

# Risk, Audit and Governance Committee

## Minutes of the meeting held on 11 February 2025

### Contents

1.	Apologies and welcome	2
	Openness of Local Government Bodies Regulations 2014	2
2.	Introductions and declarations of interest	2
3.	Items of urgent business	2
4.	Minutes of last meeting	2
5.	Annual Audit Results 2023/24	2
6.	Statement of Accounts 2023/24	4
7.	Investment Strategy and Performance Report 2024/25 and Draft Capital, Treasury and Investment Strategy 2025/26	4
8.	Consolidated income and expenditure – 1 April to 31 December 2024 actual and 2024/25 forecast outturn	5
9.	Standing Orders Relating to Contracts	6
10.	Internal Audit Strategic and Annual Plans 2025/26	6
11.	Implementation of internal audit recommendations - Summary of progress	7
12.	Code of Practice on good governance for Statutory Officers	7
13.	Corporate Risk Register	7
14.	Other items of business	8
15.	Formal questions	8
16.	Date of next meeting	8

### Present

Siân Limpenny – in the Chair, Harry Blathwayt, Tony Grayling, Paul Hayden, Gurpreet Padda and Michael Scott.

### In attendance

Jason Brewster – Governance Officer, Emma Krelle – Director of Finance, Izabela Foley – Senior Accountant (for items 8 and 11), John Packman – Chief Executive, David Riglar – Ernst

& Young External Auditor (for item 5), Teresa Sharman – Head of Internal Audit (for item 10) and Sara Utting – Senior Governance Officer.

## 1. Apologies and welcome

The Chair welcomed everyone to the meeting. The Chair noted that this was the Senior Governance Officer's (SGO's) last meeting before she left the Authority to take early retirement. The Chair thanked the SGO on behalf of the committee for the support she had provided to the committee and added a personal thank you for the efforts the SGO had made to welcome the Chair to the Authority as a new member.

**Apologies** were received from Alan Goodchild and Tristram Hilborn.

### 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 indicated that 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. Minutes of last meeting

The minutes of the meeting held on 27 November 2024 were approved as a correct record and signed by the Chair.

## 5. Annual Audit Results 2023/24

The External Auditor (EA) introduced the audit results report for financial year 2023/24 and the associated draft letter of representation. The EA provided an update on the status of the audit since the report was authored indicating that payroll expenditure testing, inventory testing, creditors testing, journal entry testing and income testing had all completed with nothing further to report other than the previously disclosed finding for inventory. These changes would be included in an updated version of the Annual Audit Results which would be available to be signed-off before the 2023/24 audit backstop date of 28 February 2025.

The EA indicated that the audit results contained a new appendix A (contained within Appendix 1 of the report) that was intended to track progress, over upcoming audits, in addressing the disclaimed audit opinion for financial year 2022/23. This appendix provided an assurance rating for each account area and all those areas with a partial assurance rating had their opening balance derived from the non-assured closing balances from financial year 2022/23. Although this had not happened on this occasion, the intention was to regain full assurance on the opening balances over subsequent audits and transition all the account areas to an assurance rating of substantial.

Guidance for addressing the local audit backlog, as provided by the National Audit Office, Chartered Institute of Public Finance and Accountancy and Public Sector Audit Appointments, suggested that its resolution was expected to take five years and was dependent on other measures associated with local audit reform as set out in [A strategy for overhauling the local audit system in England](#) (published by the Ministry of Housing, Communities and Local Government in December 2024).

In response to a question the EA indicated that the plan was to regain assurances on the opening balances in three years assuming other measures associated with local audit reform were delivered and if this assumption proved incorrect it would take four years.

A Member welcomed the correction associated with an overstatement of expenditure by approximately £87,000 and wondered how the resulting adjustment had been apportioned between the discrete National Park and Navigation reserve accounts. The Director of Finance explained that the technical problem associated with this correction had been resolved and confirmed that £53,000 had been transferred to the Navigation reserve (the remainder to the National Park reserve).

Members were disappointed with the progress made on the audit especially as the EA's update at the Risk, Audit and Governance (RAG) Committee meeting on 23 July 2024 had indicated that the audit was approximately 70% complete. Despite the verbal updates provided by the EA there were still a number of outstanding audit items and a Member asked whether there was anything else required from the Authority to complete those items. The EA responded that the Authority had provided all the evidence requested and the main issue for the Authority was that the audit backstop date had curtailed the necessary work required to assure the 2022/23 balances. In addition, the auditor was awaiting further guidance on how best to assure the 2022/23 balances in a manner that was consistent across this audit sector. A Member suggested that the Authority write a formal letter to the auditor to register the Authority's dissatisfaction with progress on the 2023/24 annual audit. Other Members were supportive and it was agreed that a letter be drafted, on behalf of the Chair of the RAG Committee and the Chair of the Authority, and sent to the auditor and copied to Public Sector Audit Appointments, registering the Authority's dissatisfaction with the progress on the 2023/24 annual audit.

Members were concerned that the numerous partial assurance ratings contained within the 2023/24 audit results could be perceived, incorrectly, as a failure on the part of the Authority and not as a consequence of the legislative process associated with addressing the audit

backlog. Members noted that there would be other Local and National Park Authorities in a similar position and it was agreed that communications would be prepared in advance of the publication of the audit results. These communications would emphasise that the 2023/24 audit results reflected the legislative process associated with the audit backlog and were not due to any limitations or omissions on the part of the Authority.

**The report was noted.**

## 6. Statement of Accounts 2023/24

The Director Finance (DoF) introduced the report that provided an update on the Authority's Statement of Accounts for the year ended 31 March 2024. Since the draft Statement of Accounts 2023/24 was reported to committee on 23 July 2024 adjustments to the outturn, due to a number of incorrectly processed accruals, had been applied giving an overall consolidated surplus of £5,662. These adjustments had resulted in a surplus for National Park of £88,839 and a deficit for Navigation of £83,177.

The DoF highlighted Table 1 Summary Income and Expenditure 2023/24, Table 2 Summary of adjustments and Table 3 Detailed adjustments of the report and explained that further changes had been identified by the audit as detailed in the disclosure notes. Since the report was authored another disclosure note had been identified that related to a subsequent audit/revaluation of the Norfolk Pension Fund since the accounts had been drafted which required a further adjustment to be applied to the accounts. This change related only to assets and would not impact the balance sheet.

The DoF indicated that in order to comply with the 2023/24 audit backstop date of 28 February 2025, a change to the approval process for the 2023/24 Statement of Accounts had been made. The Broads Authority, at its meeting on 24 January 2025, had delegated authority to the DoF in consultation with the Chair of the Authority to approve the 2023/24 Statement of Accounts.

There was a discussion concerning contingent liabilities during which the Chief Executive provided an update on the removal of abandoned vessels from the navigation area.

**The report and Statement of Accounts were noted.**

## 7. Investment Strategy and Performance Report 2024/25 and Draft Capital, Treasury and Investment Strategy 2025/26

The Director of Finance (DoF) introduced the report which detailed the Broads Authority's investment of surplus cash, including the investment principles adopted and performance during the nine months to 31 December 2024 and the draft Capital, Treasury and Investment Strategy 2024/25.

The DoF indicated that table 1 of the report provided a summary of investment holdings for financial year 2024/25 up to 31 December 2024. Interest rates had fallen at a slower rate than previously expected and interest earned was greater than the budgeted amount. The DoF

would provide an update on the forecast for interest at the next Broads Authority meeting on 14 March 2025.

The Draft Capital, Treasury and Investment Strategy provided a number of prudential indicators and the capital finance requirement for 2025/26. The DoF indicated that the Authority was waiting for Defra to confirm the 2025/26 National Park grant. There was a risk that Defra could choose to provide an element of the grant for capital spending and this could require the strategy to be revised. This strategy would need to be approved, before the start of the 2025/26 financial year, at the Broads Authority meeting on 14 March 2025.

In response to a question the DoF indicated that the Authority's budget had assumed a flat cash grant for 2025/26 which was consistent with the experience of recent years. She added that capital grant funding was problematic as it required additional planning, required some revenue funding and larger capital projects could not be completed within the requisite financial year. The Chief Executive added that this form of funding was not helpful as the local government framework, that the Authority operated within, precluded using capital to fund the necessary maintenance of the Broads and the navigation system.

A Member noted that the investment strategy was predicated on investments being held for less than a year and Members asked if longer term investments could be considered. The DoF confirmed that none of the Authority's current investments extended beyond six months and that, given the uncertainty regarding funding for 2025/26 and beyond, it was prudent not to tie funds up for longer periods. The DoF explained that when Defra provided an indicative three year grant allocation it included a disclaimer that enabled the allocation to be amended during its lifetime. The Chief Executive highlighted that the Authority was dealing with long-term issues, such as maintenance of the navigation, improving biodiversity and addressing climate change, which required planning over 5 to 10 years while the funding model could only provide certainty for two or three years at best.

Members wondered whether there was anything that could be done to improve Defra's understanding of the challenges posed by the current funding model. The DoF noted that the Parliamentary Under-Secretary of State (Minister for Nature) had only visited one of the National Park Authorities and Members supported extending an invite to the Minister of Nature at the earliest mutually convenient opportunity.

Tony Grayling proposed, seconded by Gurpreet Padda

**It was resolved unanimously to recommend the Draft Capital, Treasury and Investment Strategy to the Broads Authority for approval.**

## **8. Consolidated income and expenditure – 1 April to 31 December 2024 actual and 2024/25 forecast outturn**

The Senior Accountant (SA) presented the report which detailed actual income and expenditure for the nine month period to 31 December 2024, and a forecast of the projected expenditure at the end of the financial year (31 March 2025).

The SA indicated that since the report had been published the following income figures in section 2.1 of the report had been revised. Hire Craft Tolls was £30,687 rather than £37,527 as stated in the report and Private Craft Tolls was £101,320 instead of the previously stated £101,190.

**The report was noted.**

## 9. Standing Orders Relating to Contracts

The Director of Finance (DoF) presented the report which detailed changes to the Standing Orders Relating to Contracts (SORC) required to meet new rules associated with the Procurement Act 2023 and The Procurement Regulations 2024 that would come into effect from 24 February 2025. Section 2 of the report provided a summary of the changes applied to the SORC the most significant of which was the transition from Most Economically Advantageous Tenders (MEAT) to Most Advantageous Tenders (MAT). This reflected a change in priorities when contracts were awarded whereby price was not the determining factor and other considerations over the life of the contract would be taken into account. The updated SORC with changes marked was available in Appendix 1 of the report. The new regulations required contract limits to include VAT however not all the amount references within the SORC had been amended to reflect this change. The DoF indicated that where section 30 referred to £100,000 this would be updated to correctly state £120,000.

Paul Hayden proposed, seconded by Michael Scott

**It was resolved unanimously to approve the updated Standing Orders Relating to Contracts.**

## 10. Internal Audit Strategic and Annual Plans 2025/26

The Head of Internal Audit (HoIA) provided a verbal update on planning for the Authority's Internal Audit for financial year 2025/26. The HoIA explained that previously internal audit had focussed on areas of the organisation on a cyclical basis. The intention was to adopt an approach for 2025/26 that maintained a focus on risk and governance and provided time to audit areas more aligned to the strategic objectives of the Authority. The Audit Strategy would be updated to reflect the inclusion of the wider strategic objectives of an organisation and incorporate a move to data driven audits and considerations for data analytics and Artificial Intelligence. The strategy would need to reflect the needs of all the members of the consortium and it was not anticipated being available in time for the next committee meeting on 22 July 2025.

The Audit Charter had been updated to reflect recent changes to internal audit standards, following a new template available from the internal audit professional body, and would be available at the next committee meeting on 22 July 2025.

In response to a question the HoIA confirmed that the scope of the 2025/26 internal audit would be agreed first with the Director of Finance (DoF) and the Management Team and the associated Audit Plan and Audit Charter would be reported to committee at the meeting on 22 July 2025.

A Member asked whether the production of the audit plan at the start of the second quarter would jeopardise the timely delivery of the annual audit results. The HoIA responded that very little audit work was undertaken during the first quarter. The DoF added that the first quarter was a busy time for the wider organisation and that the audit plan would seek to avoid overloading this resource.

**The update was noted.**

## 11. Implementation of internal audit recommendations - Summary of progress

The Senior Accountant (SA) introduced the report summarising progress in implementing Internal Audit recommendations arising from audits performed during 2020/21, 2022/23, 2023/24 and 2024/25. Since the previous meeting, the Key Controls audit had completed in December 2024 and achieved a “substantial assurance” audit opinion with no further formal recommendations. Audits on Cyber Security and Corporate Governance and Risk had both completed and the Authority was awaiting both audit opinions. Recommendation 1 Health and Safety at Work policy, from the 2020/21 audit result for Corporate Health and Safety, had been completed in December 2024. Recommendation 4 from the Port Marine Safety Code audit in 2023/24 would not progress until the Maritime and Coastguard Agency had responded and there was no indication of when their response would be issued.

In response to a question the SA confirmed that in relation to Recommendation 3 Pilotage, Port Marine Safety Code June 2021, the intended timetable date was summer 2025 and not 20 February 2025 as stated in Appendix 1 of the report.<sup>1</sup>

**The report was noted.**

## 12. Code of Practice on good governance for Statutory Officers

The Senior Governance Officer introduced the report that provided a review of the Authority’s governance arrangements in light of a recently published Code of Practice on Good Governance for Local Authority Statutory Officers produced by SOLACE (Society of Local Authority Chief Executives), CIPFA (Chartered Institute of Public Finance and Accountancy) and LLG (Lawyers in Local Government). The report concluded that there were no issues of concern or areas for improvement.

**The report was noted.**

## 13. Corporate Risk Register

The Senior Governance Officer (SGO) introduced the report which provided the latest version of the Corporate Risk Register (CRR) with changes marked since the previous meeting. The

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<sup>1</sup> Since the meeting the Head of Ranger Services had indicated that the estimated timetable date was 1 June 2025

SGO confirmed that the feedback provided at the previous meeting had been incorporated into the CRR as detailed in sections 2.4 and above of the report.

A Member noted that risks 2 and 5 had scores below the CRR threshold (of 16) and had been below this threshold for a significant period of time. Both these factors indicated that these items were being managed as business as usual and they no longer needed to be included in the CRR.

A Member asked whether the CRR could, on occasion, be included earlier in the agenda. Members were supportive of this request noting that the inclusion of the CRR earlier in the agenda could help frame and provide context to discussions associated with subsequent items. It was agreed to include the CRR as the first item on the agenda at the next meeting.

**The updated Corporate Risk Register 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 Risk, Audit and Governance Committee meeting would be on **Tuesday 22 July 2025** at Yare House, 62-64 Thorpe Road, Norwich, commencing at 10.00am.

The meeting ended at 11:27am.

Signed by

Chair