

# 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  
26<sup>th</sup> April 2017 at 2pm

### 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)

#### 1100 APOLOGIES FOR ABSENCE - Agenda Item 1

Apologies for absence were received from Mr R Leggott. Cllr R Austin and Mr N Scott were non attendees.

#### 1101 DECLARATION OF INTEREST - Agenda Item 2

There were no declarations of interest.

#### 1102 MINUTES OF THE AUDIT & RISK COMMITTEE MEETING - Agenda Item 3

Minutes of the last meeting held on the 28<sup>th</sup> September 2016, copies of which had been circulated, were considered and it was agreed that they should be signed as a true record.

##### (a) Cyber Training – Minute 1017(a)

Mr V Barker asked if the Cyber Training has been arranged for Board Members. The Finance Manager responded that a report is in the agenda for this committee meeting.

There were no matters arising.

#### 1103 TO RECEIVE THE ANNUAL INTERNAL AUDIT REPORT - Agenda Item 5

The Chairman introduced Mr D Gowing and asked him to present his Internal Audit Report.

Mr Gowing stated that this will be his last audit report for the Board and unfortunately, in his opinion, this year it is “adequate insurance” but he would expect next year it will go back to “substantial assurance”.

There are two specific problems which are being dealt with and next year the government issues will have gone away and it will be back to substantial again.

He stated that overall, the pure financial systems are really good. There is nothing wrong with them; it is just a couple of governance issues, which place the audit on the cusp between adequate and substantial. The main findings, basically, were very good financial records and transactions which are very easy to go through and all of the year end working papers, everything is there and all balances fine.

Mr Gowing stated he had also checked the Bourne Fen Trust Account, which works well.

He explained that the two minor problems are that there is no Anti Bribery Policy. It was thought to be covered by other policies but it's not. There is an ADA model policy for anti bribery and it has been introduced in today's agenda.

Mr Gowings' other concern is over the one off 0.4% pay award last year which was recommended through the ADA Pay & Conditions Committee and most IDBs prepared a report because it is an additional discretionary payment to report to the Board for approval – Mr Gowing stated he could not find this happening at Black Sluice whereas all the other IDBs that paid the discretionary payment, of which there were four. The remaining IDBs said no as it broke the government pay cap, they were not going to pay it.

The IDBs who paid last year, the majority of them are now saying they will not be paying it this year because it was a one off last year and again it breaks the government pay cap. He accepted that the Treasury has said in their letter that they do not control salaries which is true because the salaries are determined by local government pay bodies but they all have to pay in regard to the pay cap. Mr Gowing agrees that it is the Black Sluice Boards decision. If IDBs believe that salaries are underpaid or need to be increased, then there is a mechanism of job evaluation and he believes this has been recommended by the ADA Pay & Conditions Committee report therefore this would be a way to address it.

Mr Gowing believes that regarding the whistleblowing incident this went further than it should have done. There was information discussed at Executive and Board meetings that should not have been discussed as everything has to be kept confidential, which is the purpose of whistleblowing. He had written to the whistleblowers with the outcomes and there were a number of recommendations made which are being implemented ie the new phones.

Mr Gowing then summarised the management action plan;

- a new anti-bribery policy
- the Board will be looking at the 0.4% Discretionary Payment
- an updated Whistle Blowing policy

Mr Gowing added that other IDBs produce a report to the Executive and Board without recommendations and it will be up to the Board what they want to do, this is the way around any potential conflict of interest because of course the person who writes the report it may be affected by it.

The Chairman stated there was no officer recommendation to pay the 0.4% last year it was done on the recommendation of the Chairman of the Board.

The Finance Manager stated that the recommendation comes from Lincolnshire ADA Pay & Conditions Committee it does not come internally within the Board and the Board members discuss it on the Lincolnshire ADA Pay & Conditions Minutes. The Finance Manager stated he is the secretary on this Committee, he has written the report, which has gone to Lincolnshire ADA and Lincolnshire ADA action any recommendations.

The Chairman added that the Board Chairman is on also on this Committee.

The Finance Manager added that the Chairman of the Board has the delegation of authority to set salary rates.

Mr Gowing then suggested that maybe a governance awareness training session for members and staff. It is not essential but it might be a good idea to go into actual governance, what it is actually about and why one or two of these things happen and ways to improve it in the future.

The Chairman clarified, what Mr Gowing stated, that the 0.4% one off payment we need a report to the Board going forward saying if we are going to make that award this year. Mr Gowing responded just to cover yourselves that is what other IDBs are actually doing.

The Chief Executive asked if it was suggested in the minutes that ADA branch meeting; Mr Gowing responded to cover yourselves properly I would actually say in a report.

The Finance Manager added all it would say is Lincolnshire ADA branch has recommended that and copy and paste from the minutes.

The Chairman stated the recommendation needs to come through as a report with no recommendation on it.

The Finance Manager stated we will do a report to the Executive Committee who have delegated authority.

The Chairman stated regarding the whistleblowing he believed everything was done with the best of intentions and it was about transparency because we were getting feedback that they had not seen any report or anything in any of the Board Minutes that anything had been done about the issues that had been raised.

Mr Gowing stated that is probably where it went wrong, they should not have said anything really because he had written to them detailing the recommendations and what was going to happen and that should have been the end of it, this was sufficient, because it is kept privately between the whistleblowing and the person investigating.

Cllr Russell asked Mr Gowing if he would inform the Board; Mr Gowing responded that if there was something that the Board had to be made to be aware of then yes the person investigating would do that, the investigating person would inform the Board.

Mr Barker believed the issue surrounding the mobile phones on how they were being used which the management executive need to know of the problem.

He added that after the last Board meeting he went downstairs to look at the message board in the workshop as he was given to understand that the whistleblowing policy should have been there and he had checked the white book and it was not there either. The fact that some of our employees do choose to go on the internet and look at what we are saying is good but it cannot be good enough for not having the policies there for them to read. He was disappointed.

The Chairman asked will it be in the future; the Finance Manager responded that no – no one has instructed us to do that he believes all the policies are very public and very available. The workmen are briefed on the policies at their biannual briefings.

Mr Ash asked if they were all on the website; the Finance Manager responded yes except the emergency plan, which is confidential, and the Boards insurance arrangements.

Cllr Russell stated that he has known situations in the past of a bullying/sexual harassment. A decision on that matter was resolved but the investigator did not know that this had happened previously because it had been investigated by a different person. Therefore, if we do not give some detail report to the management how do we insure continuity, how do we make sure the investigator assessing the problem has all the available facts?

Mr Gowing responded normally, it is the same investigator dealing with each case if it is a whistleblowing the outcomes are reported to either the Chief Executive or Chairman of the Board; Cllr Russell responded but this is not necessarily going to be the case.

Mr Gowing stated he has a file on this whistleblowing case; the Chairman asked Mr Gowing as this is his last meeting what happens to those files; Mr Gowing responded he assumes the new internal auditor will contact him; The Chairman agreed that this should happen.

The Chief Executive believed the controlling factor is the whistleblowing investigating officers and in the revised policy at a later agenda item we have introduced a third individual it is now the Chief Executive, Internal Auditor and the Chairman

Cllr Russell stated that his concern is that there should be continuing passage of knowledge.

Mr Barker stated he is not happy with the answer I have been given on the availability of the whistleblowing policy for the employees if it's not on the message board if it's not in the white book and if they don't go on the internet how are they are going to know about it.

The Chairman asked could we put a list of the policies on the notice board and then if they want the detail of that policy it can be found on the website or ask for a copy and then you would be getting the latest version of the policy.

The Finance Manager stated there is a ring binder with all the latest policies in but he is unaware of where it is situated. The Chief Executive added that a list of policies can be placed on the notice board with the proviso that they can contact line managers should they want further details.

The Chief Executive responded to Mr Barker's question that the Finance Manager took Mr Barker down to the workshop and he genuinely believed that the policies were there, but perhaps they are in one of the files in the Operations Managers office.

The Chairman thanked Mr Gowing for his Internal Audit Report and his dealings with the Board over the years. With particular thanks from this Committee.

Mr Gowing concluded that this Board has a very good set up and very good committees which works really well it's a shame that some of the other IDBs don't have it.

1104 TO RECEIVE A REPORT ON ADA POLICIES IN COMPARISON TO THE BOARDS  
- Agenda Item 6

The Finance Manager presented the report on ADA policies, he stated following Mr Gowing identifying the anti bribery and whistleblowing policy were not in line with the ADA policies, the officers undertook to compare all of the Boards policies word by word, to the ADA ones and this report covers those that the officers felt needed immediate attention which have been brought to this meeting hence why there is a few more to review.

(a) New Anti-Bribery Policy

The Finance Manager presented the first new policy anti bribery, which is a carbon copy of the ADA policy and he believes there is no reason to amend it.

The Chairman asked Members if they were happy to recommend adoption of this policy to the board all AGREED.

The Committee RESOLVED to recommend that the Anti Bribery Policy should be approved at the next Board meeting.

(b) New Electronic Information and Communication Systems Policy

The Finance Manager stated that this new policy is because the white book has been reviewed legally and all the electronic stuff has been taken out of the white book because it was not relating to terms and conditions of employment law and therefore it should be a policy. He presented this as a new policy, which has been written for this purpose.

The Committee RESOLVED to recommend that the Electronic Information and Communication Systems Policy should be approved at the next Board meeting.

1105 TO REVIEW THE FOLLOWING BOARD POLICIES - Agenda Item 7

(a) Members Code of Conduct

The Finance Manager stated he had compared the Board to the ADA template and there were some quite considerable differences, items at no 3 were present at the annex which has now been moved into the document, the red section on page 36, has been added.

After reading through this, we actually do this but it is not written down and a lot of it is common sense down on paper therefore in section 5 and 6 it was a case of adding the bits that were missing and he believed there were no reasons not to include it – he presented this to the Committee for review and it will go to the Board meeting in June.

There are some slight amendments to the form that is signed by the members. It asks for you to declare that you have read the members code of conduct policy, the Finance Manager suggested that with the next members election due in November 2018 he did not think Members should be required to renew their forms until then, if the Committee agree. Members AGREED.

Mr Gowing stated that another IDB's external auditor was very interested in this form which did not have this declaration on which nearly lead to their audit being qualified, they had to redo them.

The Committee RESOLVED to recommend that the Members Code of Conduct Policy should be approved at the next Board meeting.

(b) Risk Management Strategy

The Finance Manager presented an updated policy highlighting using the colour terminology, if the Committee do not like it it can be removed. The idea was the red/amber/green analysis by giving it a colour band it gives it more meaning, it is customary to consider any risk with a score of 4 or above. He presented the following reports:

(i) Risk Analysis 1.5 & 1.6 Operating Boards Machinery

This report relates to the operating of Boards machinery, maintaining watercourses and the risk. The Chief Executive stated the main outcome which partly came out of the whistleblowing was adequate training or certification for the workmen using the new Twiga machines. The Board has currently three which are going to be continued to be run. The Board has instigated, with the suppliers of said machinery for the whole of the UK, the Llantra accreditation training being implemented next week for four employees. It is not national recognised or a national certificate but it's a certificate of competence and the Officers are very interested to talk to the workmen once they have received this on how it increases their level of competence. Clearly increased competence comes by experience and you can only get experience by operating the machinery.

The Chief Executive stated that the training for the four selected operatives is a full day and it is not just about which button do you press, it is about appreciation of your surroundings and how close you can or cannot operate next to an open watercourse. It is a learning day and is as much about the environment as it is about the machine.

Mr Barker raised concern over the operators operating the Twiga machines. Operators should have agricultural experience used to going around fields and are well qualified perhaps have a HGV. It should not be operated by someone just because they have a car licence as this does not necessary mean that they will be experienced enough to be working alongside drain sides.

Mr Barker clarified it is all about the experience and the Board might have to pay them more but you should employ a workforce to do that job who are experienced.

The Chief Executive stated that part of the course is appreciating the danger they are surrounded by whilst working drain side. It is not just how to operate the Twiga it is the appreciation of the risk. The Officers have spoken to Irelands Spearhead and if they don't believe that an operative is suitable the officers will discuss further training with that operative in order to manage that risk. The Chief Executive believes the Board has set the way for every Twiga driver in the Country for which there are approximately 30 and he is sure that in a couple of years all operatives will have this certification.

The Chairman wanted to clarify by asking is it a degree of assessment of the operative, and what type of assessment.

The Chief Executive responded that there is no test as such but there is an assessment of the operative and his capabilities with regard to the operation in a safe manner of that machine.

Cllr Russell asked if it was a written assessment; the Chief Executive responded yes it is a qualified assessment by the qualified instructor.

The Chief Executive added that unfortunately we couldn't pay our operatives anymore. The ADA Pay and Conditions Committee are reviewing the pay structure and there may be some light at the end of the tunnel but today we cannot pay additional sums.

The Chairman asked Members if they had any further comments and stated that the Committee had reviewed the risk score of 4 and outlined what is to be done to mitigate that as much as possible.

Mr Gowing added it overcomes and implements one of the recommendations.

(ii) Risk analysis 8.5 Cyber Security Report

The Finance Manager stated this item score has been a 4 since 2015, he presented a very detailed report. He reminded the Committee of the network problem in March 2015.

**Cyber Security Risks**

The four main types of risk:

- Data breach
- Viruses
- Hacking
- Employee error

These are all system related which we have to protect the server with the most up to date systems. The employee error is the most likely way that the server will have some type of network breach.

The Finance Manager believes as a Board, compared to other IDBs, and as an organisation, compared to other organisations, commercially or otherwise the Board do a great deal more than most to protect the Boards systems and ratepayer's information by doing everything that is listed in the report. The future options have three main strands. The first one being, which has been offered to us by HBP systems our IT consultants, a new system called Intercept X which instead of looking for known viruses on a big list it looks at how these systems are acting and behaviours rather than searching a long list of some kind of virus or trojan horse. It also has the functionality if it does identify that files are being encrypted it will sort the problem out and stop it from happening any further but also it will roll back to where the point started to make all the system good again.

Whereas before we pulled all the plugs, shut down the system and waited for HBP to arrive the next day and put it right, this will do that in the space of half an hour. This is the idea of it and you do not lose any work. By doing it the old way you have to go back to the last back up tape so by doing this you do not lose any work.

It came out, as we were looking at this in the autumn last year the future preventions this would be another layer of our security. It does not replace anything we have already got, it would go on the Sophos system the Board already have. We would have to change our antivirus from a local system to a cloud base system, our cloud base system has the disadvantage of slowing the system down very slightly but you also have the most up to date definitions whether working in the office or dialling in.

Mr V Barker asked was it correct that the server was being hacked over a 100 times a day; the Finance Manager confirmed yes, a bot is a computer trying to get a port into the system, once in it will do the damage or alert somebody that they have gained access.

#### **4.1 Intercept X, Sandstorm & advance anti virus**

The last section is a sandstorm system which is an advanced persistent threat and zero day malware defence solution. This recognises applications and programmes that come into the system disguised as a zip file, pdf, PowerPoint which unravels itself and becomes an encryption programme with encryption key. These programmes are not illegal and our back up system will have an encryption programme just like this but if you do not know the password, you cannot do anything with it so it encrypts all the data and you need the password, so the way they get the password is by asking for a ransom. The sandstorm system identifies these and sends them to a sandbox, which is a base where the bomb is placed, and then if there is something in there you do want, and you know where it is from, then you can then go and grab it back out.

If it is not, it will stay in there and will be dealt with and destroyed and never get onto the server. It happens in the cloud rather than on the server. The unfortunate thing about it is that the whole thing, for 3 years, is £7,074. It will replace the current Sophos antivirus so they will give a credit for the Sophos antivirus. Broken down to years it is £2,358 per year, we will get back the £590 per year from the current antivirus which equates to a cost of £1,770.



## 4.2 Insurance

One thing we have looked at with the NFU Insurance was the cybercrime insurance policy to insure against this risk. Obviously we reported from the last meeting and that is all come about and this; the two options being the cyber policy of £1,830 with the additional crime policy for £1,512. The understanding is that the Board has to do everything it can to make sure that everything is protected. The Finance Manager stated it is a lot of money. The Officers are looking at options to protect the Board in the first place, if the Board insures and the insurance company say we did not do that when you could have done then the insurance is not worth anything.

The Chairman clarified you might as well do it and save yourself the insurance premium.

Cllr Russell stated this is an ever moving feet. His concern is that the fact of these systems seems fantastic at the moment and in 6 months' time doing the best we can with the current data.

Cllr Russell then asked do you get one or the other, the Finance Manager clarified that you get all three cloud based antivirus, the intercept x and the sandstorm which goes with our current UTM, unified threat management system. This is three different levels of protection. Cllr Russell stated he would rather go with the protection even though it costs more.

The Finance Manager stated there is the option of doing it and insuring as well for the future risks, the Finance Manager is working on the presumption that the Committee has rejected it in the past and the Board is doing absolutely everything to protect the server and we have proven that actually with even what we have now we could be back up and running and only lose half a day's work.

Cllr Russell stated that although it would be inconvenient it would not cause lasting damage.

Cllr Russell asked is our off site storage up to date? The Finance Manager responded it is a tape which he takes off site these are two weekly back up. Cllr Russell asked if this is enough; the Finance Manager responded that it has been suggested that we have a monthly back up as well so at the end of each month we do a backup and keep it in a fire safe somewhere just in case a virus hides and is working for a full two week period.

The Chairman asked how long does it take to do the monthly back up; the Finance Manager responded its takes minutes, he then asked would it need to be twelve months, six months?

Mr V Barker suggested perhaps yearly because of the Boards accounts.

The Finance Manager stated that the tapes are perhaps around £40/£50 therefore for a years' worth of 12 tapes it would be £500/£600. It is a lot of assurance for £600.

The Chief Executive asked the implementation of these future options if we purchased and implanted it do they offer any benefit to any of our other insurance covers ie reduction of risk; the Finance Manager responded no nothing, it is just the Board doing its due diligence.

### **4.3 Staff Training**

The Finance Manager then concluded with item 4.3 the staff training which had been previously discussed. The Lincolnshire Chamber of Commerce are not allowed to operate with local authorities, the Finance Manager will look further at other colleges or HBP. HBP because of who they are specialising in IT, at £1,300 per day which seems a lot but if they are going to come here with their expertise and with a structured training programme they are probably the best people if they can get it to our level.

Cllr Russell asked how many could they train on one day, they could do two half day sessions and cover everyone.

The Finance Manager concluded that the item 4.1 would cover the first three risks, the data breach, viruses and hacking and then the training would cover the employee risk. Even though as much as we offer training even the most savvy computer user is always going to be at risk.

Cllr Russell proposed that the Committee agree to the upgrade in the systems – go with the recommendations 4.1, 4.3 and implement monthly backups on a twelve monthly cycle. The Committee AGREED.

The Finance Manager clarified that this can be implemented from this Committee, and reported to the Board as part of the risk register from a delegation of authority point of view to get it done sooner rather than later.

### **(c) Delegation of Authority**

The Finance Manager stated that some alterations have come from the ADA template documents. The split of duties between the Chairman and the Chief Executive, with the Board having full Delegation of Authority which includes all the Committees and the Officers. There is a lot of detail and common sense which was within that document which was not included, and because this Board runs as it does with the duties of the Chief Executive effectively split with the Finance Manager he has tried to pick out which comes under each person. The Chairman's responsibilities were based on what was mainly there to start with.

The Finance Manager asked if this Committee are happy to proceed.

The Committee RESOLVED to recommend that the Delegation of Authority Policy should be approved at the next Board meeting.

(d) Whistleblowing Confidential Reporting Code Policy

The Finance Manager presented the changes in paragraph two adding "Board Members" – explaining if a Board Member makes a decision or takes an action that they do not want to raise with anyone within the Board they need to go to the Chief Executive, internal Auditor or the Board Chairman. That is where it covers this and they were not covered by the Whistleblower policy, plus how to raise a concern "the Board Chairman" has been added in line with the ADA Policies and the Board Chairman is happy to proceed with this amendment.

Under Section 11 "the Responsible Officer"

Mr Gowing then made reference to the discussion at the Board meeting that it is not necessary to discuss stating under section 6 it states confidentiality and about the person investigating reporting in section 10 to the Board. Mr Gowing added that a report should be - this is what happened, these were the outcomes.

The Finance Manager asked if you do not discuss how do you draw on the lessons learnt?

Mr Gowing responded he would have reported there were 3 issues investigated and stated 1 was no problem, 2<sup>nd</sup> and 3<sup>rd</sup> one was due to phones and the other due to safety and use of machines and these were the recommendations made which have been implemented.

The Finance Manager stated that the Executive Committee instructed the Chief Executive to find training to alleviate one of the concerns and instructed the Finance Manager to look at the lone worker policy and how we were going to take that forward. The new phones have an android app on a smart phone, which is available to view in the Finance Managers office.

The Finance Manager explained that without the Executive instructing us to do those things, how do we get those learning points out. How does the Executive know what the problems are to be able to instruct the Officers – Mr Gowing responded because the Executive were briefed on the issues and recommendations.

The Finance Manager asked to clarify what Mr Gowing was saying that we should not discuss it at Committee meeting, are we supposed to discuss it behind closed doors; Mr Gowing responded you don't discuss the detail and who said what.

The Finance Manager stated he does not have authority to carry out on his own back and neither does the Chief Executive the phones could be a £22,000 contract. It has to be driven by the Executive Committee.

Mr Gowing stated his recommendation was to review it.

The Finance Manager added that we have to discuss what has been reviewed and what we need to do to put it right.

The Chief Executive asked was that recommendation passed to the Chairman of the Executive Committee; Mr Gowing responded yes and to the Chief Executive.

Mr Gowing stated you do not need the detail behind the matter, what was found and the recommendations are needed.

The Finance Manager asked where is this paragraph – he has not had this paragraph he has had a verbal report from Mr Gowing and a verbal report from the Chairman – he has not had a paragraph saying this is the recommendations.

The Chairman then asked presumably the Chairman of the Executive Committee did; Mr Gowing responded no he did it verbally.

The Finance Manager queried without discussing it how do we get to the point where we know what needs to be done; Mr Gowing responded the information was not put down in writing it was done verbally, perhaps it should have been in writing.

The Finance Manager stated the mistake we then made verbally taking it to the Executive we have gone more than Mr Gowing wanted.

The Chairman added that the danger is to pass on verbally then when it transferred onto someone else verbally, it can get changed so we probably need to have it in writing from the investigator.

Mr Gowing stated in the policy it says maintain a record of the concerns raised and the outcomes but in a form that is not affecting someone's confidentiality.

Mr Gowing admitted he had done this verbally and for an improvement that should have been done in writing.

Cllr Russell agreed that in section 11 the words "in writing" after report should be added. All AGREED.

The Finance Manager stated that we should inform ADA that the template needs to be changed. The Chairman concluded that there is a danger in interpretation in passing the message when it is passed verbally so he felt that to overcome this problem would be a report in writing.

The Committee RESOLVED to recommend that the Whistleblowing Confidential Reporting Code Policy should be approved at the next Board meeting.

(e) Commercial Works Policy

The Chief Executive presented this policy on page 88, which has been reviewed with no changes.

The Committee RESOLVED to recommend that the Commercial Works Policy should be approved at the next Board meeting.

(f) Rechargeable Public Sector Cooperation Agreement Policy

The Chief Executive presented this policy on page 89, which has been reviewed with no changes.

The Committee RESOLVED to recommend that the Rechargeable Public Sector Cooperation Agreement Policy should be approved at the next Board meeting.

1106 TO REVIEW THE PERIOD 11 BOARDS MANAGEMENT ACCOUNTS - Agenda Item 8

The Finance Manager pointed out that these management accounts are not in the agenda for the actual figures these are in here to show the Committee what is and can be produced. The Board review the management accounts three times a year and each period/monthly set is sent to the Executive Committee. He stated that this is an opportunity for this Committee to review the format and ask Members if anything needs to be looked at in more detail or anything which is not covered. He invited questions.

Mr Barker pointed out that there are exceptional expenses on SFFD maintenance and asked whether this should be a separate item?

The Finance Manager suggested perhaps a breakdown of budget v actuals on a monthly basis.

The Chief Executive responded that this information is there but obviously on a substantial contract over a particular value that can be included. He asked if the Committee wanted to determine a figure, a contract value, whereby figures can be presented, can we leave that decision to the Finance Manager as to what's exceptional.

The Finance Manager stated that the public sector cooperation agreement run at about £90,000 but they are due to increase this year for the Environment Agency. They are broken down into individual jobs over 50 sites. If we have some level of value on schemes whereby they would be broken down reports, he presented a slide showing a spreadsheet for schemes report for management use. The information is there and this could be something, which could be adapted into more detail

The Chief Executive stated that this is one site, which is £1.5 million. In the commercial works policy, we have put a figure of "anything over £40,000" would be referred to the Committee and then the Board which would be a single scheme.

Cllr Russell reminded Members that it is a highly visible site and it can distort the figures.

The Chairman asked Members at what point should a scheme be reported in this format.

Mr Ash suggested a figure of £100,000.

The Finance Manager stated he could break down the SFFD Scheme and put the detail and the cost / budget and difference. He could do a separate report, which will be quite detailed and probably broken down into bushing, cutting pumping etc

The Chairman asked members if they agree with a figure of £40,000 and this can be reviewed if it is not enough or too high. All AGREED.

The Chief Executive suggested as an idea, for example, a regular contract, hand roding for the District Council is £33,000 per year, the Calders & Grandidge contract was £89,000. If the value is set at c£40,000 it would bring up the one off schemes, if the Committee still have questions on contracts which are below the c£40,000 value it can be reviewed down.

The Finance Manager suggested to the Chairman that perhaps the Internal Auditor would want to look at the SFFD Scheme as it is over 50% of the Boards annual income. Due to the SFFD scheme scale it would be something for the Internal Auditor to have a special look at. The scheme is undertaken under the Public Sector Cooperation Agreement. There is no requirement for the Board to engage an external auditor to look at it but the Finance Manager believes anything over £1 million, ie if it was, a Grant in Aid funded project it would have to be externally audited but because we are performing this scheme as a contractor there is no requirement. Therefore, if the Internal Auditor reviewed it, it would be a good idea

The Chief Executive reminded the Committee the Environment Agency can request all our financial expenditure details to be reviewed.

Mr Gowing added that the EA used to have a large internal audit section that looked at schemes.

#### 1107 TO REVIEW THE RISK REGISTER - Agenda Item 9

The Finance Manager stated that the colour coded matches in with the policy and the register had had additional columns for potential risk and likelihood, he believes it helped highlighted the items with high risk with low likelihood and just gave the spreadsheet more meaning.

The Chief Executive made reference to the item 1.5 with the Llantra training, could this be reviewed and offer a reducing in the score.

#### 1108 TO REVIEW THE BOARD'S CATALOGUE OF POLICIES - Agenda Item 10

The Chairman introduced the next item. This Committee has maintained and reviewed all policies as the Committee has got on top of these policies by spreading them out. The Finance Manager stated that the Lone Worker will move to the September 2017 meeting, the annual accounts will be presented also, he will review what is on the long term review list and see what can be brought forward. He then asked if any of the Members wanted a particular policy for review. This Committee can then look at what can be brought forward.

Mr Barker explained that he had attended a few of the Boston Barrier public enquiry meetings and he was rather dismayed that in a severe event extra tide locking at grand sluice would also affect us at Black Sluice if we had tide locking and did not have the ability to discharge by gravity which is our principle discharge it is going to affect our flood risk and he doesn't know the way forward.

The Finance Manager asked what policy this should go under, and suggested it should be a risk and be added to the risk management strategy policy and risk register.

The Chief Executive clarified that occurrence is tide locked and if we had a fluvial event how do we discharge today? Mr Barker responded pumps and gravity. The Chief Executive responded not gravity when tide locked. Mr Barker replied we only have two pumps, the Chief Executive responded we would have to request the EA turn on the pumps which would be the only relief method. It would depend on what type of fluvial event it is. We have a scenario there are only two pumps, we would like more but we hope two pumps would be running.

The Finance Manager directed the Members to page 52 – item 1.1 regarding the coastal or fluvial flooding – potential would be high, Mr Barker added that from his observations at these meetings there is an increased risk likelihood because of the inability to discharge water from Grand Sluice which would then affect the inability to discharge water by gravity, the Toms Report which refers to the ability to discharge water.

The Chief Executive wanted to clarify that Mr Barker is discussing the river Witham and Grand Sluice not the SFFD. Mr Barker was unable to get to this meeting.

The Finance Manager directed members to the matrix on page 48, the potential impact is high and it reaches all that criteria and he believed is most unlikely to happen. Cllr Russell agreed that he would not want that to move from low to medium.

The Chief Executive added that he agreed with Mr Barker's statement that it is ever increasing but it will be a long time before it gets from low to medium.

The Chairman asked members if they were happy with the risk score for Item 1.1 and agreed no further action at this point of time.

There being no further business the meeting ended at 15:46.

