Strategies:</p> <ul style="list-style-type: none"> • Security arrangements in place in IT • Data Protection Polciy • Data and Information Retention Policy • Data Asset Register <p>Operational Procedures</p> <ul style="list-style-type: none"> • Training to all staff on GDPR • Data Protection Officer • Review of contracts to ensure data security provisions are incorporated • Training on data protection • Data privacy notices |
| <p>Have strong public financial management</p> <ul style="list-style-type: none"> • Ensure financial management supports both long term achievement of outcomes and short-term financial and operational performance • Ensure well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls | <p>Committee Oversight & Scrutiny:</p> <ul style="list-style-type: none"> • External Audit reports <p>Corporate Policies and Strategies:</p> <ul style="list-style-type: none"> • Chief Finance Officer compliance with both the <i>CIPFA Statement on the Role of the Chief Finance Officer in Local Government</i> and the <i>CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations</i> • Financial statements • Financial Regulations and procedures <p>Operational Procedures</p> <ul style="list-style-type: none"> • Annual budget • Annual Statement of Accounts |

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| <p>Principle G: Implement good practice in transparency, reporting and audit to deliver effective accountability.</p> | |
| <p>We will:</p> | <p>Evidenced by:</p> |
| <p>Implement good practice in transparency</p> <ul style="list-style-type: none"> • Write and communicate reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate • Strike a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand | <p>Committee Oversight & Scrutiny:</p> <ul style="list-style-type: none"> • Annual Governance Statement • Records of delegated decisions • Authority website <p>Corporate Policies and Strategies:</p> <ul style="list-style-type: none"> • Standing Orders • Scheme of delegation of powers <p>Operational Procedures</p> <ul style="list-style-type: none"> • • |
| <p>Implement good practice in reporting</p> <ul style="list-style-type: none"> • Report at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way • Ensure members and senior management own the results reported • Ensure robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement) • Ensure that this Framework is applied to jointly managed or shared service organisations as appropriate <p>Ensure the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations</p> | <p>Committee Oversight & Scrutiny:</p> <ul style="list-style-type: none"> • Section 17 officer reporting requirements • Annual Governance Statement prepared for Authority • Action Plan for following year in Annual Governance Statement and a summary of implementation of the previous year's Action Plan <p>Corporate Policies and Strategies:</p> <ul style="list-style-type: none"> • Broads Plan <p>Operational Procedures</p> <ul style="list-style-type: none"> • Solicitor and Monitoring Officer implements Annual Review • Service Level Agreements |
| <p>Develop assurance and effective accountability</p> <ul style="list-style-type: none"> • Ensure that recommendations for corrective action made by external audit are acted upon • Ensure an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon | <p>Committee Oversight & Scrutiny:</p> <ul style="list-style-type: none"> • Attendance of internal audit at FSAC • Peer review undertaken in 2017 • Annual Governance Statement • Annual Governance Statement action plan <p>Corporate Policies and Strategies:</p> <ul style="list-style-type: none"> • Internal audit function delivered by contract and meets PSIAS requirements |

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| <ul style="list-style-type: none"> • Welcome peer challenge, reviews and inspections from regulatory bodies and implementing recommendations • Gain assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement • Ensure that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met | <ul style="list-style-type: none"> • Strategic Risk Register • Investors in People accreditation <p>Operational Procedures</p> <ul style="list-style-type: none"> • Audit actions are formally logged and followed up and reported to committee • Annual Review • Reviews of Strategic Partnerships |
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Update on Implementation of General Data Protection Regulation

Report by Solicitor and Monitoring Officer

Summary: This report updates the Committee on steps being taken to implement GDPR in the Authority.

Recommendation: That the Committee notes the report.

1 Background

- 1.1 The EU General Data Protection Regulation (GDPR) has been the subject of a previous report to the Authority. The date for implementation is 25th May 2018.
- 1.2 The Authority has established a project team to implement the Regulation, which includes representatives of several departments, as well as the Chief Financial Officer, The Head of IT and Collector of Tolls and the Solicitor and Monitoring Officer. The following steps are among those taken so far:
 - Creation of a Data Asset Register, recording all sets of data held, location, types of data, sharing arrangements and risk posed by processing.
 - Preparation of a Data Protection Policy which is GDPR compliant.
 - Appointment of a Data Protection Officer (the Solicitor and Monitoring Officer)
 - Preparation of new privacy notices for the web sites and tolls collection.
 - Training and qualification of Solicitor and Monitoring Officer at Practitioner level in GDPR.
 - New Data Retention Policy.
 - Review of Strategic Risk Register to include GDPR risk.
 - Training of Yare House staff completed with training sessions for other staff scheduled.
 - Ongoing assessment of higher risk data processing and implementation where necessary of individual risk assessments for those types of processing (to be undertaken).
 - Review of HR policies is ongoing.
 - Developing a work plan to delete any unnecessary data held.
 - Review of elements of data security.
 - Review ongoing of disaster recovery plans for IT.
- 1.3 A GDPR Compliance Plan has been developed for remaining steps which will be undertaken. These include reviews of procurement and ongoing contracts and the implementation of new guidance issued by the Crown Commercial Department.

1.4 The steps taken by the Authority so far are the subject of internal audit review and Gap analysis, which is ongoing at the time of preparation of this report.

2 Conclusion

2.1 The Committee's is asked to note the above steps and any comments are invited.

Background papers: None

Author: David Harris

Date of report: 20th February 2018

Appendix: None

Strategy and Regulation Updates
Report by Chief Financial Officer

Summary: This report provides a revised Procurement Strategy, Counter Fraud, Corruption and Bribery Strategy and Financial Regulations for consideration by the committee.

Recommendation: That the strategies and regulations be adopted.

1. Introduction

1.1. The Authority has a number of strategies that require review during 2017/18. Details of these are provided below for the committee's consideration. All of these documents are within Finance Scrutiny and Audit's powers detailed within the Terms of Reference of Committees (Section 4 paragraph 4).

2. Procurement Strategy

2.1. The Procurement Strategy was last considered by this committee in September 2014 and is subject to a review as a maximum of every three years.

2.2. A review has been undertaken of best practice guidance and which has resulted in a few minor changes in relation to job titles. The EU Directive on Public Contracts has been amended to reflect the 2015 regulations. These changes were reviewed by Management Team on 9 January 2018.

2.3. Appendix 1 contains the amended strategy with the changes highlighted in track changes.

2.4. As part of the Procurement Strategy review, the Standing Orders relating to Contracts will be reviewed next and brought back to this committee.

3. Counter Fraud, Corruption and Bribery Strategy

3.1. The Counter Fraud, Corruption and Bribery Strategy was last considered by this committee in February 2016 and is subject to regular review.

3.2. As with the Procurement Strategy it has been reviewed and minor changes made to reflect the current staffing structure and updated job titles. Amendments have also been made within appendix 3 to reflect current legislation. These changes were reviewed by Management Team on 7 February 2018.

3.3. Appendix 2 contains the amended strategy with the changes highlighted in track changes.

3.4. The Financial Regulations has also been updated as part of this review, to ensure the Authority minimises its exposure to Money Laundering, see below.

4. Financial Regulations

4.1. These were last considered by the committee in July 2017 following the 2016/17 Key Controls Audit.

4.2. Appendix 3 contains the amended regulations with changes highlighted in track changes to sections 25 and 48.5. These changes relate to limiting the amount of cash the Authority will accept in a single transaction. Payments above this amount will need to be made by an alternative method. These were considered by Management Team at the same time as the Counter Fraud, Corruption and Bribery Strategy.

5. Summary

5.1. If members adopt the changes above then staff will be notified of the changes. All strategy, policy and regulation documents are available to all staff on the Authority's intranet.

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| Background papers: | None |
| Author: | Emma Krelle |
| Date of report: | 19 February 2018 |
| Broads Plan Objectives: | None |
| Appendices: | Appendix 1 – Procurement Strategy Appendix 2 – Counter Fraud, Corruption and Bribery Strategy Appendix 3 – Financial Regulations |

Broads Authority

Procurement Strategy

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1. Introduction

- 1.1. “Procurement” can be defined as the process of acquiring goods, materials, works or services. Procurement encompasses acquisitions from both third parties and “in-house” providers. The process of procurement includes the whole cycle of purchasing, from the initial identification of needs and options appraisal (including the “make or buy” decision), through to the ultimate end of a services contract or the end of the useful life of an asset.
- 1.2. The Broads Authority is committed to procuring cost effective and quality goods and services, which will in turn support the achievement of the Authority’s overall strategic and operational aims and objectives. The Authority subscribes to the key principles of the Local Government Procurement Pledge as set out within this Strategy.
- 1.3. The Authority’s procurement activities take place in the context of a complex framework of European Union directives and UK procurement regulations, alongside a range of other statutory and regulatory guidance. The Public Contracts Regulations 2006¹⁵ (as amended) implement into UK law the European Commission’s Union Consolidated Directive on public procurement (20014/1824/EU), ~~which was adopted in March 2004. Revised EU procurement Directives (2014/24/EU) came into force in April 2014 and are due to be implemented in the UK within two years, although the Government has signalled its intention to transpose the new Directives promptly. This Strategy will therefore be revised when the regulations are enacted, and details of the forthcoming changes are set out later in this Strategy.~~

2. Purpose

2.1. The purpose of this Procurement Strategy is:

- to set out how the Authority’s procurement activities comply with legislative and regulatory requirements;
- to promote the acquisition and delivery of supplies and services by the most appropriate procurement route, thereby ensuring that value for money¹ and quality are obtained at all times;
- to define a clear corporate framework for procurement, which complements and aligns with the Authority’s Financial Regulations and Standing Orders Relating to Contracts; and

¹ Value for money is defined as “the best mix of quality and effectiveness for the least outlay over the period of use of the goods or services bought.”

- to ensure that all procurement by the Authority is carried out in a sustainable and responsible manner in order to maximise the economic, social and environmental benefits.

3. Responsibilities

3.1. Overall responsibility for the implementation of this Strategy lies with the Management Team, who will ensure that all procurement decisions are taken in accordance with the principles and best practice guidelines set out in this Strategy. All Broads Authority officers must have regard to this Strategy when undertaking any procurement activity.

3.2. The Authority does not have a Procurement Officer; advice about procurement procedural issues should in the first instance be sought from the Finance Team. Legal advice may be required in the case of a more complex procurement. The ~~Head of Finance~~ Chief Financial Officer must be consulted about the procedure to be applied in the event of any procurement which is over the European OJEU threshold (details of current thresholds are set out in the *Standing Orders Relating to Contracts*).

3.3. The Authority's Sustainability Exchange group can provide advice on environmental impact issues when determining criteria for tendering procedures.

4. Procurement Objectives

4.1. The Authority's overriding procurement objectives are:

- to purchase goods and services from suppliers who will provide value for money;
- to secure the purchase of goods and services as quickly and efficiently as possible;
- to procure goods and services which will enable the ultimate provision of quality services to the public;
- to encourage the purchase of goods and services from suppliers whose policies, practices and products are economically, socially and environmentally sound;
- to purchase goods and services from suppliers who comply with the Authority's health and safety standards and requirements;
- to use local, small and medium size enterprises and / or voluntary, community and social enterprises where possible, and to encourage such enterprises to bid for the Authority's contracts; and

- to continue working towards e-procurement².

5. Local Government Procurement Pledge

5.1. In line with these objectives, the Broads Authority subscribes to the Local Government Association's *Procurement Pledge for Local Authorities*, which recognises the opportunities provided by procurement to deliver value for money and to support local economies. The Authority will therefore seek to use procurement to help:

- deliver value for public money;
- drive local social and economic growth and regeneration; and
- provide inclusive services through a diverse supplier base.

5.2. In order to deliver these outcomes, to the fullest extent possible within the Authority's available resources, and where it is proportionate and appropriate, the Broads Authority will make efforts to:

- promote and implement procurement processes that are less bureaucratic and burdensome;
- build skills, capacity and expertise in procurement;
- engage effectively with stakeholders to ensure that the goods and / or services being procured meet their needs and (where appropriate) involve them in the procurement process;
- engage effectively with suppliers through market days, pre-procurement dialogue, and provide transparent feedback, making them aware of trading opportunities and securing their input and expertise;
- use procurement in a socially and environmentally responsible way, promoting fair employment practices, ethical sourcing practices, and environmental sustainability wherever possible;

² E-procurement refers to the use of electronic procurement approaches including online procurement systems, and the electronic receipt of tenders. Where an e-procurement approach is used, the requirement remains to comply with Standing Orders, including obtaining competitive quotations where necessary. Guidance from the Finance Team should be sought before undertaking an e-procurement process.

- seek feedback from suppliers and use this learning to further improve procurement processes; and
- promote collaborative working where appropriate to make best use of existing expertise, resources, and to share best practice.

6. Procurement Principles

6.1. The Authority's guiding principles for procurement are that:

- 6.1.1. all procurement should contribute to the strategic and / or operational aims and objectives of the Authority, as set out in the Broads Plan;
- 6.1.2. the Authority will apply a consistent, corporate and collaborative approach to procurement across Directorates;
- 6.1.3. the Authority will comply with all (UK and EU) legal requirements and relevant government guidelines in the procurement of goods and services, including regulations set down by Her Majesty's Revenue and Customs (HMRC);
- 6.1.4. procurement is a long-term process, and should include arrangements for effective contract management and review;
- 6.1.5. the Authority will encourage collaboration and joint procurement initiatives with other bodies including (where appropriate) local authorities and national park authorities, to deliver best value services and secure value for money and economies of scale;
- 6.1.6. the Authority will seek to further adaptation and mitigation to climate change through its purchases, and will encourage the procurement of environmentally sound services and products. The Authority will seek to:
 - use recycled paper (with a target that over 80% of paper is made from recycled materials);
 - achieve the lowest practicable power usage of all IT and electrical equipment; and
 - use only FSC/PEFC (Pan European Forest Certification) accredited timber where possible.
- 6.1.7. the Authority will seek to use procurement to deliver community benefits, for example by promoting equalities and fair employment practices, by including social value criteria within tender evaluations where appropriate.

6.1.8.the Authority will seek to establish evaluation criteria for tenders which give an appropriate weighting to quality, cost and social and environmental impacts. It is good practice to apply similar criteria to quotations sought for procurements below the tender threshold, where this is practical and appropriate to the goods or services being procured.

6.2. Within the framework of these overarching procurement principles, the Authority will have regard to the principles of Best Value and its own Core Values³. The Authority will apply a sound competition policy, which will be designed to provide value for money and to deliver goods and services of the required quality.

7. Best Value

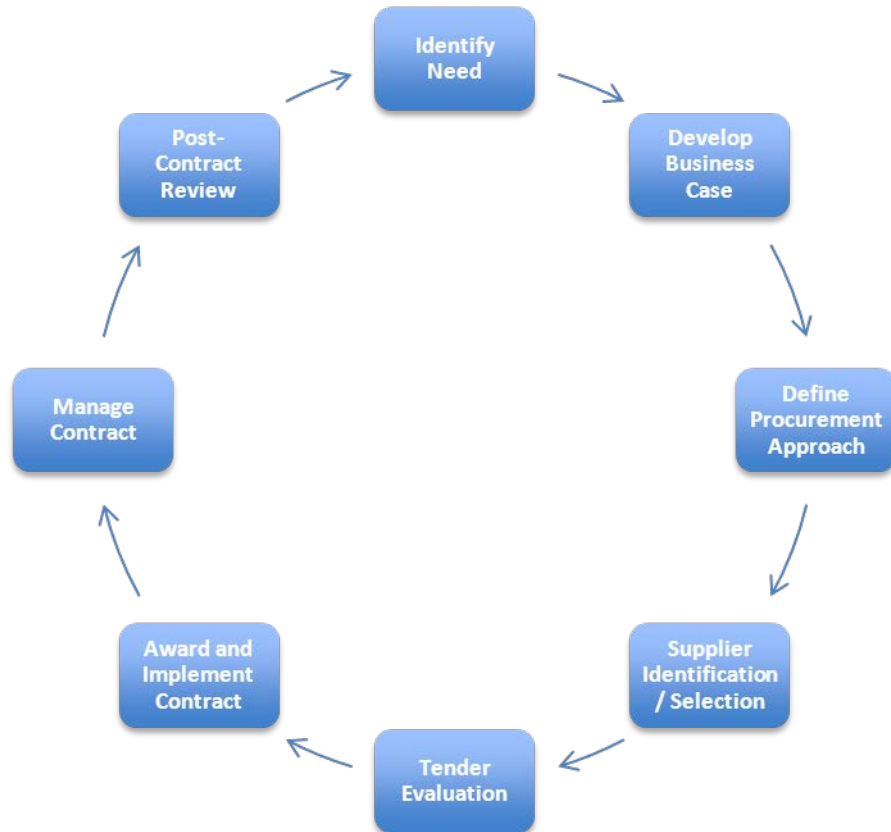
7.1. The principles of Best Value are based on the achievement of value for money through a combination of economy, efficiency and effectiveness, which are defined in the following terms:

- **Economy:** acquiring human and material resources of the appropriate quality and quantity at the lowest cost.
- **Efficiency:** producing the maximum output for any given set of resource inputs or using the minimum outputs for the required quantity and quality of service provided.
- **Effectiveness:** having the organisation meet the citizens' requirements and having a programme or activity achieve its established goals or intended aims.

8. The Procurement Process

8.1. The diagram below sets out the generic steps in the process for a larger procurement.

³ Core Values are important and enduring beliefs or ideals shared by the staff and members of the Broads Authority about what is good or desirable and what is not. They exert a major influence on our behaviour and serve as broad guidelines in all situations. They include: commitment, caring, open and honest, sustainable and exemplary.



8.2. The procurement process should be seen as a cycle and the importance of the latter stages, including the ongoing management of contracts and post-contract review activities, should not be underestimated.

9. Good Practice

9.1. The Authority seeks to conduct its affairs openly and transparently. All decisions about procurement should therefore be open and justifiable, and based on clear and relevant criteria (whilst having regard to the need to protect the confidentiality of information provided by bodies and individuals completing tenders). All procurement decisions must comply with the Authority's Financial Regulations and Standing Orders Relating to Contracts. The latter provide guidelines in respect of the procedures for preparing evaluation criteria, opening tenders and letting contracts.

9.2. The procurement process is subject to scrutiny by a range of stakeholders, including the Authority's Internal and External Audit functions. It is essential that all stages of the tendering process are properly recorded, in accordance with Standing Orders Relating to Contracts.

9.3. The Authority has established the following principles of good procurement:

- procurement processes should be designed to give the Authority sufficient information to form a view of the competence of potential service providers and suppliers, but without placing an undue burden on them;
- potential suppliers and service providers should understand clearly from the outset of any procurement what service standards are expected. They should be provided with adequate, accurate and timely information at all the relevant stages of the procurement process;
- all potential suppliers and service providers will be subject to the same requirements to ensure fair competition and will be treated equally throughout the procurement process;
- to promote innovation in service delivery, care should be exercised to avoid taking too narrow a view of how the service might be delivered as this may limit the options and deter potential providers; and
- in order to be able to demonstrate that procurement has been undertaken in an open and transparent manner, the Authority will ensure that tenderers for larger contracts (with a value of over £25,000) are fully aware of the basis for bid evaluation and that all stages of the procurement process can be audited satisfactorily with reference to the Authority's Procurement Strategy and Financial Regulations, which will be made available to all tenderers.

9.4. The evaluation of tenders should be systematic, objective and well documented to provide a clear and logical audit trail. Unsuccessful tenderers should be told the outcome of the tender, and on what grounds their tender was unsuccessful. In the case of a tender conducted under the OJEU process, a standstill period must be incorporated into the timetable following the notification of the contract award.

9.5. The Authority will seek innovation in the delivery of services, while having due regard to the needs of economy, efficiency and effectiveness. The Authority therefore will not discount without careful consideration arrangements which might enable it to be more innovative in its approach to procurement, which might include working in partnership with other bodies or making greater use of electronic processes.

9.6. For high risk / high value contracts, serious consideration should be given to a partnership arrangement.

9.7. All tenders should be prepared with due regard to identifying an appropriate approach to risk sharing, which takes into account both cost implications and the party which is best placed to bear the individual risks.

10. Competition

- 10.1. The Authority encourages fair competition in accordance with the principles and objectives set out in this Strategy.
- 10.2. The Authority makes no assumptions on the best method for supply / service provision. Its policy is to procure contracts through open competition based on the Authority's procurement objectives and to determine contracts based on best value, quality and the most effective delivery of the service.
- 10.3. Existing (long-term and other) partnerships and / or contracts are not exempt from the competition requirement and will be reviewed regularly to assess whether they are continuing to deliver value for money, or whether changes should be made. Where it is considered that a contract is not delivering value for money, and / or is failing to meet the standards set out in the contract, further action may be considered.
- 10.4. Where it is established that there are no realistic competitors for the provision of a specialist service, this must be agreed and formally documented by the Chief Executive as a Waiver of Standing Orders.

11. Social Value and "Green" Procurement

- 11.1. The Public Services (Social Value) Act 2012 places a duty on the Authority to consider, when undertaking certain types of procurement, how what is proposed to be procured might improve the economic, social and environmental well-being of the local area, and how, in conducting the process of procurement, it might act with a view to securing that improvement. These issues should be considered at the pre-procurement stage and may include "social" specifications and contract performance conditions. It is essential that where social value is to be considered as part of a tender response, the Authority's requirements are clearly set out within contract specifications, and appropriate criteria are established for tender evaluation.
- 11.2. Social considerations may include exploring how procurement activity can be used to:
 - encourage apprenticeships;
 - promote equalities;
 - encourage development of the "living wage"; and

- promote opportunities for small, local firms.
- 11.3. The Authority expects main contractors to act fairly with those in their supply chains and, where feasible, will mandate timely payment to subcontractors through contract clauses.
- 11.4. The Authority will strive to ensure that all decisions in relation to the procurement of goods, materials and services are taken in line with its sustainability commitments, and that where opportunities arise, commercial relationships are formed and nurtured with partnering and contracting organisations who share the Authority's values on sustainability.
- 11.5. In particular the Authority will aim to minimise the environmental impact of its purchases/procurement through rigorous use of the "four R's". These are:
- **Reduce:** by only purchasing new goods that are absolutely necessary (i.e. when it is not possible or viable to re-use or repair goods already purchased);
 - **Re-use:** by purchasing products, where possible, that can be used many times rather than disposable items;
 - **Repair:** by purchasing, where possible, products that have been designed and manufactured to allow for the repair and replacement of individual parts; and
 - **Recycle:** by purchasing, where possible, products made from recycled materials, and / or that may be recycled themselves.
- 11.6. The Authority will seek to ensure that in all procurements the environmental aspect is taken into account as an essential and integral part of the contract. This will entail specification writing, tender evaluation criteria and contract conditions which give adequate weight to the environmental dimension. It is recognised that there can be some subjectivity in determining where to draw the line in balancing sustainability and cost. In a tendering exercise this should be reflected in the weighting criteria. In other procurements, the successful bidder will generally be determined on the basis of the "most economically advantageous quotation" and the award criteria should therefore also be defined in advance to provide a suitable weighting for sustainability considerations. It is recognised that almost all procurements are different and each cases should be treated on its merits. If in doubt, staff should take advice from their appropriate Head of Service or Director. In particular advice should be sought from the [Head of Finance/Chief Financial Officer](#) if guidance is required on the drafting of tender evaluation criteria, in order to comply with Standing Orders Relating to Contracts.
- 11.7. Care must be taken to ensure that where social or environmental criteria are used as part of tender evaluations, the requirements for transparency and fair competition are safeguarded. It is particularly important that the evaluation takes into account the social or environmental elements of the goods or services to be supplied, but should not seek to make an assessment of the overall business activities of a prospective supplier.

11.8. The Authority will ensure that all vehicles acquired have low emissions of local air pollutants and climate change gases, having regard also to essential operational requirements, and will take account of the need to minimise emissions and exposure to air pollution when purchasing all goods and services.

11.9. The Sustainability Exchange is responsible for ~~improving~~ advising the Authority's overall performance on sustainability, ~~and for monitoring and measuring its carbon usage. It will take opportunities to monitor compliance with this Strategy and to look at how particular materials or services are used, to investigate how sustainability has been taken into consideration in procurement activity.~~

12. In-House and Outsourced Services

12.1. The Authority operates a predominantly "in-house" approach to service delivery. Where the Authority decides to investigate the outsourcing of any complete services, this would be undertaken on the basis of a robust and comprehensive business case which would include a full options appraisal and cost comparison.

13. Contract Management

13.1. Effective contract management is a key ongoing element of the procurement process, and relates to the proactive monitoring, review and management of contractual terms secured through a procurement activity. Contract management should be used to ensure that what is agreed in procurement is ultimately delivered by the supplier and should therefore include monitoring of compliance with the agreed contractual terms and conditions. Following the completion of any significant contract, a review should be completed in order for any lessons to be fed back into the procurement process to help to deliver continuous improvement.

14. National Procurement Strategy for Local Government in England

14.1. The National Procurement Strategy for Local Government in England sets out a vision for local government procurement and identifies four key areas for development. The Authority will seek to deliver in these areas as follows:

- **Making Savings:** Procurement is recognised as a key activity which can deliver savings and efficiencies. The Authority engages with partner organisations where appropriate to undertake joint procurement and establish shared service arrangements. Knowledge, posts

and services are shared with appropriate partners. Processes for reviewing existing procurement arrangements are in place and this Strategy is aligned to best practice.

- **Supporting Local Economies:** The Authority will seek to maximise the economic, social and environmental benefits to communities of its procurement by including assessment criteria relating to these areas within tenders, where appropriate.
- **Leadership:** The Authority recognises the strategic importance of procurement, and this Strategy therefore emphasises the importance of contract management and confirms the role of procurement as a long-term, cyclical process.
- **Modernising Procurement:** The Authority will employ e-procurement approaches where appropriate to streamline and simplify the tender process, and recognises the potential benefits offered by the new EU directives.

~~15. EU Procurement Directives~~

~~15.1. New EU Procurement Directives are expected to make the public procurement process faster, less costly, and more effective for suppliers and procurers. The changes provide for a more modern, flexible and commercial approach than the existing regime. Key changes in the new Directives include:~~

- ~~• provisions to allow certain contracts to be reserved for mutuals / social enterprises;~~
- ~~• various provisions to support and encourage the award of contracts to Small and Medium Enterprises (SMEs);~~
- ~~• simplified processes for assessing bidders, and increased flexibility to consider past performance of previous contracts;~~
- ~~• more freedom to undertake negotiation and to increase opportunities for innovation;~~
- ~~• reductions to timescales and a further drive towards e-procurement approaches; and~~
- ~~• new rules on social and environmental aspects of tenders.~~

~~15.2. This Strategy will be revised to reflect the new Directives when they are transposed into UK law.~~

~~16.15. Review~~

~~16.1.15.1.~~ This Strategy will be reviewed every three years, or more frequently where there are significant changes in the environment within which the Authority operates. Responsibility for ensuring that regular reviews are carried out lies with the ~~Head of Finance~~Chief Financial Officer.

Broads Authority
Counter Fraud, Corruption and Bribery Strategy

INTRODUCTION TO THE STRATEGY

Statement of Intent

- 1.1 The Broads Authority is committed to carry out its business in a fair, honest and transparent manner. As such, the Authority has a zero tolerance approach to those who seek to commit an act of fraud, corruption, money laundering or bribery towards, or against it.
- 1.2 To safeguard itself against such activities, the Authority has developed a counter fraud culture, supported by a framework designed to encourage the prevention and detection of fraud, corruption and bribery in the event of allegations being received, and to establish appropriate arrangements for their investigation. All such provisions seek to minimise potential losses to the Authority in the event of it being subject to fraudulent or corrupt practices.
- 1.3 The Authority is committed to maintain, and to regularly monitor, review and update, appropriate processes and procedures which will minimise the risk of losses from fraud, corruption, money laundering or bribery, and to ensure that all members and members of staff are aware of their responsibilities to comply with these procedures at all times.

2. Objectives of the Strategy

- 2.1 The key objectives of this Strategy are to:
 - increase staff and member awareness of the corporate counter fraud culture which the Authority actively supports and encourage individuals to promptly report suspicions of fraudulent and corrupt behaviour;
 - communicate to partners, suppliers, contractors and other organisations that interact with the Authority that it expects them to maintain high standards aimed at minimising fraud and corruption in their dealings with the Authority;
 - further embed and support the management of fraud risk within the Authority;
 - demonstrate the arrangements that the Authority has in place to counter fraud, corruption, money laundering and bribery; and
 - minimise the likelihood and extent of losses through fraud and corruption.

3. Why is the Strategy Needed?

- 3.1 The Broads Authority is reliant on its various funding sources in order to carry out its duties and deliver its key aims and objectives in the Broads Plan. As a public body it has a duty to promote effective stewardship and value for money in the use of its funds, to be accountable to its stakeholders in the use of that money and to ensure that procedures are put in place to minimise the risk of losses through fraud, corruption, money laundering or bribery.

- 3.2 As well as resulting in lost income, and reducing the funds available to be spent on key service delivery, instances of fraud, corruption, money laundering and bribery are likely to impact on the reputation of the Authority, and result in a loss of confidence that can be placed in the Authority and its procedures.
- 3.3 Historically, the Broads Authority has had relatively low levels of detected fraud activity in relation to its business operations. Where such activity has been identified, prompt action has been taken and sanctions imposed, as appropriate. However, even though fraud may not previously have been prevalent, it is important to remain vigilant, and to maintain, and regularly monitor, review and update, appropriate processes and procedures to ensure that any potential opportunities for fraud and corruption are minimised, in order that resources can be used for their intended purpose.
- 3.4 The Bribery Act 2010 places an expectation on organisations that they will have appropriate and adequate procedures in place to minimise the risk of bribery taking place. This Strategy seeks to reduce this risk, and to outline the Authority's anti-bribery approach

4. Definition of Fraud, Corruption, Money Laundering and Bribery

- 4.1 The Fraud Act 2006 defines fraud by three classes; false representation, failure to disclose information or by abuse of position. In all three classes of fraud, it requires that for an offence to have occurred, the person must have acted dishonestly, and that they had to have acted with the intent of making a gain for themselves or anyone else, or inflicting a loss (or a risk of loss) on another.
- 4.2 Examples of fraud committed against the Authority might include the creation and submission of fake invoices for goods or services never received, false or inflated expense claims, under recording of cash receipts, misappropriation of stock or an application for a job falsely claiming to hold certain qualifications. As these examples demonstrate, fraud can occur in a number of ways, need not always be related to loss of money, and can involve staff, members or even people outside of the organisation.
- 4.3 Corruption has a number of definitions but can simply be defined as the abuse of entrusted power for private gain. It is often linked to Bribery.
- 4.4 CIPFA describes Money Laundering as disguising criminally sourced cash or property in order to give the appearance of legitimacy. This is done by mixing the criminal transactions with the legitimate transactions of businesses.
- 4.5 The Bribery Act 2010: Quick start guide defines bribery as 'giving someone a financial or other advantage to encourage that person to perform their functions or activities improperly or to reward that person for having already done so. The Act includes two general offences covering the offering, promising or giving of an advantage, and the requesting, agreeing to receive or accepting of an advantage.

5. The Corporate Framework to Counter Fraud, Corruption and Bribery

- 5.1 The Authority has in place a number of policies, procedures and practices that are designed to support this Strategy in countering and preventing fraud occurring. These take account of legislation and expected standards in respect of public life. A summary of the key arrangements in place is set out at Appendix 1, together with a list of the officers responsible for these arrangements.
- 5.2 In addition to these there are a number of officers who have direct and overarching responsibilities and roles in respect of countering fraud, corruption and bribery. These roles and responsibilities are set out at Appendix 2.
- 5.3 The Authority also has in place a Risk Management Policy and a Strategic Risk Register. Overall responsibility for risk management lies with the Solicitor and Monitoring Officer who is charged with ensuring that the risk of fraud and corruption is appropriately recognised within the risk framework, and managed accordingly. The Risk Management Policy is reviewed and where appropriate updated at least annually, whilst the Strategic Risk Register is reviewed bi-annually by the Management Forum and the Financial Scrutiny and Audit Committee. Nominated risk owners are responsible for individual risks, and these should be reviewed not less frequently than every six months.

THE AUTHORITY'S ANTI-FRAUD, CORRUPTION AND BRIBERY CULTURE

6. The Cultural Framework

- 6.1 The Authority is determined to promote a culture of honesty, integrity and opposition to fraud, corruption and bribery. The prevention and detection of fraud, corruption and bribery is the responsibility of all members and members of staff.
- 6.2 To this end, the Authority has adopted a Code of Conduct for its members and a Code of Conduct for Employees which promote standards of conduct and behaviour expected when representing the Authority. Both of these documents are available on the Authority intranet.
- 6.3 The Authority has a Whistle Blowing Policy, which encourages employees, members and other parties to raise concerns, in the knowledge that they will not suffer victimisation or harassment as a result.
- 6.4 The Authority seeks to be as open and transparent as possible in the way it conducts its business and makes decisions. The Terms of Reference of Committees, and Scheme of Powers Delegated to Officers, set out the decision-making framework within the Authority, and demonstrate where functions may be delegated. The Authority publishes details of all expenditure over £250 on its website, and will endeavour to meet all the requirements of Government as set out in the Code of Recommended Practice for Local Authorities on Data Transparency.

7. Members

- 7.1 The Localism Act 2011 places a duty on the Authority to promote and maintain high standards of conduct by its members and co-opted members. Members are required to observe the Authority's Code of Conduct, which is intended to promote and maintain behaviour consistent with the Nolan Principles. They are also required to register and disclose certain interests, including pecuniary interests, both in a Register of Interests and, where appropriate, verbally at the commencement of all meetings.
- 7.2 The Authority has also developed arrangements for dealing with complaints that a member has failed to comply with the Code of Conduct, and has appointed two Independent Members, one of whom will be consulted before any standards complaints are determined.
- 7.3 Details of the Register of Interests, Code of Conduct and arrangements for dealing with standards allegations are all on the Authority's website and available for inspection by members of the public.
- 7.4 The Financial Scrutiny and Audit Committee is responsible to the Broads Authority for the Counter Fraud, Corruption and Bribery Strategy, including the adequacy and effectiveness of the arrangements for counter-fraud and whistle blowing, and maintaining an oversight of the systems for corporate governance and internal control.

8. Employees

- 8.1 A successful anti-fraud culture is one where acts of fraud and corruption are widely recognised as unacceptable behaviour and whistle blowing is perceived as a public-spirited action. The Authority has put in place a number of policies, procedures and other actions to promote an anti-fraud culture to the Authority's officers, as detailed in Appendix 1.
- 8.2 All officers must abide by the Code of Conduct for Employees, which sets out the standards of behaviour and conduct expected of them. Professionally qualified officers are also expected to follow any Code of Conduct or Ethics as required by their professional institute.
- 8.3 The Authority has disciplinary procedures which are designed to ensure consistent and fair treatment of all staff in dealing with any breaches of conduct. Any breach of conduct will be dealt with under these procedures and may result in dismissal.
- 8.4 The Code of Conduct includes guidelines for the receipt of gifts and hospitality, and requires senior officers to declare certain personal interests which could be perceived to conflict with their professional impartiality.

9. Partners, Suppliers, Contractors and Other Organisations that interact with the Authority

- 9.1 The Authority expects the highest standards of conduct from all organisations that have dealings with it. Any partners, suppliers, contractors and other third parties funded by or in receipt of payments from the Authority are required to

adopt or abide by the Authority's policies, procedures, protocols and codes of practice, where appropriate, in order to prevent and detect fraud, corruption, money laundering and bribery.

- 9.2 All transactions with suppliers and other organisations will be entered into in line with the Authority's Standing Orders Relating to Contracts. These make appropriate provisions for declaring interests and the circumstances where such regulations may not apply, and rules regarding entering into contracts and varying contract conditions. In addition, prior to entering into significant, ongoing transactions, due diligence checks are undertaken to ensure that suppliers have an appropriate financial and risk profile before transactions are entered into.

COUNTER FRAUD PREVENTION AND DETERRENCE

10. The Internal Control Environment

- 10.1 The Authority's internal control environment plays a key role in ensuring that fraud can be prevented. Soundly designed systems, with adequate checks built into them, minimise the opportunities for untoward activities. This can be through automated controls, or through management oversight of transaction activity.
- 10.2 Managing the risk of fraud, corruption and bribery is the responsibility of Directors and Section Heads within individual Directorates and service areas, working within the overall framework developed by the Authority and the Management Team. Whilst managers retain responsibility for the oversight of the internal control environment within their specific service areas, internal and external inspections play an important role in ensuring that operational arrangements are working effectively. An Annual Audit Plan is developed by the Head of Internal Audit each year, in consultation with the Management Team, based on a risk based approach and having regard to those areas where there is the greatest potential for fraud, corruption and bribery, which provides a check on those services and systems (financial and non financial) that are subject to the highest level of inherent risk. Furthermore, in the course of completing audit assignments, recommendations will be put forward aimed at strengthening systems of internal control which are designed to remove potential opportunities for fraud and corruption in the future.

11. Recruitment and Induction

- 11.1 A key preventative measure against the possibility of fraud, corruption and bribery is to have in place a robust recruitment process which establishes, as far as reasonably possible, the propriety and integrity of potential employees. This includes temporary and contract staff. Agencies providing temporary staff should be required to confirm references have been obtained and validated.
- 11.2 All recruitment should be in accordance with the Authority's standard recruitment procedures. Written references should be obtained for all potential employees and any relevant qualifications should be confirmed prior to appointment.

12. Promotion

- 12.1 The Authority undertakes to promote successful outcomes from counter fraud activities, particularly where this may deter others from undertaking dishonest activities.
- 12.2 In addition the Authority commits to promoting an anti-fraud culture through encouraging staff and members, as part of their induction programmes, to familiarise themselves with the relevant Code of Conduct, the Whistle Blowing Policy and this Strategy, to make them aware that the Authority will not tolerate improper behaviour.

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DETECTING AND INVESTIGATING FRAUD, CORRUPTION, MONEY LAUNDERING AND BRIBERY

13. Detecting Fraud that has Occurred

- 13.1 The Authority has in place a number of measures designed to detect fraudulent activity.
- 13.2 The Authority therefore expects its senior managers to be vigilant regarding the possibility of fraud, corruption, money laundering or bribery and to report any suspicious activities.
- 13.3 Despite best efforts, fraudulent or corrupt activity can sometimes be discovered by chance or through a 'tip off' or whistle blowing incident. The Authority has developed appropriate arrangements to enable such matters to be handled through the Whistle Blowing Policy.
- 13.4 The Code of Conduct for Employees also requires employees to report to their immediate line manager, Head of Section or other officer any suspicions of impropriety, dishonesty or failure to follow legislation or policies and procedures by another employee.
- 13.5 In addition the work of Internal Audit and the Authority's External Auditors may lead to the detection of fraud.

14. Investigation of Fraud that has Occurred

- 14.1 The Head of Internal Audit has overall responsibility for the progression of all fraud investigations, in consultation with the ~~Director of Planning and Resources~~ Chief Financial Officer. There are provisions in the Internal Audit Services contract to engage Counter Fraud trained auditors from TIAA Ltd, to work under the direction of the Head of Internal Audit, and in consultation with the ~~Director of Planning and Resources~~ Chief Financial Officer.
- 14.2 Appendix 3 sets out a Fraud, Corruption and Bribery Response Plan, detailing how the Authority will respond when a concern or an event has been raised, leading to a suspicion of fraud or corruption. In all cases the Head of Internal Audit should be consulted regarding potential cases of fraud and corruption, in order to maintain a corporate overview of incidents arising and ensure that investigations are carried out by the appropriate personnel (e.g. TIAA

Auditors, the Head of Internal Audit, the relevant Director, Head of Human Resources, depending on the nature of the case reported).

- 14.3 The Solicitor and Monitoring Officer is responsible for monitoring and ensuring the investigation of whistle blowing concerns received. Where such cases involve an instance of fraud and corruption, these will be jointly overseen by the Solicitor and Monitoring Officer and the Head of Internal Audit.
- 14.4 The Head of Internal Audit will notify External Audit promptly of all frauds occurring at the Authority which exceed £5,000, and any cases of corruption and any fraud cases of particular interest or complexity. Any such instances of fraud or suspected fraud will be discussed with external Audit at the annual Audit Planning Meeting.

SANCTIONS AND REDRESS IN RESPECT OF FRAUD, CORRUPTION, MONEY LAUNDERING AND BRIBERY

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15. Taking Action where Required

- 15.1 Where it has been identified that fraud or corruption has occurred, the Authority is committed to ensuring that all appropriate sanctions and courses of redress are undertaken.
- 15.2 Although the Authority's primary means of sanction of employees is through its Disciplinary Procedures, this does not preclude the Authority from taking additional action should it consider this to be necessary.
- 15.3 The Authority will seek to work closely with other parties, in particular the Police, where appropriate. It also has a public duty to seek financial redress, where feasible.

REVIEW

16. Review

- 16.1 This Strategy has been approved by the Management Team and by the Financial Scrutiny and Audit Committee. It will be reviewed and if necessary updated on a regular basis, at least annually, and any significant changes will be brought to the attention of the Management Team for their approval. Responsibility for ensuring that regular reviews are carried out lies with the ~~Director of Planning and Resources~~ Chief Financial Officer.

January 2016~~8~~

Appendices: Appendix 1 – Supporting Policies, Procedures and Practices
Appendix 2 – Roles and Responsibilities of Officers
Appendix 3 – Fraud, Corruption and Bribery Response Plan

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APPENDIX 1

| Policy / Strategy | Purpose | Responsible Officer |
|---|---|--|
| Code of Conduct for Members | Under the provisions of the Localism Act 2011, the Broads Authority is required to adopt a code of conduct setting out the standards of behaviour expected of its members. The Authority has adopted the model code prepared by the Department for Communities and Local Government (DCLG). All new members to the Authority receive guidance and training on the implementation of the Code. | Solicitor and Monitoring Officer |
| Registration and Declaration of Interests | Members of the Authority are required to enter onto a Register of Interests any pecuniary or non-pecuniary interests which might relate to their public duty, and to declare these interests at all meetings of the Authority and its committees. The Register of Interests may be viewed by members of the public on request. | Solicitor and Monitoring Officer |
| Terms of Reference of Committees | These set out the powers reserved to the Broads Authority and to its various committees. | Solicitor and Monitoring Officer |
| Scheme of Delegated Powers | These set out the powers which are delegated to the Chief Executive, and the conditions under which these powers can be discharged. They are supplemented by Arrangements for the Exercise of Powers by Other Officers, setting out those officers who are authorised to exercise powers in the absence of the Chief Executive. | Solicitor and Monitoring Officer |
| Code of Conduct for Employees | All members of staff are required to comply with the Code of Conduct for Employees, and Planning Officers with the Code of Conduct for Planning Committee Members and Officers. The Code of Conduct includes guidelines for the receipt of gifts and hospitality, and requires senior officers to declare certain personal interests which could be perceived to conflict with their professional impartiality. | Head of Human Resources |
| Whistle Blowing Policy | The Whistle Blowing Policy sets out how employees can raise concerns within the organisation without fear of victimisation or harassment. | Head of Human Resources Solicitor and Monitoring Officer |

| | | |
|---------------------------------------|--|---|
| Financial Regulations | Financial Regulations set the framework for the administration of the Authority's financial affairs, including all systems and transactions. | Head of Finance <u>Chief Financial Officer</u> |
| Standing Orders Relating to Contracts | These Standing Orders set out the rules and procedures which must be complied with when letting contracts for goods and services on behalf of the Authority. They endeavour to ensure fair competition between competing organisations. | Head of Finance <u>Chief Financial Officer</u> |
| Internal Financial Controls | Internal control systems are in place to ensure that the Authority's finances are managed in a safe and efficient manner. These include physical controls to ensure security of assets and restrict access, clear lines of accountability, supervisory controls, segregation of duties and authorisation/approval controls. | Head of Finance <u>Chief Financial Officer</u> |
| Internal Audit | The Authority is a member of a consortium of local authorities who jointly procure an internal audit service. The service is administered by the Head of Internal Audit, who is based at the offices of South Norfolk Council, and is currently contracted out to TIAA. An annual programme of audits is drawn up in conjunction with the Head of Internal Audit using a risk based approach. | Head of Finance <u>Chief Financial Officer</u> |
| Recruitment and Selection of Staff | A number of controls are in place relating to the recruitment and selection of staff, including completion of an application form, interviews, references and obtaining a 'defined document' to confirm that the employee is eligible to be employed in this country. Under certain circumstances other checks are made, for example relating to the prospective employee's medical condition and suitability to work with children and vulnerable adults. | Head of Human Resources |

APPENDIX 2

Roles and Responsibilities for Countering Fraud, Corruption, Money Laundering and Bribery

| Stakeholder | Roles and Responsibilities |
|---|--|
| Broads Authority | The Authority is ultimately responsible for the Authority's Counter Fraud, Corruption, Money Laundering and Bribery Strategy and other arrangements. |
| Individual Members | Members support and help to promote a strong counter fraud culture through: <ul style="list-style-type: none"> • promoting the Authority's lack of tolerance towards acts of fraud and corruption; • ensuring that they comply with the Authority's Code of Conduct for Members, thus setting a strong public example; and • raising matters of concern that they may have through the appropriate means. |
| Financial Scrutiny and Audit Committee | Responsible to the Authority for the Counter Fraud, Corruption and Bribery Strategy, including the adequacy and effectiveness of the counter fraud and whistle blowing arrangements. |
| Chief Executive | The Chief Executive is ultimately responsible for the day to day arrangements to counter fraud, corruption and bribery. |
| Solicitor and Monitoring Officer | Responsible for the Authority's arrangements to manage risk, including the Risk Management Policy and Strategic Risk Register. The Monitoring Officer also provides support to members as required on matters of ethical and governance issues, and may receive concerns raised from members, the public and other stakeholders. |
| Treasurer and Financial Adviser Chief Financial Officer/ Section 17 Officer | The Section 17 Officer is responsible for ensuring that the Authority has in place arrangements for the proper administration of its financial affairs. |
| External Audit | The external auditors have a statutory duty to ensure that the Authority has in place adequate arrangements for the prevention and detection of fraud, corruption and theft. |
| Internal Audit | Internal auditors will be alert in all their work to risks and exposures that could allow fraud or corruption to |

| | |
|---|---|
| | occur and seek to strengthen systems of internal control to safeguard the Authority against such activities and minimise losses arising from such actions. |
| Head of Internal Audit | The Head of Internal Audit is responsible for managing the Internal Audit service, including developing an Annual Audit Plan which includes counter fraud and corruption work. There is also a requirement to assist with special investigations (where cases of fraud and/or corruption are suspected) and provide reports to management, the Financial Scrutiny and Audit Committee and External Audit regarding work carried out in this area. |
| Directors and Heads of Service | These officers are responsible for the management and prevention of theft, fraud, corruption and other irregularities within their area of responsibility. Each officer is expected to: <ul style="list-style-type: none"> • identify, be familiar with and assess the types and risks of fraud or corruption that might occur within their area of responsibility; • promote and monitor sound working practices which minimise the likelihood of fraud and corruption occurring; • promote the Strategy where appropriate with any external organisations they may do business with; • be alert for any indication of fraud or corruption; and • be ready to take appropriate action in a timely way, should there be any suspicion of theft, fraud or corruption. |
| Members of Staff | Staff should undertake their duties at all times in line with the Authority's Code of Conduct for Employees. They have a responsibility to raise any concerns, should they become aware of any potential fraud, corruption or other wrongdoing, with an appropriate officer (who could be their line manager, Head of Section or Director, the Monitoring Officer, the Head of Internal Audit or any other senior officer). |
| Partners, Contractors, Suppliers and other organisations that interact with the Authority | These organisations should be aware of the need to uphold anti-fraud principles and be aware of the possibility of malpractice against the Authority, reporting any genuine concerns or suspicions promptly. |
| Members of the Public | To notify the Authority of any genuine concerns or suspicions involving fraudulent or corrupt activities being committed against the Authority. |

Fraud, Corruption and Bribery Response Plan

1. Introduction

- 1.1 The purpose of this Response Plan is to set out the action to be taken when a fraud is suspected or discovered. This Plan forms part of the Authority's overall approach to countering fraud, corruption and bribery.
- 1.2 Adhering to the Plan will enable the Authority to ensure that all incidents of fraud and corruption are handled in a consistent and responsible manner and that the relevant responsibilities when responding to an incident are clear.

2. Reporting Concerns of Fraud, Corruption and Bribery

- 2.1 Anyone who has a concern that a potential incident of fraud, corruption, money laundering or bribery has arisen should always seek to raise these concerns at the earliest opportunity. The Authority acknowledges that this can be a difficult and challenging action to take in some cases, and the Whistle Blowing Policy has been established to provide those raising concerns with a safe avenue with which to do so without fear of victimisation or bullying. It also offers sources of advice and guidance that they may turn to.
- 2.2 The Whistle Blowing Policy makes clear that the Authority will always respect the confidentiality of those who raise a concern. Wherever possible, it encourages the whistle blower not to remain anonymous, to ensure that concerns can be set out in writing to ensure that the facts of the situation are clarified.
- 2.3 Wherever the concern raised or identified relates to a matter of fraud, corruption, money laundering or bribery, the Head of Internal Audit should be notified in order that they can ensure appropriate investigatory measures are undertaken. Wherever possible, and whilst respecting confidentiality, the Head of Internal Audit will work with other officers to ensure that appropriate members of staff and others are kept informed of developments. In particular it may be necessary to notify the Section 17 Officer and Management Team. The Head of Internal Audit and Solicitor and Monitoring Officer should liaise to ensure that cases raised in respect of whistle blowing are appropriately addressed, and to ensure that the Head of Internal Audit is aware of all issues that may impact upon delivery of the Annual Audit Plan.

3. Reacting to Reports of Fraud, Corruption and Bribery

- 3.1 All reported cases will be handled in a fair and consistent manner. The Authority will remain mindful of the legislative framework governing the investigation of concerns, and in particular the :
- Freedom of Information Act 2000;
 - Data Protection Act 1998 (to be replaced by General Data Protection Regulations (GDPR) from May 2018);

- Human Rights Act 1998;
- ~~Proceeds of Crime Act 2002 as amended by the Serious Organised Crime and Police Act 2005~~;
- The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017; and
- Police and Criminal Evidence Act 1984.

3.2 As the Whistle Blowing Policy identifies, if an individual raises a malicious allegation they know to be untrue, then the Authority will not investigate the case further. The Authority will also endeavour to be sensitive to the alleged wrongdoers, to ensure minimisation of damage if, subsequently, the allegations are found to be incorrect or cannot be substantiated.

4. Conducting Investigations

4.1 The Head of Internal Audit is responsible for overseeing the progress of fraud, corruption and bribery investigations to ensure they are undertaken in a consistent and appropriate manner, in accordance with legislative requirements and agreed procedures. If the concern directly affects the Head of Internal Audit, this role will be adopted by the Solicitor and Monitoring Officer.

4.2 The Head of Internal Audit will also remain responsible for liaising with the Chief Executive and other senior managers as appropriate regarding the incident raised and the progression of the investigation. In such cases the liaison officer will be the ~~Director of Planning and Resources~~Chief Financial Officer, unless this officer is the subject of or is otherwise linked to the investigation, in which case the Chief Executive will nominate an alternative liaison officer. Should disputes arise during the course of an investigation, these will be referred to the appropriate liaison officer (and, if necessary, the Chief Executive) to assist resolution.

4.3 In the event that the Chief Executive is the subject of or otherwise linked to the allegation, the Head of Internal Audit will liaise with the Chair of the Authority.

4.4 A number of options will usually be considered when determining who will be responsible for undertaking investigative work, but for the most part the Head of Internal Audit, in conjunction with the ~~Director of Planning and Resources~~Chief Financial Officer will agree the method and terms of reference for the investigation. Although it is acknowledged that flexibility will be required depending on the nature of the case, it is expected that the following will need to be considered:

- who will conduct the investigation;
- the arrangements for collecting and documenting evidence;
- the estimated time span for the investigation;
- the need for direct referral to/liaison with other authorities (e.g. the Police);
- the mechanism for reporting progress and the final outcomes; and
- liaison with the Head of Human Resources regarding the need for potential suspension / transfer /disciplinary action relating to the alleged wrongdoers.

- 4.5 Where it is deemed necessary to refer cases to the Police, careful consideration will be given as to whether to proceed with an internal investigation. However it is expected that all staff, members and third parties will comply with both internal and Police investigations as appropriate, and wherever possible Authority and Police enquiries will be co-ordinated to maximise their effectiveness.
- 4.6 Upon completion of any investigation, a report will be produced highlighting the main findings. The report will be reviewed by the Head of Internal Audit, who will be responsible for identifying any further action which may be needed in consultation with other appropriate officers (e.g. the Head of Human Resources if disciplinary action may be required). Where it has been found that fraud, corruption or bribery has occurred, a summary of the findings will be presented to the Management Team, and in due course a summary report will be prepared for the Financial Scrutiny and Audit Committee, setting out what mitigating actions will be taken to avoid or minimise the possibility of a recurrence of the incident. Where fraud, corruption or bribery could not be proven, the findings will only be shared with those who have a genuine and legitimate need to know.
- 4.7 The Head of Internal Audit will keep the person raising the concern informed of the progress of the investigation, but will not necessarily be able to share either the report or the conclusions of the investigation with that person or persons. Where this relates to a whistle blowing case, the Head of Internal Audit will continue to work with the Solicitor and Monitoring Officer in this regard.
- 4.8 It is the responsibility of management to ensure that any losses arising from an investigation are recovered, provided that there are reasonable grounds for doing so. There are various methods of recovery the Authority can utilise, for example directly from the perpetrator, through the Authority's insurers, or through legal proceedings. The appropriate method of recovery will be considered on a case-by-case basis by the Management Team, where appropriate on the advice of the Head of Internal Audit and/or Solicitor and Monitoring Officer.

5. General Processes

- 5.1 This Fraud, Corruption and Bribery Response Plan will be displayed on the Authority's Intranet, in order that it is available to all members of staff. It is acknowledged that circumstances will differ from case to case, and the Authority reserves the right, where it is in the best interests to do so, to carry out investigations in ways which are not entirely in accordance with this Plan. However notwithstanding that, the Authority will seek to ensure that, where possible, all investigations are carried out in a consistent manner.
- 5.2 The Head of Internal Audit will remain responsible for ensuring that records in respect of fraud cases are appropriately maintained, and, in line with guidance issued by The National Archive, records relating to proven frauds will be maintained for at least six years.

Broads Authority Financial Regulations

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Introduction

1 Why do we have Financial Regulations?

- 1.1 Section 17 of the Norfolk and Suffolk Broads Act 1988 states that the Authority shall “make arrangements for the proper administration of its financial affairs and shall secure that one of its officers has responsibility for the administration of those affairs”.
- 1.2 The Local Government Act 1972 directs that authorities shall make arrangements for the proper administration of their financial affairs, and that some of their officers be responsible for the administration of those affairs.
- 1.3 Under powers contained in the Local Audit and Accountability Act 2014 it requires the Accounts to be audited by a local auditor appointed in accordance with the Act. The ‘Accounts and Audit Regulations’ require that the ‘Responsible Financial Officer’ must determine and be responsible for the accounting systems and the form of both the accounts and supporting records of the Authority. That officer must further ensure (by maintaining an effective and adequate audit) that rules so made are observed and that all records are maintained in a satisfactory manner. To conduct its business efficiently, a local authority needs to ensure that it has sound financial management policies in place and that they are adhered to. Part of this process is the establishment of financial regulations that set out the financial policies of the Authority.

2 Status of Financial Regulations

- 2.1 Financial Regulations provide a framework for managing the Authority’s financial affairs. They apply to every member and officer of the Authority and anyone acting on its behalf.
- 2.2 These Regulations set out the financial responsibilities of the Broads Authority, Financial Scrutiny and Audit Committee, Chief Executive, Chief Financial Officer, Solicitor and Monitoring Officer and Directors.
- 2.3 All members and officers have a responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these assets is legal, properly authorised, provides value for money and achieves best value.
- 2.4 The Chief Financial Officer is responsible for maintaining a continuous review of the Financial Regulations and submitting any additions or changes as necessary to the Authority for approval. He/she is also responsible for reporting, where appropriate, breaches of these Financial Regulations to the Authority.
- 2.5 Directors are responsible for ensuring that all members of staff in their Directorates are aware of the existence and content of the Authority’s Financial Regulations, as appropriate.
- 2.6 These Regulations should be read in conjunction with:
 Standing Orders;

Standing Orders Relating to Contracts;
Scheme of Powers Delegated to Officers;
Procedure Manuals;
Financial Grant Memorandum issued by the Department for the
Environment, Food and Rural Affairs (Defra);
Treasury and Annual Investment Strategy;
Prudential Code; and
Procurement Strategy.

3 Statement of Principles

- 3.1 The Authority expects high standards of conduct from its members and officers and those with whom it has dealings. Further to this the Authority expects honesty, openness and integrity to be the values which underpin its financial affairs and all those involved with the Authority's finances should work with these values in mind.
- 3.2 The principles below provide the basis for the detailed guidance in Financial Regulations.

4 The Principles

- 4.1 The Authority is responsible for the stewardship of public money and will make arrangements to safeguard it.
- 4.2 The Authority expects its members and officers to exercise high standards in financial management and administration and aims to stimulate openness and a climate of frankness that it will support through policies and regulations, such as the Whistle Blowing Policy and the Counter Fraud, Corruption and Bribery Strategy.
- 4.3 The planning, monitoring and controlling of the use of resources is of vital importance to the Authority and it will make arrangements for these activities to be undertaken effectively.
- 4.4 Issues of probity will be dealt with effectively and the Authority will work to meet its duty to maintain proper accounts and related records.
- 4.5 Value for money is at the core of the Authority's financial activity and the way in which it administers its financial affairs.
- 4.6 Compliance with statutory requirements, accounting standards and appropriate codes of practice will be inherent in the Authority's arrangements for financial matters.
- 4.7 Allocation of responsibility and authority in relation to financial matters will be clearly identified.
- 4.8 The Authority is mindful of the need for consistent standards in financial administration and management across all its operations and will set in place guidance to be adhered to by all its Directorates. In particular, it expects staff to consult with and use all of the expertise in financial matters that it has available and act on advice from such sources.
- 4.9 The assets and resources of the Authority must be protected from loss, damage and theft.

- 4.10 Identifying and quantifying risks to the Authority is of key importance and arrangements must be made to reduce, eliminate or insure against them as appropriate.
- 4.11 The accurate, appropriate and timely payment and collection of monies forms much of the routine financial business of the Authority and arrangements will be made for its proper administration.

Financial Management

5 Roles and Responsibilities

- 5.1 **The Broads Authority** is responsible for setting the overall policy and direction of the Authority. Its financial responsibilities include approving the annual consolidated budget and Statement of Accounts, fixing navigation tolls, appointing the Section 17 Officer and generally monitoring the resources of the Authority.
- 5.2 **The Financial Scrutiny and Audit Committee** reports to the Broads Authority. Its financial responsibilities include reviewing and recommending for approval the annual Statement of Accounts, approving Financial Regulations and Standing Orders Relating to Contracts, and oversight of internal audit and risk management processes.
- 5.3 **The Chief Executive** is responsible for the day to day management and control of the Authority, including its staff, premises and services, and is responsible for ensuring the implementation of strategies and policies as determined by the Broads Authority and its committees. The Chief Executive is also responsible, in conjunction with, and on the advice of, the Chief Financial Officer, for the preparation of annual budgets and statements of accounts, and for the maintenance of all financial systems and procedures to ensure that the Authority operates within its financial limits and complies with all financial and statutory requirements and in accordance with good accounting practice.
- 5.4 **The Chief Financial Officer** is responsible for the proper administration of the Authority's financial affairs, in accordance with section 17 of the Norfolk and Suffolk Broads Act 1988. The specific responsibilities include the regulation and control of finance, and the making of safe and efficient arrangements for the receipt of monies; external and internal audit matters, including the appointment of auditors: pension fund matters; insurances; investment; and the operation of the Authority's bank accounts. The CFO is also responsible for the day to day management of the Authority's financial affairs, including the management of the Finance Section, preparation of the three year Financial Strategy, annual budgets and statements of accounts, monthly management statements, cash flow and the investment of surplus funds, and ensuring that all internal systems and controls are maintained accurately and efficiently, in accordance with statutory requirements and nationally and locally agreed standards of practice.
- 5.5 **The Solicitor and Monitoring Officer** is responsible for promoting and maintaining high standards of financial and other conduct in the Authority and for reporting any breaches of the law or maladministration.
- 5.6 **Directors and Section Heads** are responsible for ensuring that there is appropriate budgetary provision for all activities carried out within their Directorate or Section, that staff are aware of and comply with Financial Regulations and Standing Orders Relating to Contracts at all times, and that any matters which arise which have or are likely to have significant financial implications are reported to the Chief Financial Officer in order that appropriate corrective action can be taken.

6 Accounting Arrangements

- 6.1 The Chief Financial Officer is responsible for ensuring that there are appropriate systems in force for keeping the accounts and financial records of the Authority and that the Authority's annual financial accounts and reports are prepared to meet statutory requirements. The Chief Financial Officer must also approve the accounting systems and accounting records in use, and any significant changes to these arrangements.
- 6.2 Accounting procedures will reflect recommended professional practices, and follow accounting principles determined from time to time by the Chief Financial Officer, in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) standards of practice, International Financial Reporting Standards (IFRS), the Financial Grant Memorandum issued by Defra under which grant funding is paid and instructions and advice received from Defra and the Authority's auditors.
- 6.3 Accounting procedures will be reviewed as necessary by the Chief Financial Officer in consultation with the Chief Executive to ensure that they provide the information required without duplication of records.
- 6.4 The Chief Executive must examine and certify where required any submission, estimate or claim for payment of grant by a Government Department or funding from any other body. Officers responsible for the administration of such grants, funds and spending associated with them must ensure compliance with the conditions of the grant/funding.
- 6.5 The Chief Executive must examine and certify where required any financial return to a Government Department or other body.

7 Budgeting Process

- 7.1 The Chief Executive, in conjunction with the Chief Financial Officer, will ensure that there is in place an appropriate process and timetable to ensure that budgets are prepared in a timely manner, that this is communicated to all senior managers and budget holders, and that progress in preparing the budgets is monitored.

8 In year Financial Reporting

- 8.1 It is the responsibility of the Chief Financial Officer to ensure that budget managers are provided with monthly management statements from month 3 (June) onwards.
- 8.2 The most current financial report highlighting major variance and areas of concern must be provided to the Broads Authority, Navigation Committee and Financial Scrutiny and Audit Committee at each meeting.

9 Year End Accounting

- 9.1 The Chief Financial Officer is responsible for ensuring that the annual Statement of Accounts is prepared in accordance with the "Code of Practice on Local Authority Accounting in the UK" (CIPFA). The Broads Authority is responsible for approving the carrying forward above £1,000, from one year to another of any under spending on budget headings. The Authority's final financial position as presented in the annual

Statement of Accounts will be approved by the Broads Authority once reviewed by the Financial Scrutiny and Audit Committee.

Financial Planning and Control of Expenditure

The importance of this area is in the need for sound financial planning, monitoring and control of resources. Sound budget management is crucial to informing good decision making and achieving best value in the use of the Authority's resources.

10 Policy Framework

- 10.2 The Authority is responsible for agreeing the Authority's framework and budget. In terms of financial planning the key elements are:
- the Authority's purposes as set out in the Norfolk and Suffolk Broads Act 1988, as amended by the Broads Authority Act 2009;
 - the Broads Plan;
 - the Authority's Business Plan;
 - the Financial Grant Memorandum;
 - the annual revenue budget and three year Financial Strategy;
 - the Capital Strategy and annual Capital Programme; and
 - the Treasury and Annual Investment Strategy and Prudential Indicators (limits for external borrowing, other long term liabilities and related matters).

11 Revenue Budget Preparation

- 11.1 The Chief Executive, in consultation with the Chief Financial Officer, is responsible for ensuring that a revenue budget for the coming year and a three year Financial Strategy for at least the two subsequent financial years is prepared for consideration by the Broads Authority.
- 11.2 The Chief Financial Officer, in consultation with the Directors, is responsible for providing guidance on the general format of the budget.
- 11.3 The Chief Executive will submit a Budget and Financial Strategy to the Broads Authority for approval by 31 March each year.
- 11.4 The Chief Executive, in consultation with the Chief Financial Officer, is responsible for reporting to the Authority on the robustness of estimates contained within the budget and adequacy of reserves allowed for in the budget proposals.

12 Resource Allocation

- 12.1 The Chief Executive is responsible for developing and maintaining a resource allocation process that ensures that both capital and revenue expenditure plans take account of the Authority's policy framework and changing priorities within that.
- 12.2 It is the responsibility of the Chief Executive and Directors to ensure that the revenue and capital budget estimates reflect the priorities and goals in the Broads Plan and Business Plan, and that agreed service plans are in line with the Financial Strategy and capital strategy.

13 Maintenance of Reserves

- 13.1 The Broads Authority will determine the levels of reserves that are considered to be prudent and necessary. This decision will be taken having regard to the advice of the Chief Financial Officer and the Chief Executive, and will be based on an annual risk assessment.
- 13.2 The three year Financial Strategy should be drawn up having regard to the need to either reach or maintain the recommended level of reserves.

14 Revenue Budget Management and Control

- 14.1 It is the responsibility of the appropriate Director to manage and control each of the Directorate's budgets under their management.
- 14.2 The appropriate Director must ensure that there is a designated officer (the Budget Holder) accountable to them for the detailed management of each budget and notify the Chief Financial Officer of those so designated.
- 14.3 Directors will jointly carry out regular budget monitoring and reporting to identify financial problems and recommend to the Chief Executive action necessary to resolve them.
- 14.4 Monitoring reports setting out potential or actual service financial problems and key issues will be made to the Financial Scrutiny and Audit Committee, the Broads Authority and the Navigation Committee as appropriate at each of their meetings.
- 14.5 At the end of each financial year, where there is an underspend within a budget, the Chief Financial Officer will collate a list of carry-forward requests for consideration by the Management Team. Where these underspends are individually below £1,000 (under £5,000 in total) they will be agreed by Management Team. For those items above £1,000 they will be presented to the Broads Authority for approval. After the appropriate level of approval these will be carried forward into the following year.
- 14.6 The Authority's final financial position as presented in the annual Statement of Accounts will be approved by the Broads Authority.
- 14.7 As required by the Broads Authority Act 2009, the Chief Financial Officer will produce, as soon as reasonably possible after the end of the financial year, a statement showing the navigation income received by the Authority and the navigation expenditure incurred during the year.

15 Monitoring and Control of Affordable Borrowing

- 15.1 It is the responsibility of the Chief Financial Officer, to develop and maintain systems to monitor performance against prudential indicators. Reports on performance against indicators including early warning of any possible breach of any prudential indicator should be made to the Financial Scrutiny and Audit Committee as appropriate.

16 Authority to Incur Revenue Expenditure

- 16.1 No expenditure shall be incurred nor any reduction in income authorised unless such expenditure or reduction in income is:

- (a) covered by the annual or latest approved budgets agreed by the Authority;
- (b) related to approved carried forward budget from the previous year; or
- (c) covered by a virement.

17 Virements

- 17.1 A virement is a transfer of budget from one budget heading to another within a financial year, where a budget is to be used for a different purpose than originally approved.
- 17.2 Virements of up to £10,000 within any financial year may be approved by Directors between main budget headings under their responsibility. All such virement requests must be made on a virement approval form, duly signed by the appropriate Director and be forwarded to the Chief Financial Officer for the budget to be updated.
- 17.3 Virements between £10,001 and £19,999, may also be approved by Directors between main budget heads under their responsibility. Again this must be made on a virement approval form, duly signed by the appropriate Director and countersigned by the Chief Executive, and be forwarded to the Chief Financial Officer for the budget to be updated.
- 17.4 Virements in excess of £20,000, or between Directorates, must be reported the Broads Authority for approval.
- 17.5 It will not be a virement, and approval is not required, where a budget transfer relates to a movement for the purposes of budget restructuring (i.e. where there is no change to the use to which the budget is being put).

18 Preparation of the Capital Programme

- 18.1 All capital expenditure must be in accordance with the Authority's Annual Investment and Capital Financing Strategy and driven by its Asset Management Strategy.

19 Capital Receipts

- 19.1 The sale or disposal of any land, buildings, vehicles, vessels or equipment which was valued at the time of acquisition over £5,000 is considered to be a capital receipt. Particular rules must be observed in dealing with the proceeds and they must not be confused with revenue income such as fees and charges.
- 19.2 The Chief Financial Officer and the Authority's Asset Officer must be informed of all proposed or possible sales or disposals of land, buildings, vehicles, vessels or equipment so that the effect on financial and property management can be assessed.

20 Leasing

- 20.1 All acquisitions and disposals of land, property or other assets must be carried out in accordance with the Authority's Asset Management Strategy and be authorised by the Chief Executive.

20.2 Officers negotiating and committing the Authority to any leasing arrangement shall consult with the Chief Financial Officer and the Asset Officer prior to finalizing any lease arrangement. Once completed, they will furnish the Chief Financial Officer and the Asset Officer with details of the income to be received, the parties to the lease and the term of the lease, along with signed copies of the lease agreement.

Risk Management and Control of Resources

21 Risk Management

- 21.1 The Financial Scrutiny and Audit Committee is responsible for monitoring the effective development and operation of risk management within the Authority, and for reviewing the Strategic Risk Register.
- 21.2 The arrangements for the day to day management of risk are set out in the Risk Management Strategy. The Solicitor and Monitoring Office is responsible for ensuring that this Strategy is regularly reviewed and updated, and that the arrangements set out in the Strategy are promoted throughout the Authority and implemented.
- 21.3 The general controls for risk management are:
- Procedures are in place to identify, assess, prevent or contain material known risks and the procedures are operating effectively throughout the Authority.
 - A monitoring process is in place to review the effectiveness of risk reduction strategies and operation of these controls.
 - Managers know which risks they are responsible for managing and are provided with relevant information.
 - Provision is made for any losses that might result from the risks that remain.
 - Claims are investigated within a given time scale.
 - Acceptable levels of risk are determined and insured against where appropriate.
 - The Authority has identified business continuity plans in the event of a disaster that results in significant loss or damage to its resources.

22 Internal Control

- 22.1 Internal control refers to the systems of control devised by management to help ensure the Authority's objectives are achieved in a manner that promotes the economic, efficient and effective use of resources and that the Authority's assets are safeguarded.

23 Systems of Internal Control

- 23.1 The Chief Executive is responsible for advising on effective systems of internal control.
- 23.2 These arrangements need to ensure compliance with all applicable statutes and regulations and other relevant statements of best practice.
- 23.3 Directors are responsible for establishing sound arrangements for planning, appraising, authorising and controlling their operations to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial and non-financial performance targets.

23.4 The Solicitor and Monitoring Officer shall prepare an annual statement of the effectiveness of the Authority's system of internal control incorporated into the Annual Governance Statement. This statement will be published as part of the Annual Statement of Accounts and will be approved by the Broads Authority.

24 Security

24.1 The Chief Executive is responsible for maintaining proper security at all times for all buildings, stocks, stores, vehicles, furniture, equipment, cash and any other assets for which the Authority is responsible.

24.2 Maximum limits for cash holding at Authority locations should be established by the Chief Financial Officer and adequate insurance should be put in place to cover any loss up to those values.

24.3 Employee responsibilities in respect of the use of all ICT equipment and accessories are set out in the ICT Usage and Security Policy (Human Resources Policy Note No. 18). All members of staff are required to indicate, either by signature or electronically, that they have read and understood the Policy and agree to be bound by its terms.

25 Money Laundering

25.1 Although the Authority is currently exempt (based on its current activities) from the Money Laundering Regulations 2017 it is required to report any suspicions of money laundering as soon as possible to National Crime Agency (NCA) by submitting a Suspicious Activity Report (SAR). Due to the size of the Authority it is considered disproportionate to appoint a specific Money Laundering Officer. Officers who have suspicions of money laundering should use the process set out under section 36 Irregularities.

25.2 In order to minimise the Authority's exposure it has been decided to limit the cash accepted in a single transaction to £1,000. Customers who wish to pay more than this amount should do so by cheque, card or bank transfer.

256 Separation of Duties

256.1 The following principles shall be observed in the allocation of accounting duties:

- the duties of providing information regarding sums due to or from the Authority, and of calculating, checking and recording these sums, shall be separated as completely as possible from the duty of collecting or disbursing them;
- officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be engaged in any of these transactions.

267 Retention of Records

276.1 Accounting and other records must be retained for periods that comply with relevant legal requirements. Detailed standards are contained within the Authority's Document Management, Retention and Disposal Policy.

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278 Investments and Treasury Management

- 278.1** All investments of money shall be made in accordance with the Authority's Annual Investment Strategy, which is prepared by the Chief Financial Officer in accordance with the Prudential Code and approved by the Broads Authority before the start of each financial year.
- 278.2** The Chief Financial Officer is responsible for the investment of surplus monies. All such investments shall be carried out under the overall direction of the Chief Financial Officer, The Chief Financial Officer will report on the performance of the investments to the Financial Scrutiny and Audit Committee on a six monthly basis.

289 Estates

- 289.1** The Asset Officer will ensure that a register of all land and buildings owned by the Authority is maintained which states, where appropriate, the location, extent, plan reference, purchase details, particulars of nature of interest and rent payable.
- 298.2** The Asset Officer will also ensure custody of all title deeds under secure arrangements.

2930 Sale of Assets

- 2930.1** The Chief Financial Officer is authorised, in consultation with the Chief Executive, to write off any obsolete stores or equipment, or loss of property not exceeding £25,000. The Chief Executive is authorised to write off any obsolete stores or equipment, or loss of property not exceeding £5,000.
- 2930.2** The Chief Executive may make arrangements for the disposal of surplus items (excluding land, buildings and leased items) with an estimated market value of up to £10,000. For surplus items above £10,000 approval must be obtained from the Authority and the disposal must be via the method which is judged most likely to achieve the best consideration for the Authority. This includes public auction (including eBay or an alternative online auction method), disposal by way of a specialist broker or intermediary, or by sealed bid after public advertisement.
- 2930.3** The Chief Executive is authorised to make arrangements for the disposal of land and property to a maximum value of £25,000, in accordance with advice from the Authority's Property Advisers.

301 Stocks and Stores

- 301.1** Directors shall be responsible for the care and custody of the stocks and stores within their Directorate.
- 301.2** Items that will be considered as stock are items purchased that can only be consumed once. Items such: salvaged as spares, part consumed liquids or off cuts of wood will not be included. Stocks shall not be in excess of normal requirements except in special circumstances.
- 310.3** The Chief Financial Officer shall arrange for independent periodical test examinations of stocks and shall ensure that stocks are checked at least once every year on 31 March.

301.4 The stocktaking must be attended by a member of the Finance Department and the person responsible for the stores nominated and both the person taking the stock and the person supervising must certify the stock sheets.

301.5 The Chief Financial Officer shall be entitled to receive such information as he/she requires in relation to stores for accounting, costing and financial records. Surplus materials, stores or equipment shall be disposed of by competitive tender or public auction unless the appropriate officer, in consultation with the Chief Financial Officer, decides otherwise in a particular case.

312 Inventories

312.1 An inventory shall be maintained by the Chief Financial Officer which shall record an adequate description of all furniture, fittings and equipment, plant and machinery belonging to the Authority.

312.2 The Chief Executive shall be responsible for maintaining a regular check of all items shown on the inventory and for taking action in relation to surplus or deficiencies and noting the inventory accordingly. Items with a value of £1,000 or more and those items which it is considered could be easily re-sold, shall be checked annually, with other items checked not less frequently than every other year.

312.3 The Authority's property shall not be removed otherwise than in accordance with the ordinary course of the Authority's business or used otherwise than for the Authority's purpose except in accordance with specific directions issued by the Chief Executive.

323 Insurance

323.1 The Authority faces many risks of different kinds in carrying out its functions.

323.2 Regulations here are designed to protect the interests of the Authority, its staff and the people it serves.

323.3 The Chief Financial Officer is responsible for managing the Authority's policy of insurance. Directors must notify the Chief Financial Officer promptly of all new risks or assets which may need to be insured, and of any alterations affecting existing risks or insurances indicating the amount of cover required.

323.4 Any event which gives rise to a claim under any policy of insurance must be notified immediately to the Chief Financial Officer, who will make arrangements to deal with all claims. Any loss, liability or damage or any event likely to lead to an insurance claim should be reported to the police.

323.5 Any officer who uses his/her own motor vehicle on Authority business is required to insure against third party risks in such form as to indemnify the Authority against claims arising, and the policy, including any necessary endorsements and renewal receipts, must be produced for inspection if so required. Directors are responsible for acquainting officers under their control of the foregoing requirement.

323.6 The Chief Executive shall consult the Chief Financial Officer in respect of the terms of any indemnity which the Authority is requested to give.

334 Ex Gratia and Other Payments

334.1 Ex-gratia payments are made in situations where no legal obligation exists.

334.2 The Chief Executive is authorised to:

- reimburse the costs of damage to an employee's personal property up to a maximum of £5,000 in any one case, provided he/she is satisfied that the damage was caused as a result of the employee pursuing Authority business;
- authorise the payment of any ex gratia payments or honoraria to employees up to a maximum of £5,000; and
- in consultation with the Solicitor, approve payments of up to £5,000 to complainants who have suffered a direct identifiable loss as a result of the Authority's actions.

334.3 The Chief Executive is authorised to agree the payment of any severance or settlement payments to former employees up to a maximum of £5,000.

345 Gifts and Hospitality

345.1 All members of staff must comply with the guidance on the receipt of gifts and hospitality as set out in the Code of Conduct for Employees (Human Resources Policy Note No. 2).

356 Irregularities

356.1 All Officers and Members are responsible for giving immediate notification to the Solicitor and Monitoring Officer, Directors or Chief Financial Officer where there are grounds to suggest any financial impropriety or irregularity concerning income, expenditure, cash, stores, or other property of the Authority or held by the Authority.

356.2 The same applies to any suspected irregularity in the exercise of the functions of the Authority (corruption). Further guidance can be found in the Authority's Counter Fraud, Corruption and Bribery Strategy, and in the Whistleblowing Policy (Human Resources Policy Note No. 15).

356.3 Where, upon investigation, it is believed that reasonable grounds exist for suspecting that a loss may have occurred as the result of misappropriation or fraud, the matter shall be reported to the Chief Executive, Solicitor and Monitoring Officer (if not already advised) and Chief Financial Officer for a decision on whether the circumstances warrant investigation by the police.

356.4 Where, upon investigation, it is believed that a loss has occurred as a result of waste, extravagance or maladministration, or that no loss has occurred, the matter shall be reported to the Chief Executive, Solicitor and Monitoring Officer (if not already advised) and Chief Financial Officer for a decision on whether any further action is required.

367 Audit Requirements

367.1 The Authority has a statutory responsibility to maintain an effective and adequate system of internal audit. Financial Regulations in this area are therefore important to

provide a formal framework for the activities of the internal audit team. There are also statutory requirements in respect of external audit and other inspection agencies.

Internal Audit

367.2 The Authority is required to maintain an adequate and effective internal audit function in accordance with the Accounts and Audit Regulations 2015 and to comply with all significant aspects of the Public Sector Internal Audit Standards. Overall control of the internal audit function is the responsibility of the Head of Internal Audit, in consultation with the Chief Financial Officer, Chief Executive and other officers as appropriate.

367.3 The Head of Internal Audit will provide an annual report and opinion, a summary of internal audit activity and the level of assurance it can give to the Financial Scrutiny and Audit Committee. The Financial Scrutiny and Audit Committee will review the effectiveness of the system of internal audit on an annual basis, in order to support the Annual Governance Statement.

367.4 The primary roles of internal audit are:

- to objectively examine, evaluate and report on the adequacy of the control environment within the Authority; and
- to assist managers in preventing and detecting fraud and abuse.

367.5 The Head of Internal Audit, or his/her authorised representatives may, for the purposes of audit:

- enter, at all reasonable times, any premises or land and have access to all property in the keeping or ownership of the Authority;
- have access at all times to all records, documents and correspondence relating to all financial and other transactions of the Authority or non-official funds operated by staff of the Authority;
- require and must receive any explanations as are necessary;
- require any employee of the Authority to produce cash, stores or any other property of the Authority or that of an unofficial fund under his control;
- remove records, documents or assets required for further investigation.

External Audit

367.6 External Audit is currently provided by Ernst and Young LLP under transitional arrangements from the Audit Commission. The Local Audit and Accountability Act makes provision for Authorities to appoint their own local auditor from 2018/19. The Authority has joined the Public Sector Audit Appointments (PSAA) national scheme who will appoint auditors on behalf of those Authorities opted in. This currently stands at 98% of Local Authorities and contracts will be made for a period of 5 years. The outcome of this appointment will be made no later than 31 December 2017.

378 Contracts for Building Construction or Engineering Works

- 378.1** All contracts must be awarded in accordance with the Authority's Standing Orders Relating to Contracts.
- 378.2** Where contracts provide for payment to be made by installments, the Chief Financial Officer shall arrange for the state of account to be recorded in the accounting computer system maintained in the Finance Department.
- 378.3** Payments to contractors on account of contracts shall be made only on a certificate issued by the supervising architect, engineer or consultant or other duly authorised officer as appropriate.
- 378.4** Subject to the provisions of the contract in each case, every extra or variation shall, unless otherwise evidenced to their satisfaction, be authorised in writing by the supervising architect, engineer or consultant, or other duly authorised officer.
- 378.5** Any such extra variation, the estimated additional cost of which exceeds by 10% the approved contract sum, shall be reported to the Broads Authority or appropriate committee as soon as practicable.
- 378.6** The final certificate of completion of any contract shall not be issued until the appropriate officer, private architect, engineer or consultant has produced to the Chief Financial Officer a detailed statement of account, and all relevant documents if required.
- 378.7** The Chief Financial Officer shall, to the extent considered necessary, examine final accounts of contracts and shall be entitled to make all such enquiries and receive such information and explanations as may be required as to the accuracy of the accounts.
- 378.8** Claims from contractors in respect of matters not clearly within the term of any existing contract shall be referred to the Chief Financial Officer for consideration of the Authority's legal liability and, where necessary, for financial consideration before a settlement is reached.
- 378.9** In any case, where the total cost of any work carried out under a contract exceeds by more than 10% the approved contract sum, a report of such cost shall, after agreement of the final account, be submitted to the Broads Authority or appropriate committee.

Systems and Procedures

This area forms much of the routine financial business of the Authority and involves large numbers of transactions and staff. This area will be of interest to many people and it is important that such a major area of activity is clearly regulated and those regulations are supported by thorough detailed standards.

389 Purchasing Arrangements

- | **389.1** Directors must ensure and be able to demonstrate that the Authority obtains value for money in purchasing activity and that purchasing accords with corporate and service priorities, and that where possible purchasing is sustainable in nature.
- | **389.2** Where any goods or a service involves tendering or contracts, these arrangements must conform to the requirements set out at in the Authority's Standing Orders Relating to Contracts.
- | **389.3** The most effective and sustainable purchasing arrangements must be used and must always be in compliance with the Authority's Procurement Strategy. For example:
 - low cost items (less than £25) may be purchased through an imprest account (Petty Cash); and
 - low value, low volume purchases may be made via a Credit Card.
- | **389.4** The Chief Financial Officer must ensure that e-business / purchasing processes maintain the security and integrity for transacting business electronically and must approve the introduction of such systems.
- | **389.5** In accordance with the relevant codes of practice, every officer and member of the Authority who is involved in contractual or purchasing decisions and issuing payments on behalf of the Authority has a responsibility to formally declare any links or personal interests which they may have with purchasers, suppliers or contractors and in respect of partnership arrangements.
- | **389.6** The Chief Financial Officer is responsible for ensuring that Related Party Transactions involving the award of contracts following a tender process to members of the Authority or the Navigation Committee are reported to the Authority in advance of any such contract being let. This will be via the regular reporting undertaken to the Authority within the Financial Performance and Direction report or, in cases of urgency, by email, as judged necessary by the Chief Financial Officer.

3940 Orders for Goods and Services

- | **3940.1** Directors are responsible for the control and use of all orders and requisitions within their Directorates and for access to the systems that generate them in accordance with the detailed standards below.

- | **3940.2** Orders should only be raised using the official purchase order and requisition pads as supplied by the Finance Department.
- | **3940.3** Directors are responsible for:
- The control and use of all purchase orders and requisitions.
 - Ensuring safe custody of unused orders.
 - Ensuring every order is dated and signed by an authorised officer.
 - Ensuring every order clearly specifies the standards, quality and quantity of goods and services required.
 - Ensuring every order states the agreed price or contract terms and times of delivery.
 - Ensuring every order is in compliance with the instructions relating to procurement.
 - An authorised second level signature is required in respect of payment for any order over the value of £5,000.
- | **3940.4** Directors and budget managers are responsible for ensuring that budget provision exists for all purchases and commitments created.
- | **3940.5** Yellow copies of purchase orders or requisitions will be forwarded to the Finance Department within two working days of being raised. Full details of the process for completing the forms are available on the Finance Intranet pages.
- | **3940.6** For orders placed by telephone, email, internet or verbally, the Director is responsible for ensuring systems are in place to ensure the person placing the order has the appropriate authority and that the Authority receives the goods that have been ordered.
- | **3940.7** A paper purchase order or requisition must still be raised for these transactions.
- | **3940.8** Orders are required for all purchases except:
- rents;
 - rates and water charges;
 - gas and electricity;
 - telephone charges;
 - goods/services covered by a formal fixed term contract;
 - small items purchased from Petty Cash; and
 - items purchased via a Company Credit Card.
- | **3940.9** Members of staff are not permitted to purchase goods privately under the Authority's contract arrangements or solicit preferential treatment in a private capacity from the Authority's suppliers.
- | **3940.10** A copy of each order received by the Finance Department shall be scanned and retained as part of the electronic policy of the Authority.

401 Payment of Accounts

- 401.1** The officer who issues the order shall be responsible for approving the invoice for payment (first approver). By approving the invoice that officer is certifying that:
- the invoice relates to goods or services that the Authority has received;
 - the goods or services are of the quality and quantity ordered;
 - the invoice does not relate to goods or services that have previously been charged to the Authority;
 - the expenditure is allocated to the correct financial code; and
 - sufficient budget provision exists to meet the value of the invoice.
- 401.2** A second approval will be required for each invoice.
- 401.3** A full list of second approvers and the appropriate authorisation limits is available on the Finance Intranet pages. The second level approval process must always include the relevant budget holder for the budget to be charged. This may mean that there are multiple second level approvers for some transactions.
- 401.4** The Finance Department will hold the central authorised signatory list along with specimen signatures. Directors must ensure that they notify the Chief Financial Officer of any required additions or deletions to this list and in turn the Chief Financial Officer must ensure that these changes are approved by the Management Team and that an appropriate record is maintained of this decision.
- 401.5** In exceptional circumstances payment may be required in advance of the supply of goods or services, though this is not best practice. In such situations either a pro-forma, Cheque Request Form or BACS Request Form must be completed, signed by the appropriate budget manager and given to the Finance Department for processing.
- 401.6** The budget manager must take extra care in such transactions and ensure that:
- only reputable suppliers are used;
 - the amounts of such payments are appropriate to be paid in advance and do not present unnecessary risk;
 - all other reasonable steps are taken to protect the Authority from risk and potential loss; and
 - a VAT receipt or invoice is received from the supplier in order to comply with VAT regulations.
- 401.7** Officers must ensure that valid payments are processed in sufficient time to meet payment deadlines and to avoid late payments and avoid potential penalties being incurred. Late payment legislation (Statutory Instrument 2013 No. 395 The Late Payment of Commercial Debts Regulations 2013) requires UK public authorities to pay valid invoices within 30 calendar days of receipt. Where these timescales are not met, the Authority is obliged to automatically pay:
- the outstanding amount;

- daily interest for every day the payment is late based on an interest rate 8 percentage points above the Bank of England's reference rate; plus
- a fixed amount, depending on the size of the unpaid debt (up to £999.99: £40; between £1,000.00 and £9,999.99: £70; £10,000 or more: £100).

| **401.8** The use of Direct Debits and Standing Orders as payment methods requires the prior agreement of the Chief Financial Officer.

| **401.9** The Authority's preferred method of payment of accounts, grant-aid and other contributions is via the BACS payment system. Officers should therefore endeavour to obtain the required banking details from third parties in all instances. Forms are available from the Finance Department.

| **401.10** All cheques shall be ordered only on the authority of the Chief Financial Officer, who shall make proper arrangement for their safe custody.

| **401.11** Cheques on the main bank account require two authorised signatures. Details of who these signatories are can be found within the List of Authorised Signatures located on the intranet.

| **412 Company Credit Cards**

| **412.1** The Chief Financial Officer shall ensure that proper arrangements are made for the administration of Company Credit Card(s).

| **412.2** The Chief Financial Officer shall issue cards where circumstances require, once approval has been given by the appropriate Director and the Chief Executive.

| **412.3** Any orders raised and paid for using a Company Credit Card must be accompanied by a Credit Card Request form. It is the responsibility of the card holder to ensure that the person requesting the payment has completed the Credit Card Request form prior to payment being made.

| **412.4** All cards must be kept as securely as possible, not be left unattended and must be used by the card holder only. The card holder is responsible for any payments made with cards issued in their name.

| **412.5** The standard credit limit for any credit card will be set at £3,000 unless otherwise approved by the Chief Executive. The maximum limit for any credit card will be £5,000.

| **412.6** It is the responsibility of the person requesting payment to be made to ensure that a VAT receipt or invoice is received from the supplier. Failure to do this will mean that the Authority is unable to reclaim the VAT and the budget will be charged for the gross cost of the supply.

423 Fuel Cards

- 423.1 Fuel cards are issued in respect of all vehicles used for Authority purposes and must be stored securely with the vehicle keys when not in use.
- 423.2 Users should ensure that these cards are kept in a safe location and should report any loss of cards immediately to the Chief Financial Officer who will ensure its cancellation.
- 423.3 Fuel cards should only be used for the purchase of fuel for Authority vehicles.

434 Salaries, Wages and Pensions

- 434.1 The payroll function of the Authority is performed by Norfolk County Council.
- 434.2 The HR Department is responsible for ensuring that the payroll provider is provided with such information as is necessary to ensure that accurate payments are made, including details of all starters and leavers and of any relevant amendments to terms and conditions of employment.
- 434.3 All timesheets must be completed using the appropriate forms supplied by the HR Department and once completed should be approved by the appropriate budget manager. Those staff authorised to sign timesheets are detailed on the Authorised Signatory List which can be found on the Finance Intranet pages.
- 434.4 The Chief Financial Officer must ensure that only currently employed members of staff are paid in the monthly payroll and that any anomalies are first raised with the Head of Human Resources. If these cannot be resolved they should be escalated to the Chief Executive.

445 Staff Travel, Subsistence and Expense Claims

- 445.1 General travel, subsistence and expense claims should be made using the Expenses Claim Form which can be found on the Human Resources Intranet pages.
- 445.2 Receipts for subsistence and expenses must be obtained and attached to the back of the claim form.
- 445.3 All claim forms must be signed by the claimant and authorised by their line manager.
- 445.4 All forms must be forwarded to the Human Resources Department by no later than 5.00pm on 23rd day of the month, to ensure payment within the following month's pay.
- 445.5 Exceptional expense claims for direct payment by the Finance Department may be made using the separate Expenses Claim Form which can be found on the Finance Intranet pages.
- 445.6 Officers' claims submitted more than six months after expenses were incurred will be paid only with the express approval of the Chief Executive.

456 Members Allowances, Travelling, Subsistence and Expense Claims

- 456.1 Payments to members, including co-opted members of the Authority or its committees who are entitled to claim travelling or other allowances, will be made upon receipt of the completed prescribed form.

456.2 Claims should be submitted within six months of the expense being incurred.

467 Rail Travel and Hotel Accommodation

467.1 Where possible all rail travel should be booked using the Authority rail account to ensure cost effective ticket purchasing and assist with establishing the Authority's annual rail travel usage.

467.2 All rail travel bookings should be accompanied by a rail travel request form which should be given to the Finance Department after the booking is complete.

467.3 The Authority holds a Premier Inn account which should be used to make accommodation bookings where appropriate.

478 Income

478.1 Scales of charges for services and any allowances and any subsequent variations (except where fixed by statute) must be reviewed at regular intervals by the appropriate Director and agreed with the Chief Executive before submission to the Authority for approval.

478.2 The Asset Officer (or other appropriate officer nominated by him/her) must maintain a detailed record of operational and non-operational land and buildings in respect of which rent is or may be receivable, together with sufficient details of the terms of tenancy/usage to enable the correct amount of rents to be recovered.

478.3 The Chief Executive is authorised to write off any sum not exceeding £5,000 due to the Authority if he/she is satisfied that all reasonable recovery action has been taken to recover the sum due. The Chief Financial Officer is authorised to write off, in consultation with the Chief Executive, any sum not exceeding £25,000 due to the Authority if he/she is satisfied that all reasonable recovery action has been taken to recover the sum due. The prior approval of the Authority must be obtained to write off any sum in excess of £25,000.

478.4 The Chief Financial Officer must be consulted by Directors on any proposal to acquire any cash till or accounting equipment.

48.5 Section 25.2 provides details of the limit on cash transactions accepted by the Authority. Accounts should be settled by cheque (only from UK clearing banks) card or bank transfer in order to help traceability should a suspicion of money laundering be raised.

489 Invoicing Arrangements (Charging for Goods/Services)

489.1 The raising of all invoices to outside organisations (referred to as customers) must only be performed by the Finance Department who have a full understanding of the VAT situation for each charge to be made.

489.2 Any officer wishing to raise an invoice must do so by completing an Invoice Requisition Form and then passing this to the Finance Department. The Finance

Department has procedures that it should follow to ensure that all debts are paid. This consists of 'reminder' and 'warnings of legal action' letters.

489.3 For items where the Authority is required to make payment on a customer's behalf advance payment is required in to cover the cost of the purchase. This typically covers items such as memorial benches and external accreditation.

4950 Banking Arrangements

4950.1 The Chief Financial Officer is authorised to make arrangements regarding the Authority's bank accounts. All such bank accounts will be in the name of the Broads Authority.

4950.2 The Chief Financial Officer will ensure that monthly bank reconciliations are carried out in a timely manner for all of the Authority's bank accounts.

4950.3 Unless otherwise agreed by the Authority, officers authorised to collect Authority money must issue official receipts promptly and pay over all sums received to the Chief Financial Officer or by arrangement (for example in respect of the collection of Tolls income), to the Authority's bankers. All reasonable steps should be taken for the storage of cash, and should conform to the requirements imposed by the Authority's insurers.

4950.4 Each officer who receives money on behalf of the Authority must keep an accurate and chronological account of all receipts and deposits.

4950.5 Every transfer of Authority monies from one member of staff to another must be evidenced in the records of the Authority by the signature of the receiving officer.

4950.6 Receipts must only be issued on officially authorised receipt books, tickets and other documents of a similar nature which have been ordered and issued by, or under the direction of, the Chief Financial Officer. A record must be maintained of every issue of such documents.

4950.7 Any cheques or cash received at the Authority's Head Office must be logged into the cheque log as the post is opened. Once the Finance Department has received the cheques or cash they must initial the log to confirm that they have taken receipt of the cheques or cash.

4950.8 The Finance Department must ensure that they accurately record the details of any payments they receive and that they correctly establish whether the payment relates to a previously raised invoice.

4950.9 Money received or held on behalf of the Authority must be banked in full and not be used to cash personal or any other cheques whatsoever.

501 Controlled Stationery

501.1 The Chief Financial Officer will be responsible for the order and issue of controlled financial stationery, these being:

- Cheques;
- Purchase Orders;
- Requisitions;

- Receipt Pads; and
- Boat Trip and Yacht Station Tickets.

A record of all new stock received and issues made (and to whom) will be made by the Chief Financial Officer.

512 Petty Cash Systems

- 512.1 The Chief Financial Officer will issue petty cash floats for the purpose of reimbursing expenses.
- 512.2 No income received should be paid into a petty cash system. Such income should be banked into the Authority bank account using paying in books issued by the Finance Department, or by being passed to Finance for banking.
- 521.3 Reimbursement of expenses should be limited to expenditure under £25 unless otherwise authorised by the relevant Budget Holder and the Chief Financial Officer.
- 512.4 Officers responsible for petty cash systems must ensure that cash and receipts total the original floats issued at all times.
- 512.5 Such petty cash systems should be made available for inspection by the Chief Financial Officer as requested.

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