

Audit and Risk Committee

Minutes of the meeting held on 26 July 2022

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Present

Greg Munford – in the Chair, Matthew Bradbury, Bill Dickson, Gail Harris, Nicky Talbot and Fran Whymark.

In attendance

Jason Brewster – Governance Officer, Faye Haywood – Head of Internal Audit, Mark Hodgson – Ernst & Young External Auditor, Emma Krelle – Director of Finance, Ellie Richards – Senior Accountant, John Packman – Chief Executive and Sara Utting – Senior Governance Officer.

1. Apologies and welcome

The Chair welcomed everyone to the meeting.

Apologies were received from Paul Hayden, Tristram Hilborn, Matthew Shardlow and Michael Scott.

Openness of Local Government Bodies Regulations 2014

The Chair explained that the meeting was being audio-recorded. All recordings remained the copyright of the Broads Authority and anyone wishing to receive a copy should contact the Governance Team. The minutes remained the formal record of the meeting. He added that the law permitted any person to film, record, photograph or use social media in order to report on the proceedings of public meetings of the Authority. This did not extend to live verbal commentary. The Chair needed to be informed if anyone intended to photograph, record or film so that any person under the age of 18 or members of the public not wishing to be filmed or photographed could be accommodated.

2. Introductions and declarations of interest

Members introduced themselves and no additional declarations of interest were declared.

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 meeting held on 08 February 2022 were approved as a correct record and signed by the Chair.

6. Draft Statement of Accounts 2021/22

The Chair thanked the Director of Finance (DoF) and the Senior Accountant for providing members with an online briefing on the Statement of Accounts on 20 July 2022. The DoF introduced the Senior Accountant, who had recently joined the Authority, and thanked her for drafting the Statement of Accounts.

The DoF introduced the report that provided an update on the Broads Authority's Statement of Accounts and its audit for the year ended 31 March 2022, and confirmed that there was no significant change to the format compared with previous years. Since the deficit was reported to members at the Authority 13 May 2022 the DoF confirmed that it had increased slightly due to further accruals.

The DoF stated that the most significant adjustment applied to the accounts, as per previous years, related to the staff pension fund and accounted for the majority of the figure shown

under Employee expenses. This adjustment might vary between the draft and final versions of the Statement of Accounts due to Norfolk Pension Fund being audited during the intervening period resulting in the finalisation of these figures.

The DoF explained that the adjustment under Other services expenses related to capital expenditure and members had been informed of this figure throughout the year as part of the Financial Performance and Direction report where it was listed as expenditure but at year end it was transferred to the Balance Sheet. The DoF added that debt interest associated with leases and loans (from the Public Works Loan Board) had also been transferred to the balance sheet to reduce outstanding capital payments.

The DoF confirmed that a review of the 2023/24 budget was underway and members would receive a combined tolls and budget briefing on 5 October 2022.

The report and Draft Statement of Accounts were noted.

7. Investment Strategy and Performance annual report 2021/22

The Director of Finance (DoF) introduced the report setting out details of the Authority's investment of its unallocated cash, including the investment principles adopted and performance during the twelve months to 31 March 2022. The DoF reported that steps to diversify the provision of the Authority's investment portfolio, as per Key Controls audit recommendation (agenda item 13), had commenced and a full report would be provided at the next meeting.

The arrangements regarding the investment of the Authority's unallocated cash were noted.

8. Internal Audit annual report and opinion 2021/22

The Head of Internal Audit (HoIA) presented the Authority's Annual Report and Opinion for 2021/21 drawing upon the outcomes of Internal Audit work performed over the course of the year, and a conclusion on the Effectiveness of Internal Audit.

It was noted that, on the basis of Internal Audit work performed during 2021/22, the HoIA had given a 'reasonable' audit opinion (positive) on the framework of governance, risk management and control at the Authority.

The HoIA highlighted appendix 1 (Audit work undertaken during 2021/22) and confirmed that the audit work for Cyber Security had now been completed and she could confirm that its 'reasonable' assurance had been finalised.

The Vice-Chair acknowledged the positive outcome and congratulated everybody involved.

The contents of the Annual Report and Opinion of the Head of Internal Audit were received and approved with the following items noted:

- That a reasonable audit opinion (positive) had been given in relation to the framework of governance, risk management and control for the year ended 31 March 2022.
- 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 2021/22.
- The conclusions of the Review of the Effectiveness of Internal Audit.

9. Annual Governance Statement 2021/22 and Code of Corporate Governance 2022

The Senior Governance Officer introduced the report that demonstrated how the Authority is complying with the principles of good governance and included the Annual Governance Statement 2021/22 and Code of Corporate Governance 2022.

It was resolved to recommend the Annual Governance Statement 2021/22 to the Broads Authority for adoption and to note, subject to the implementation of improvements identified in the action plan, that the Authority's systems of governance and internal control are considered to be adequate and effective.

10. External Audit

The External Auditor introduced the report which contained the initial Audit Plan detailing the work proposed to be undertaken by the auditors for the audit of the financial statements and the value for money conclusion for 2021/22. The External Auditor highlighted the introduction of a new audit focus for 2021/22 which related to Infrastructure Assets and the fact that some local authorities are not writing out the gross cost and accumulated depreciation on highways infrastructure assets when a major part/component has been replaced or decommissioned. The External Auditor confirmed that the Authority does hold relevant infrastructure assets, albeit with a relatively small Gross book value, and the Authority would have to adopt the correct accounting treatment once the Chartered Institute of Public Finance and Accountancy had finalised the associated guidance.

The Audit Plan was noted.

11. Whistleblowing policy for members

The Senior Governance Officer (SGO) introduced the report that detailed the whistleblowing policy for members. The SGO explained that this policy was derived from the staff whistleblowing policy and then the content had been tailored for use by members.

A member asked why the list of contacts in section 9 of the policy did not include the police. The DoF explained that the exemplar used to draft this material had not referenced the police and had believed that their role in this regard was self-evident. The Head of Internal Audit and the Ernst & Young External Auditor both confirmed that they had seen examples of

whistleblowing policies in other organisations that included the police as a contact although it was not obligatory and there were plenty of policies that did not reference the police. The Chief Executive suggested that the police should only be contacted in the context of a criminal matter. It was resolved to update the policy to include the police as a contact and a guidance note to indicate when they were an appropriate contact.

It was resolved to recommend to the Broads Authority the adoption of a Whistleblowing Policy for Members subject to the inclusion of the police as a contact and an advisory note indicating when they would be an appropriate contact.

12. Corporate Risk Register

The Senior Governance Officer (SGO) introduced the report that provided the latest version of the Corporate Risk Register (CRR) with changes marked since the previous meeting. The SGO highlighted a proposed small amendment to the Risk Management Policy to clarify that items on the CRR that originated from the Directorate Risk Register may stay on the CRR despite their risk score falling below 16 if they are considered to be a corporate risk.

A member asked why the revised risk score for item 2 remained unchanged. The SGO explained that this item could not be updated until the associated independent investigation had completed and their findings had been reviewed and any actions identified and planned.

A member enquired why the cybercrime training proposed as a mitigation for item 4 was restricted to budget holders. The Director of Finance confirmed that cybercrime training was rolled out to all staff of the Authority and that item 4 mitigations would be updated to reflect this. The Chief Executive added that staff training was reviewed periodically and that some elements were deemed compulsory and needed to be refreshed annually and cybercrime training fell into this category.

The updated Corporate Risk Register was noted and the amendment/clarification to the Risk Management Policy agreed.

13. Implementation of Internal Audit recommendations: summary of progress

The Director of Finance (DoF) introduced the report summarising progress in implementing Internal Audit recommendations arising from audits performed during 2018/19, 2019/20, 2020/21 and 2021/22. The DoF was pleased to announce that progress was now being made and drew member's attention to key controls receiving a 'substantial' assurance. This was due to the combined effort of the Tolls and Finance teams and the DoF thanked them for their hard work. The DoF added that the assessment for Corporate Health and Safety had been received indicating a 'substantial' assurance, and a full report would be provided at the next meeting.

A member enquired about progress on staff resilience plans. The DoF acknowledged that this work had almost been completed for Finance and explained that it had been delayed due to

staff shortages and fulfilling statutory obligations had taken priority. The DoF re-assured members that even without fully documented formal procedures that the associated processes were being performed and completed successfully.

The Chair commended officers for their hard work during the year and the outcome of the internal audit was a testament to their efforts.

The report was noted.

14. 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.

15. Formal questions

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

16. Date of next meeting

The next Audit and Risk Committee meeting would be on **Tuesday 29 November 2022** (previously scheduled for 15 November 2022) at Yare House, 62-64 Thorpe Road, Norwich, commencing at 10.00am.

The Vice-Chair noted that this was the Chair's last meeting and thanked him for his efforts in this role. The Chair in turn thanked the Director of Finance for their support during his tenure.

The meeting ended at 10.45am.

Signed by

Chair