

## **Broads Authority**

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

Minutes of the meeting held on 7 July 2015

Please note these draft minutes will be reviewed by the Financial Scrutiny and Audit Committee at its next meeting on 22 September 2015 and may be subject to amendments prior to being confirmed

#### **Present:**

Mr G McGregor – Chairman

Prof J A Burgess  
Mr Nigel Dixon  
Sir Peter Dixon (3/6-3/15)  
Mr M Whitaker

#### **In Attendance:**

Ms E Guds – Administrative Officer  
Ms E Krelle – Head of Finance  
Mr P Ionta – Solicitor and Monitoring Officer

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

Ms E Hodds – Internal Audit Consortium Manager

#### **3/1 Apologies for Absence**

Apologies for absence were received from Phil Durrant, John Packman and Jill Penn.

#### **3/2 Matters of Urgent Business**

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

#### **3/3 Declarations of Interests**

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

#### **3/4 To receive and confirm the minutes of the Financial Scrutiny and Audit Committee meeting held on 10 February 2015**

The minutes of the meeting held on 10 February 2015 were approved as a correct record and signed by the Chairman.

### **3/5 Public Question Time**

No questions were raised by members of the public.

The Chair decided to address the next agenda item 3/6 later on in the agenda to allow Sir Peter Dixon who had been delayed to be present.

### **3/6 Draft Unaudited Statement of Accounts 2014/15**

This report summarised the Broads Authority's Statement of Accounts for the year ended 31 March 2015.

A discussion followed in relation to 2.2 when a member queried the variance between the original budget and the actual outturn figures. The officer pointed out that forecast figures were updated throughout the year to reflect changes since the original budget was set, for example approval of carry forwards, additional expenditure required in year and additional income.

Both officers and members recognised that officers would benefit from training in setting appropriate budgets and monitoring them throughout the year. Head of Finance confirmed that now the Finance Department was fully staffed they had the resources to provide such training and could afford to be more proactive.

Head of Finance presented the Carry Forwards which were supported by the Committee.

It was pointed out that although the PRISMA Project was completed the reserve had to remain open until the final claim in 2015/16 was received and the Euro currency rate was definite.

The Solicitor and Monitoring Officer informed members that the Annual Governance Statement would be presented to the Financial Scrutiny and Audit Committee at its next meeting in September 2015 and that a draft version would be made available to them by August. He informed them that any ideas they might want to contribute would be welcome.

After a question in what capacity the Treasurer was working for the Broads Authority it was clarified that the Treasurer was not employed by the Authority but was appointed as the Treasurer and Financial Advisor. The Head of Finance works closely with her and makes sure that she is kept up to date of any issues.

The pension fund was discussed and members were informed that it would come up for revaluation in 2016. It was confirmed that currently the pension fund was not fully funded and there could be a risk that additional payments currently being made to help with the deficit would increase.

A member suggested having a briefing before the September meeting with external auditors, especially as there were new members who needed to understand the responsibility of a dual role committee.

**RESOLVED TO RECOMMEND TO THE AUTHORITY**

that the Statement of Accounts for 2014/15 be approved.

**3/7 Internal Audit Annual Report and Opinion 2014/15**

Members received a report which provided the Authority with an Annual Report and Opinion for 2014/15, drawing upon the outcomes of Internal Audit work performed over the course of the year. The report also concluded on the Effectiveness of Internal Audit.

The Head of Internal Audit took the members through the report and highlighted that overall the findings were very positive. She explained that because a full time resource outside the Authority had left this had a knock on effect on the Authority. She further mentioned that Broads Forum and Parish Forums were working well but that more formal feedback was needed, as well as their involvement in Broads Authority's strategic priorities.

One member raised concern to the fact that only an adequate opinion had been given and although the presence of the medium level risks, these were expected and a work plan to address these had been set.

The Head of Internal Audits explained that as this was a small audit plan there was limited scope and though the medium level risks were anticipated, an opinion could only be given on the current status of 2014/15.

She continued that the Authority was not in a bad position and she expected that next year once the medium level risks had been addressed the Authority's position would be even better.

**RESOLVED**

- (i) to receive and approve the contents of the Annual Report and Opinion of the Internal Audit Consortium Manager;
- (ii) to note that an adequate audit opinion had been given in relation to the framework of governance, risk management and control for the year ended 31 March 2015.
- (iii) to note that the opinions expressed together with significant matters arising from internal audit work and contained within this report should be given due consideration when developing and reviewing the Authority's Annual Governance Statement for 2014/15.
- (iv) to note the conclusions of the Review of the Effectiveness of Internal Audit.

### **3/8 Investment Strategy and Performance Annual Report 2014/15**

Members received a report which set out details of the Authority's investment of surplus cash, including the investment principles adopted and performance during the twelve months to 31 March 2015.

RESOLVED

to note the report and the current arrangements regarding the investment of surplus cash.

### **3/9 Procedure for Waiving of Standing Orders**

The Committee was invited to consider updating the procedure for the waiver of Standing Orders so as to set an upper limit of the Chief Executive's delegated authority when exercising such a waiver in addition to clarifying the process of approval where this limit may need to be exceeded.

After careful consideration members agreed that doubling the current agreement value into which the Chief Executive's delegate authority could enter would be reasonable and therefore

RESOLVED TO RECOMMEND TO THE AUTHORITY

- (i) that an upper limit of £50,000 would be set to the Chief Executive's delegated authority when exercising a waiver, and
- (ii) that the following process be used on the rare occasions when that may need to be exceeded, namely that the chief Executive consult the Chair and Vice-Chair of the Authority, the Chairman of the Financial Scrutiny and Audit Committee and should Navigation Expenditure be involved, the Chairman of the Navigation Committee prior to authorising the waiver sought whereupon this will be reported to the full Authority at the next available meeting.

### **3/10 External Audit Annual Audit Fee 2015/16**

Members received a report which appended the annual audit fee letter from Ernst & Young for undertaking the 2015/16 audit. The fee would be maintained at £13,943.

The report also detailed the rebate on audit fees from the Audit Commission in relation to the 2014/15 audit.

RESOLVED

that the details of the annual audit fee letter be noted, and the Audit Commission rebate be welcomed.

### **3/11 Implementation of Internal Audit Recommendation and Summary of Progress**

Members received a report which updated them on progress in implementing Internal Audit recommendations arising out of audits carried out since 2014/15.

Head of Finance mentioned that some recommendations in regards to IT security remained outstanding due to staffing issues which now had been resolved and meant that the majority of recommendations could now be implemented by the end of August 2015.

RESOLVED

that Members note the report.

### **3/12 National Parks UK Commercial Sponsorship Proposal**

Members received a report which updated them on the establishment of the new Company with the aim of raising commercial sponsorship for the National Parks UK. Members were presented with an appendix containing the biographies of the Board, including Sir Peter Dixon's from the Broads Authority. The Chair congratulated Sir Peter on his appointment.

Sir Peter Dixon said he felt very positive about his first working session and fed back to the committee that he was impressed by the calibre of the other people involved and feels more confident now that the Company will deliver.

RESOLVED

to note the report and the progress made in the establishment of the Company Board and its composition.

### **3/13 To consider any other items of business which the Chairman decides should be considered as a matter of urgency pursuant to Section 100B (4) (b) of the Local Government Act 1972**

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

### **3/14 Formal Questions**

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

### **3/15 Date of the next meeting**

Members noted that date of the next Committee meeting would be held on Tuesday 22 September 2015 at Yare House, 62-64 Thorpe Road, Norwich, commencing at 2:00pm.

The meeting concluded at 4.10pm.

CHAIRMAN

DRAFT

## APPENDIX 1

### Declaration of Interests

Committee: Financial Scrutiny and Audit Committee

Date of Meeting: 7 July 2015

<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 ✓
Michael Whitaker		Toll payer, Hire Boat Operator, BABF Chair	
Peter Dixon	6-12	Board Member NPSL, Barn Owl Box provided	
Guy McGregor		Member Suffolk County Council	