

Broads Authority

Financial Scrutiny and Audit Committee

Minutes of the meeting held on 6 March 2018

Present:

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

In Attendance:

Ms Esmeralda Guds – Administrative Officer
Mr David Harris – Solicitor and Monitoring Officer
Miss Emma Krelle – Chief Financial Officer
Dr John Packman – Chief Executive

Also in Attendance:

Ms Emma Hodds – Head of Internal Audit
Ms Sappho Powell – Audit Manager, External Audit Ernst & Young LLP
Mr Kevin Sutter – Audit Director, External Audit Ernst & Young LLP

1 To receive apologies for absence

Apologies were received from Greg Munford and Sarah Mukherjee. Further apologies were received from the directors Marie-Pierre and Rob Rogers.

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

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

3 Declarations of Interests

Haydn Thirtle expressed his declaration of interests as set out in Appendix 1 to these minutes, that he sits on the Board of Nplaw and that they had discussed General Data Protection Regulations.

4 To receive and confirm the minutes of the Financial Scrutiny and Audit Committee meeting held on 14 November 2018 (herewith)

The minutes of the meeting held on 14 November 2017 were approved as a correct record and signed by the Chairman.

5 Public Question Time

No questions were raised by members of the public.

6 Investment Strategy and Performance Report 2017/18

Members received a report which set out details of the Authority's investment of its unallocated cash, including the investment principles adopted and performance during the ten months to 31 January 2018.

The Chief Financial Officer highlighted that taking the investments In-House had enabled the Authority to save money and commented that since the report was written the Authority had placed a further £1,000,000 with Lloyds Bank against a secured interest rate of 0.8%.

The Committee was made aware of a mistake in the Table of Investment where the Fixed Term Investments should read September 2017 and not September 2018.

The Chief Executive updated the Members on the progress being made in regards to the sale of the Ludham Field Base and informed the Committee they were still negotiating the conditions of the sale.

The minute taker stopped the recording and the meeting continued into a private session due to commercially sensitive information.

Members noted the current arrangements regarding the investment of its unallocated cash.

7 Consolidated Income and Expenditure: 1 April to 31 January 2018 Actual and 2017/18 Forecast Outturn

Members received a report which provided them with details of the actual income and expenditure for the ten months period to 31 January 2018, and provided a forecast of the projected expenditure at the end of the financial year (31 March 2018)

The Chief Financial Officer explained that although the original budget predicted a deficit, the forecast was now showing a surplus due to internal recruitment within the Constructions and Maintenance Team. Further savings had been made on Asset Management and income at the Yacht Stations and Visitor Centres was above that budgeted.

A small portion of income within the Communications Team was explained through holding ticketed events and charging for the Education Officer's time to the Whitlingham Charitable Trust.

The Committee was informed that currently the Authority was recruiting for a Rivers Engineer and for two vacancies to the Planning Department. It was

explained that although having a very stable workforce that when recruiting for certain roles the Authority was competing in markets where demand was high.

Members noted the report.

8 Internal Audit Strategic and Annual Plans 2018/19

The Members received a report which provided them with an overview of the stages followed prior to the formulation of the Internal Audit Plan for 2018/19.

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

The Committee was asked to approve the Internal Audit Strategy for 2018/19, which showed how the internal audit was delivered. It was further asked to approve the Annual Internal Audit Plan for 2018/19 which outlined the audits to be undertaken in 2018/19 but also gave a historical look of the audits undertaken in the past and the ones scheduled for next year.

The Members welcomed the audit on branding and were pleased with what had been achieved. It was explained that because CANAPE received EU funding it was not included in the audit as it would be audited separately and had its own risk register.

The Head of Internal Audit explained that a score of 90% (on page 42 of the agenda papers) as a percentage of recommendations accepted by management was considered a good result.

The Committee was informed of having to complete an annual self-assessment exercise which would address how to work as a group and deliver best practice. It was suggested that the training wouldn't take place until later in the year once the Committee had settled in its role.

Members approved both the Internal Audit Strategy for 2018/19 and the Annual Internal Audit Plan for 2018/19 and noted the Performance Management measures for the Internal Audit Contractor.

9 External Audit

Members were provided with copies of the Audit Plan for the 2017/18 audit and the Local Government Audit Committee Briefing by Ernst & Young.

The Audit Director took the Members through the report, highlighting the two audit responsibilities, financial statements and value for money conclusions.

Significant potential risks were identified as management override, property plant and equipment valuation and the pension liability valuation.

It was further highlighted that the deadline for the accounts would be brought forward to the end of July, previously end of September. The risk attached to this was that potentially the quality of the accounts could slip, however the auditors were confident that the Authority would be able to achieve the new deadline with minimal risk.

Sappho Powell introduced herself as the new Audit Manager at Ernst & Young LLP, taking over from Mark Russel, and informed the Committee that she had been a manager in Norfolk for several years.

The Audit Director clarified that regulations allow the Authority to employ the same auditors. By rotating their senior staff every five years E&Y ensured that even when the Authority remained with the same firm, different auditors would be carrying out the work.

In regards to an incident last year when a Member had not fully disclosed all related party transactions, the Committee was informed that the Authority would remind Members at the next Broads Authority meeting on 16 March, when related party declaration letters would be handed out, of the importance of disclosing fully all relevant transactions and that it was an offence not to do so.

The Chief Financial Officer mentioned there was an update since the Audit Briefing had been published and an increase in planning fees had been agreed on 17 January 2018.

The Members noted the Audit Plan for the 2017/18 audit and the Local Government Audit Committee Briefing by Ernst & Young.

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 informed that recommendations relating to Tolls, Asset Management and Port Marine Safety Code had been completed. One recommendation relating to External Funding by the Heritage Lottery Fund remained outstanding, however since the board meeting this was on target to be completed by 31 March 2018.

The Committee was reassured that in regards to the Heritage Lottery Fund the process of managing the funds had been made clear. It was confirmed that the Broads Authority was part of the decision making process, that the Director of Operations sat on the Board as the Vice-Chairman and the Authority was kept informed of the progress being made.

In regards to the Port Marine Safety Code it was explained that formal reporting to committees by the original date of 31 March had been ambitious

but that it had been confirmed by the Head of Safety Management that 31 May was achievable.

Members noted the report.

11 Review of Strategic Risk Register

The Members were presented with the Strategic Risk Register which had been reviewed and updated following a consultation with the risk owners in December 2017 and implemented a recommendation from Internal Audit and a new risk on Data Protection.

The Solicitor and Monitoring Officer suggested expanding the Risk Register to include Risk Appetite helping them to decide by means of the matrix whether to either transfer, tolerate, treat or terminate a risk.

When asked about the risk to volunteers as lone workers it was clarified volunteers work in pairs and that correct procedures for their safety were in place.

The Solicitor and Monitoring Officer informed the Committee that after a debrief with the Internal Auditors it was stipulated that the review of Risk 22 on GDPR needed to be brought forward, so this was changed from June to March 2018.

The Members were reassured that the Risk Register would be updated every six months and be presented to the FSAC Committee twice a year. It was further confirmed that the Auditors would be looking at Risk in quarter four.

The Members adopted the Strategic Risk Register.

12 Review of Code of Corporate Governance

The Committee was provided with a draft of the Code of Corporate Governance which had been redrafted to reflect the 2016 CIPFA framework.

A suggestion was made to change the wording under the heading 'Develop the capability of leadership' on page 155 to be more fitting to the Broads Authority rather than to a Local Authority.

The Members noted the report.

13 Update on Implementation of General Data Protection Regulation

Members received a report which updated the Committee on steps being taken to implement GDPR in the Authority and informed that they would be offered training on it.

Some discussion was had whether Members would need to be registered individually. It was further explained that Members would only need to be

registered once and that County or District Members might already be covered through their Local Authority.

The Solicitor and Monitoring Officer assured the Committee they would receive the appropriate training and be informed whether they would need to register individually.

Members noted the report and thanked the Solicitor and Monitoring Officer for his efforts.

14 Strategy and Regulation Updates

Members of the Committee received a report which provided a revised Procurement Strategy, Counter Fraud, Corruption and Bribery Strategy and Financial Regulations for their consideration.

The Procurement Strategy was last updated in 2014 and a review resulted in a few minor changes in the document which mainly related to changes in job titles.

A Member welcomed the fact that the use of voluntary, community and social enterprises was now included in the Authority's overriding procurement objectives.

It was commented that there was no mention of the Modern Slavery Act within the Procurement Strategy. Although this was not a legal requirement, Members believed that modern slavery was an issue particularly relevant to the Broads. An amendment to the document was therefore suggested stating that a policy was created with a commitment to addressing modern slavery.

The second document, Counter Fraud, was last reviewed in 2016 and included a minor amendment relating legislation in the appendix, ensuring there was enough cover against money laundering.

The main change to the final document, Financial Regulations, was limiting the amount of cash in one single transaction.

Members adopted the strategies and regulations subject to an amendment relating to modern slavery.

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

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

16 Formal Questions

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

17 Date of the next meeting

Members noted that the date of the next Committee meeting would be held on Tuesday 24 July 2018 at Yare House, 62-64 Thorpe Road, Norwich, commencing at 2:00pm.

The meeting concluded at 3.42 pm.

CHAIRMAN

APPENDIX 1

Declaration of Interests

Committee: Financial Scrutiny and Audit Committee

Date of Meeting: 6 March 2018

Name Please Print	Agenda/ Minute No(s)	Nature of Interest (Please describe the nature of the interest)	Please tick here if the interest is a Pecuniary Interest ✓
Louis Baugh			
Jacquie Burgess			
Bill Dickson			
Nicky Talbot			
Haydn Thirtle		Board Member of Nplaw (discussing Data Protection)	
Gail Harris			