

## **Broads Authority**

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

Minutes of the meeting held on 27 September 2016

#### **Present:**

Mr Guy McGregor (Chairman)  
Mr Louis Baugh  
Prof Jacquie Burgess

#### **In Attendance:**

Ms Esmeralda Guds – Administrative Officer  
Mr David Harris – Solicitor & Monitoring Officer  
Miss Emma Krelle – Head of Finance  
Ms Andrea Long – Director of Planning & Resources  
Dr John Packman – Chief Executive

#### **Also in Attendance:**

Ms Emma Hodds - Head of Internal Audit Consortium  
Ms Jill Penn – Treasurer and Financial Adviser  
Mr Mark Russell - External Audit Ernst & Young LLP

#### **Also Present:**

Mr Bill Dickson – Member of the Broads Authority  
Dr Dan Hoare – Environment and Design Supervisor

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

Apologies were received from Peter Dixon and Michael Whitaker.

The Chairman welcomed Bill Dickson, Member of the Broads Authority, and Dr Dan Hoare, to the meeting.

#### **1/2 Appointment of Chairman**

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

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

There being no other nominations, it was

RESOLVED

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

**Mr Guy McGregor (in the Chair)**

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

It was decided to defer this item to the next meeting.

**1/4 Matters of Urgent Business**

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

**1/5 Declarations of Interests**

Members expressed declarations of interests as set out in Appendix 1 to these minutes.

**1/6 To receive and confirm the minutes of the Financial Scrutiny and Audit Committee meeting held on 5 July 2016 (herewith)**

The minutes of the meeting held on 5 July 2016 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 Terms of Reference of the Financial Scrutiny and Audit Committee were noted.

**1/8 Public Question Time**

No question had been raised by members of the public.

**1/9 Annual Audit Results**

Members received a report which appended the Annual Audit Results for 2015/16 prepared by the External Auditors, Ernst & Young.

The External Auditor informed the Committee that overall it was a clean/good report and congratulated the Head of Finance and her team on completing the Accounts at the earlier scheduled time and a job achieved well.

RESOLVED

- (i) that the Annual Audit Results 2015/16 was noted;
- (ii) that the Letter of Representation in connection with the Audit of the Financial Statements for 2015/16 was signed by the Treasurer and Financial Adviser and the Chairman of the Financial Scrutiny and Audit Committee.

#### **1/10 External Audit Committee Briefing**

Members received a report which appended the latest Local Government Audit Committee briefing issued by the Authority's External Auditors, Ernst & Young.

Items of relevance to the Authority which were highlighted were the impact of the outcome of the EU Referendum, Off-Payroll working in the public sector and Government lending and accounts.

The Chair of the Broads Authority informed Members that a working group had been set up by National Parks England to look at the effects Brexit would have on National Parks.

In regards to the Public Works Loan it was clarified that an exit fee would need to be paid if it was paid off early. Furthermore, it was explained that the loan would need to be repaid from navigation funds.

RESOLVED

that Members noted the briefing, including the key questions for Audit Committees as set out on page 7.

#### **1/11 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 since 2015/16. They were also informed that training for them had been organised to attend the CIPA Audit Committee training for the internal audit consortium Councils.

The Head of Finance confirmed that the CIPA Audit Committee training for the internal audit consortium had been organised for the FSAC Members only.

Some slight changes of the wording in the report were suggested by the Chairman and were noted by the Head of Finance.

Members noted the report.

## **1/12 Appointment of External Auditors**

Members received a report which outlined the Local Audit and Accountability Act (2014) and the necessity for local authorities to establish an auditor panel and manage their own procurement. The report explored the options available, the associated benefits, and concluded with a preferred route for the Authority for the appointment of the External Auditor.

### **RESOLVED**

- (i) that the Financial Scrutiny and Audit Committee recommend to the Full Authority, that the Authority would agree to join the national collective scheme, led by the Public Sector Audit Appointment (PSAA);
- (ii) that delegated authority be given to the Section 17 Officer to communicate the willingness of the Authority to join the scheme to PSAA and to enter into the scheme after a satisfactory examination / negotiation of the proposed terms and conditions was concluded.

## **1/13 Consolidated Income and Expenditure – 1 April to 31 July 2016 Actual and 2016/17 /Forecast Outturn**

The Committee received a report which provided them with details of the actual income and expenditure for the four month period to 31 July 2016, and provided a forecast of the projected expenditure at the end of the financial year (31 March 2017).

It was highlighted that the post of the River Engineer had been allocated 80% to National Park Grant and 20% to Navigation, when in fact it should have been the other way round. This had been corrected but further impacted the Navigation budget.

It was mentioned that, although a provision of £20,000 was made for the decrease in the number of hire boat, this had proven not to be enough. Further it was confirmed that the Prisma Reserve had now been closed.

The Head of Finance summarised that the current forecast outturn position for the year suggested an overall deficit of £12,095 within the consolidated budget and indicated that the navigation reserve would be slightly above the recommended level of 10% of net expenditure during 2016/17.

Members noted the report.

## **1/14 Preparation for the 2017/18 Budget**

Members were informed that work had begun on the background information necessary for preparing the Draft budget for 2017/18 and were updated on the financial position.

The Committee was made aware of the increased pension contributions and the pressure on navigation income, especially with the reduction in the number of hire boats. With this in mind the Chief Executive presented Members with several options, impacting tolls at different levels, to consider.

While considering the options it was further suggested that the shortage of moorings was a major issue which needed to be addressed in order to develop tourism in the Broads.

However, recognising the issue, one Member in particular believed that developing mooring opportunities should not come at the expense of strategic objectives already agreed to, but toll payers should be expected to pay for increased moorings through an increase in toll rates instead.

It was further pointed out that the importance of maintaining Reserves at a minimum of 10% meant that there was little or no maneuver for adding new projects funded from navigation income.

**RESOLVED**

that Members took on board the concerns about the availability of moorings and recommended that this should be taken into account when considering the budget for the coming year and beyond.

#### **1/15 Risk Register**

Following the discussion and decisions on the content of the Risk Register at the last meeting, officers had reviewed the format used. Members considered the different layout and it was

**RESOLVED**

that the Committee supported the proposed revised format for the Risk Register.

#### **1/16 Review of Code of Conduct for Members**

Members received a report which updated the position regarding the new draft Code of Conduct for Members.

The Solicitor and Monitoring Officer introduced the report and suggested that it would be useful to establish a Hearings Committee as set out in the Draft Code. He also highlighted the importance of the criteria for consideration of a complaint.

Members agreed that the Code of Conduct was clear and were pleased to see that the Independent Person would be involved more closely.

Members welcomed the report and recommended the adoption of the new Code to the Broads Authority

### **1/17 Financial Regulations**

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

RESOLVED

that the updated Financial Regulations were adopted.

### **1/18 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.

### **1/19 Formal Questions**

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

### **1/20 Date of the next meeting**

Members noted that date of the next Committee meeting would be held on Tuesday 7 February 2017 at Yare House, 62-64 Thorpe Road, Norwich, commencing at 2:00pm.

The Head of Finance and Treasurer and Financial Adviser left the meeting.

### **1/21 Exclusion of the Public**

The Committee was asked to consider excluding the public from the meeting under section 100A of the Local Government Act 1972 for consideration of the item below on the grounds that it involved the likely disclosure of exempt information as defined by Paragraphs 1 and 2 of Part 1 of Schedule 12A to the Act as amended, and that the public interest in maintaining the exemption outweighed the public benefit in disclosing the information

### **1/22 Appointment of Chief Finance Officer Section 17 of the Norfolk and Suffolk Broads Act 1988**

Members received a report which considered whether, when the present service level agreement came to an end next year, it would provide the opportunity for the Authority's Head of Finance, rather than an officer of Broadland District Council, to act as Authority's Chief Finance Officer in line with the CIPFA Guidelines.

It was pointed out that in order to protect the Authority's resources it was proposed to change the working practices for cheques so that in future two signatures would be required by the authorised signatories.

It was believed that the transfer of the balances would not undermine the controls the Authority had in place and the Authority was confident that good relationships with Broadland would be maintained.

The External Auditor supported the change, however underlined the continuing importance of the segregation of responsibilities.

The Internal Auditor recognised that the Service Level Agreement had come to a natural end but highlighted that it was imperative that the investment was pulled back at the right time for the Authority and Broadland District Council, and that the Head of Finance need to ensure and record compliance with the CIPFA guidance on the role of the Chief Finance Officer. She further pointed out that it was important that segregation of duty remained in the day to day accounting practices and in the preparation of the statement of accounts. It was recommended that an exit strategy should be agreed between the authorities so that both parties would be clear on how this would operate over the remaining term of the SLA.

When re-joining the meeting the Treasurer and Financial Adviser received thanks for the support she provided over the last few years and the Head of Finance was congratulated on her new position as CFO as from 1 April 2017.

#### RESOLVED

- (i) that the Committee recommended to the Broads Authority that the Head of Finance be appointed as the Chief Finance Officer for the Broads Authority with effect from 1 April 2017 when the present service level agreement with Broadland District Council would come to an end.
- (ii) that the Chief Executive would write to Broadland District Council's Chief Executive and Treasurer thanking both of them for their support.
- (iii) that the Head of Finance would investigate the appointment of an appropriate deputy Chief Finance Officer from one of the National Park Authorities.

The meeting concluded at 3.45 pm

CHAIRMAN

## APPENDIX 1

### Declaration of Interests

Committee: Financial Scrutiny and Audit Committee

Date of Meeting: 27 September 2016

<b>Name</b> <b>Please Print</b>	Agenda/ Minute No(s)	<b>Nature of Interest</b> (Please describe the nature of the interest)	Please tick here if the interest is a Pecuniary Interest ✓
Guy McGregor		Member of SCC	
J A Burgess		Toll Payer	