

Audit and Risk Committee

Minutes of the meeting held on 21 July 2020

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Present

Nicky Talbot – in the Chair, Matthew Bradbury, Bill Dickson, Gail Harris, Simon Roberts, Fran Whymark

In attendance

John Packman – Chief Executive, Maria Conti (minutes), Esmeralda Guds (meeting moderator), Emma Krelle – Chief Financial Officer, Sarah Mullarney (meeting moderator), Rob Rogers - Director of Operations, Hilary Slater - Monitoring Officer, Faye Haywood – Internal Audit Manager, Jacob McHugh – External Audit, Ernst & Young, Mark Hodgson – External Audit, Ernst & Young

1. Apologies and welcome

Apologies were received from Tristram Hilborn and Greg Munford.

Openness of Local Government Bodies Regulations 2014 and Standing Orders

The Chair welcomed everyone. She advised that the meeting was being recorded and the Broads Authority retained the copyright. Anyone wishing to have a copy of the recording should contact the Authority's Governance Team. No-one present indicated that they would be recording or filming the meeting.

The Chair also advised that the meeting was being held remotely and in accordance with the Coronavirus Act regulations and the Standing Orders and protocol for remote meetings agreed at the Broads Authority meeting on 22 May.

2. Introduction of members and declarations of interest

Members indicated they had no further declarations of interest other than those already registered.

3. Items of urgent business

There were no items of urgent business.

4. Public question time

No public questions had been received.

5. Minutes of last meeting

The minutes of the Audit and Risk Committee meeting on 3 March 2020 were approved as a correct record.

6. Update of financial position – impact of COVID-19 crisis

The Committee received a report outlining the latest position on the Authority's navigation income and the financial support from Defra in response to the COVID-19 crisis. The Chief Financial Officer (CFO) updated the navigation income figures as at 17 July, which showed

private boat income at £222,600 below the same point last year. Hire boat income was at £144,456 below the same point last year, but this assumed that the remaining split payments would be received in full.

A member queried the savings total of £602,364 in Table 1, as officers had identified the potential for the Authority to fund £800,000 of its potential Navigation deficit from reserves and through savings. The CFO clarified that the table showed the consolidated figure, with Navigation showing £372,535 total savings and £400,000 being transferred from the National Park (General) reserve. The remaining gap in navigation income would be between £200,000 and £800,000, which Defra had agreed to fill. By September, the performance of the hire boat industry would be clearer, and this would inform the Navigation Committee and Broads Authority's recommended approach towards the outstanding toll charges.

7. Draft Statement of Accounts 2019/20

The Chief Financial Officer (CFO) introduced an update report on the draft Statement of Accounts and external audit for the year ended 31 March 2020. She thanked members who had attended in-house accounts training the previous week.

The external auditors from Ernst & Young (EY) outlined the latest audit status. The original deadlines had been set back by the Covid-19 situation and a small number of tasks remained outstanding. The deadline to approve the final Statement was now 30 November. The CFO added that the auditors had asked for a restatement of the 2018/19 accounts to note the Authority's mini restructure in 2019/20, when some Directorate sections were transferred. As a result, two redundancies were made in line with the Authority's policy on restructuring.

Mark Hodgson, EY Audit Partner, agreed to inform the Committee how many days had been spent on the audit to date. He advised that EY had noted the Authority's response to the proposed increase in auditor's fees, and they had responded to the audit regulators.

A member referred to the matter of repaying the Public Works Loan taken out by the Authority to purchase the Dockyard Operation from May Gurney. The CFO advised that the matter had been discussed at the last meeting, and would be referred to the Navigation Committee in September (held over from the cancelled meeting in May) before going to the Broads Authority for decision.

8. Internal Audit Annual Report and Opinion 2019/20

The Internal Audit Manager introduced the Annual Audit and Opinion report for 2019/20. Presenting a 'reasonable' assurance grading for 2019/20 overall with no significant issues raised that would need to be highlighted in the Authorities Annual Governance Statement. Progress against implementing audit recommendations from 2018/19 and 2019/20 were also presented within this report.

The Chair noted that internal audit took an average of 36 days, hence her earlier question on the timescales for external audit, to allow the Committee to make a comparison.

9. Draft Model Member Code of Conduct

The Monitoring Officer outlined the Local Government Association (LGA) consultation on its draft Model Member Code of Conduct. She invited the Committee's comments and said Authority members could also respond individually to the consultation. The closing date was 17 August 2020 and a link to the consultation site would be sent to all Authority members.

Members thought it would be useful to have a consistent approach across local authorities, and this was a sensible updating of policy. They suggested there should be more clarity on action taken if a member did not adhere to the code, and that this area generally needed strengthening. The Monitoring Officer agreed to take the Committee's views back to the LGA.

10. Investment Strategy and Performance Annual Report 2019/20

The Committee noted the CFO's report setting out details of the Authority's investment of its unallocated cash to 31 March 2020.

11. External Audit

The Committee noted the report by the CFO, appending the Local Government Audit Committee Briefing by Ernst & Young.

12. Implementation of Internal Audit recommendations - summary of progress

The Committee noted the CFO's progress report on implementing Internal Audit recommendations arising out of audits carried out during 2018/19 and 2019/20.

13. Updated Procurement Strategy

The CFO introduced the updated Procurement Strategy. A member asked about the internal audit recommendation on applying a seal to contracts over £100,000, and it was noted that this procedure was in the Authority's Standing Orders Relating to Contracts.

By 5 votes for and 1 abstention, **it was resolved** to adopt the amendments to the Procurement Strategy in response to the comments in the audit.

14. Corporate Risk Register – 6-month review

Members received the latest Corporate Risk Register (formally called the Strategic Risk Register), which had been updated alongside the three Directorate Risk Registers and the Risk Management Policy. It was noted that the risk scores for item 5 in the Corporate Risk Register relating to a significant public health crisis should be highlighted in red as 'high risk' scores.

The report was noted.

15. Other items of business

There were no items of urgent business for consideration pursuant to Section 100B (4) (b) of the Local Government Act 1972.

16. Formal questions

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

17. Date of next meeting

It was noted that the next meeting of the Audit and Risk Committee meeting would be on **Tuesday 17 November 2020** at 2.00pm.

The meeting ended at 15.12pm

Signed by

Chair