

BLACK SLUICE INTERNAL DRAINAGE BOARD

MINUTES

of the proceedings of a meeting of the Audit & Risk Committee

held at the offices of the Board on
27th April 2016 at 2.00pm

Members

Chairman - * Cllr M Brookes

Mr W Ash	* Mr V A Barker
Cllr R Austin	* Mr R Leggott
* Cllr B Russell	* Mr N J Scott

* Member Present

In attendance: Mr I Warsap (Chief Executive)
Mr D Withnall (Finance Manager)
Mr D Gowing (Internal Auditor)

The Chairman welcomed Mr D Gowing and Mr N J Scott.

927 APOLOGIES FOR ABSENCE

Apologies were received from Mr W Ash. Cllr R Austin did not attend.

928 MINUTES OF THE AUDIT & RISK COMMITTEE MEETING

Minutes of the last meeting held on the 22nd September 2015 were considered. It was agreed that the Chairman could sign them as a true record, subject to the following amendments;

Minute No 815 - Risk Register Review 8.5 Risk of Cyber Attack

Potential Impact of Risk	Potential likelihood of Risk	Risk Level	Action
MEDIUM	MEDIUM	4	Continue above activities

929 MATTERS ARISING

(a) Risk Management Strategy - Minute No 804(a)

It was highlighted that they were currently sending four men, one day per month to Black Sluice pumping station until the Environment Agency were happy that they could buddy up with the EA operatives. A Member asked whether these operatives were going on a prescribed day. If available, they were going to be invited to the next event and they would then send as many of the four men to the pumping station as possible. The 50% cost share offer had been taken up.

(b) Near Miss Reporting Policy - Minute 804(b)

The Near Miss Reporting Policy had gone to the Board.

(c) Employees' Code of Conduct - Minute 809

The Employees' Code of Conduct had been approved by the Board.

(d) Fraud and Corruption Policy - Minute 810

The Fraud and Corruption policy had been approved by the Board.

(e) Members Code of Conduct Policy - Minute 811

Members' Code of Conduct policy had gone through as recommended. The Whistleblowing policy and Officers' Car Loan policy had been approved by the Board. The 9 metre Bye-law Publication Scheme and the Data Protection scheme were moved to today's meeting.

(f) Risk Register Level - Minute 815

Paragraph 4 stated: 'Agree to recommend to the Board reducing the risk level from 6 to 4.' The Finance Manager pointed out that the table was not a reflection of this and so that recommendation did not go to the Board. It should be amended so that the potential impact of risk was noted as 'medium', a risk level of 4.

930 TO RECEIVE THE INTERNAL AUDIT REPORT - Agenda Item 4

(a) Additional Committee Consultation with Internal Auditor, requested by Internal Auditor

The audit report was presented. The Internal Auditor emphasised that the controls and working papers were as expected and he had signed off the annual return. This had been discussed and they had come up with recommendations. The Chief Executive stated the Board's Chairman had received the contact details of the Independent Reviewer and was going to propose contacting them in November.

It was expressed that in 2013's restructure they had lost a senior member of staff and an engineer and they had only taken on an apprentice so far. There was budget to take on an administrative assistant and the restructure had saved money.

The Chief Executive and Finance Manager left the meeting and Members discussed matters in private.

The Chairman conveyed that in the future when reviewing senior management salaries was agreed to recommend to the Executive and the Board that an independent person would sit at the Executive Committee to consider everything, and they would request a benchmarking report from Mr D Gowing comparing salaries of similar positions and responsibilities in comparable organisations.

The Chief Executive and Finance Manager re-entered the meeting.

931 TO REVIEW THE DRAFT AUDIT & RISK COMMITTEE TERMS OF REFERENCE - Agenda Item 5

The original terms of reference had been written for five Members, which had since been increased. There were two elected Members from Northern Works, Mr R Leggott and Mr N J Scott; two elected Members from the Southern Works, Mr V Barker and Mr W Ash; two appointed Members, Cllr M Brookes and Cllr B Russell; and an additional Member, Cllr R Austin.

It was AGREED to review the financial reports and management accounts. The Internal Auditor should attend and that the Committee should discuss the remit without management present. This was recommended to the Board.

932 TO REVIEW THE RISK MANAGEMENT STRATEGY - Agenda Item 6(a)

There were changes regarding the definition of risk as defined by the Audit Commission.

The Finance Manager stated that there should be documentation of health and safety training provided and they also need to examine what risk training is provided to Board Members.

The Chairman noted that there were no procedures to demonstrate that they had had any risk training. One Member stated he had not been told anything relating to risk training.

Cllr B Russell stated Board Members attended inspections, so there should be formal introductions regarding safety requirements. He clarified he was referencing reputational risk.

It was suggested that new Board Members be spoken to. A Member added that the induction training could be added as risk training. The Committee discussed whether they should add a section into reports that went to the Board to summarise the perceived risk. It was considered whether to do it in the same format as the Risk Management Strategy. It was concluded there should be a short paragraph or table identifying the risk and that financial and environmental risks overlapped.

A paragraph on page 22 had been highlighted as potentially out of date. Something could be included relating to the potential transfer of the Environment Agency's assets. The Chairman and others agreed that that sounded like good advice. It was agreed to raise it at the Board.

On page 27, 1.6, it was questioned whether the likelihood should be higher than 'low'. The Finance Manager suggested 'medium'. Another Member agreed. It was asked how often damage would be caused. It was highlighted that they could cause damage to water mains and phone lines etc. It was agreed to raise the risk to medium.

On page 28 it was questioned whether a formal appraisal system was beneficial. A Member stated appraisals should be informal and daily. The Committee agreed on an annual appraisal without a rigid format.

In relation to 3.2 on page 29, a Member mentioned not all farmers had resources; it was the landowners. However, people had agreed to provide resources as per the emergency plan, which was frequently updated.

On page 31, 5.1, a note was added that risk was managed by limiting the amount of petty cash to £500.

On page 34, 8.3, it was highlighted that with EE they had a mobile broadband dongle as a backup for broadband and external meetings.

On page 35, point 8.5, the impact should read 'medium' as agreed in September. They had retired their old main server and moved to a virtual server. Back-ups were digitally encrypted when taken off-site. It was agreed risk should not be reduced.

On page 35, point 8.6, The Finance Manager stated that he had moved the unified threat management installed from 'further work' into 'how it is managed'. IT consultants had given a clean bill of health.

On page 35, point 8.7, The Finance Manager stated the red text should read 'UTM' not 'UPS.'

On page 35, point 8.8, The Finance Manager stated that back-up tapes were now encrypted to reduce risk of loss.

Mr R Leggott queried whether the risk level of 8.5 was too high. Mr N J Scott stated that it was concerning. It was emphasised that things should be kept as up to date as possible to reduce risk.

The amendments agreed would be sent out prior to the Board meeting.

933 TO REVIEW FINANCIAL REGULATIONS - Agenda Item 6(b)

The Finance Manager stated that the amendment at 5.2 adding the words, 'In person' was because they had bought a chip and pin machine. It cost 20p extra per transaction and people could pay using their card in reception.

In relation to page 41, point 9.6, The Finance Manager confirmed that both he and The Chief Executive could authorise up to £10,000 worth of payments. The Finance Manager proposed that his and the Chief Executive's limits on their credit cards should be increased to £5,000 each with the Operations Manager's remaining £2,500.

Mr D Gowing stated that point 10.1 should be reviewed. It was proposed to change this to 'Undertaken in accordance with the Governance and Accountability for Smaller Authorities in England.' It was AGREED that this would be recommended to the Board.

934 TO REVIEW PROCUREMENT POLICY - Agenda Item 6(c)

Regarding paragraph 2, it was added that the Assistant Pump Engineer would be allowed to have an order book as he was at the same level as the Operations Supervisor.

On page 45 there was the addition of a full title rather than it saying 'Operations Manager or Supervisor.' This had been clarified.

In relation to paragraph 6 on page 46, a request had come from the operational side. As they had started to order pipes and other items the previous process had proved inadequate as order analysis was not happening until the end of the month.

The new procedure confirmed the prices agreed and provided analysis to go into the accounts correctly.

A Member brought up the issue of delayed invoices relating to Woldmarsh. Despite this, on the whole dealing with Woldmarsh has been going well.

The Committee was 'happy' to recommend the amended Procurement policy to the Board.

935 TO REVIEW THE 9 METRE BYELAW - Agenda Item 6(d)

The Chairman stated that the 9 metre byelaw had been changed. There was supplementary information provided in relation to this

There were standard recommendations for relaxing byelaw 10 and quite a lot more detail on this than initially sent out.

One thought was to have a common policy between all of the Lincolnshire IDBs.

The Chairman suggested allowing sufficient time to review the new supplementary information. The Chief Executive agreed.

The Chief Executive explained that the documentation had not changed dramatically, but it was now a more common-sense approach. It could be unfair to go through this new information if people had not read it. They could perform under the existing policy until the next meeting.

Mr V A Barker asked about point 6.2 being crossed out. It was confirmed that it had been moved.

The 9 metre byelaw policy will be brought to the next meeting in September.

936 TO REVIEW THE PUBLICATION SCHEME - Agenda Item 6(e)

The Committee agreed there was no need for amendments and recommended this policy to the Board.

937 TO REVIEW THE DATA PROTECTION POLICY - Agenda Item 6(f)

The Finance Manager stated that this was the same as the data protection regulations and that he did not see any need for any changes.

The Chairman asked if everyone was happy that this remained the same. Everyone agreed to recommend this policy to the Board.

938 TO REVIEW THE BOARD'S MANAGEMENT ACCOUNTS - Agenda Item 7

The Finance Manager stated they had agreed to alternate this item annually. Each month the Executive Committee was provided pages 59 to 61 as a summary of the accounts. He felt nothing needed to be changed.

Mr V A Barker asked about page 64 and whether they were still employing outside labour at £10,000. The Finance Manager explained that this was a recharge account.

939 TO DISCUSS THE PRACTITIONERS GUIDE - GOVERNANCE & ACCOUNTABILITY FOR SMALLER AUTHORITIES - Agenda Item 8

The Finance Manager explained that this document replaced the ADA Practitioners Guide for Internal Drainage Boards on 1st April 2016. They had taken the option to adopt a year early. There was also a change in procedure as they had to approve the annual governance statement which was in their accounts and on the annual return before they could proceed to consider the accounts.

The Finance Manager stated that it is important to go through the different assertions. For assertion 1, they had put in place arrangements for effective financial management and preparation for accounting statements.

For assertion 2 they were maintaining an adequate system of internal control including measures to prevent and detect fraud and corruption and review its effectiveness. This was a safe and efficient arrangement to safeguard public money and to ensure they complied with employment and tax law

For assertion 3 they had taken all reasonable steps to assure that there were no matters of actual or potential non-compliance with laws or regulations that could have a significant financial effect on the ability of the smaller authorities to conduct business. This related to regulations and proper practices and actions during the year as an Authority must ensure that they did not authorise any action that exceeds its powers or contravened any laws or regulations.

For assertion 4, they provided proper opportunity during the year for exercise of electors' rights in accordance with the requirements of the accounts and audit regulations. There was an amended notice about this, and it was published on Board's website. The external auditors' review was part of the annual return.

For assertion 5, they carried out an assessment of the risks facing the smaller authority and took appropriate steps to manage this.

For assertion 6, throughout the year they maintained an adequate and effective system of internal audit of the account records and control systems.

For assertion 7, they had taken appropriate action on all matters raised on the reports from the internal and external audit.

For assertion 8, they had considered whether any litigation liabilities, commitments, events or transactions occurring either during or after year-end had a financial impact on the smaller authority and had included them in the accounting statements where appropriate.

The Finance Manager asked whether it needed to go to the Board or if their assurance would go to the Board. The Chairman stated that the Board should have a copy of section 1 and the presentation.

940 TO RECEIVE THE RISK REGISTER - Agenda Item 9

The Finance Manager stated that the risk register needed slight amendments and 8.5 needed to become risk level 4. As per their other discussions, 1.6 needed to be increased to level 4. The Committee confirmed it was 'happy' with that.

941 TO REVIEW THE BOARD'S CATALOGUE OF POLICIES - Agenda Item 10

Regarding number 8, the 9 metre bye-law, they were going to move to September. The Chief Executive stated that the other two were in accompanying documents. All of these would be pushed back to September. They had looked at whether those due in September 2018 should be moved forward to September 2016.

The Finance Manager stated that the other policies to be considered were the control of ragwort, tile drains discharging into Boards watercourses, control of rabbits, rats and other rodents and gifts & hospitality. It was agreed to move these all forward to September 2016.

942 ANY OTHER BUSINESS

The Chairman stated that he did not always like having any other business on the agenda. Decisions should not be made based on AOB. The Committee agreed that this part of the meeting should be controlled. The Committee agreed to raise this with the full Board.

The meeting ended at 3:50 pm.

