Please note these are draft minutes and will not be confirmed until the next meeting.

Risk, Audit and Governance Committee

Minutes of the meeting held on 21 July 2026

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.	Draft Statement of Accounts 2025/26	2
6.	Investment Strategy and Performance Annual Report 2025/26	3
7.	Internal Audit Annual Report and Opinion 2025/26	4
8.	Internal Audit Annual Plan 2026/27	5
9.	External Audit	5
10.	Annual Governance Statement 2025/26 and Code of Corporate Governance 2026	7
11.	Corporate Risk Register	8
12.	Implementation of Internal Audit Recommendations: Summary of progress	9
13.	Other items of business	10
14.	Formal questions	10
15.	Date of next meeting	10

DRAFT

Present

Tristram Hilborn – in the Chair, Harry Blathwayt, Tony Grayling, Gail Harris, Curig Johnston, Tim Munday and Matthew Shardlow.

In attendance

Jason Brewster – Governance Officer, Emma Krelle – Chief Executive and Director of Resources, Izabela Foley – Senior Accountant, David Riglar – Ernst & Young External Auditor, Teresa Sharman – Head of Internal Audit and Lorraine Taylor – Head of Governance.

Please note these are draft minutes and will not be confirmed until the next meeting.

1. Apologies and welcome

The Chair welcomed everyone to the meeting.

Apologies were received from Alan Goodchild and Siân Limpenny

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

No additional declarations of interest were declared.

3. Items of urgent business

There were no items of urgent business.

4. Minutes of last meeting

The minutes of the meeting held on 24 February 2026 were approved as a correct record and signed by the Chair.

5. Draft Statement of Accounts 2025/26

The Senior Accountant (SA) introduced the report that provided an update on the Broads Authority's Draft Statement of Accounts (SoA). She explained that there were a couple of changes to the compilation of the SoA compared with previous years. The first related to the re-organisation of the Authority in response to 2025/26 Grant settlement which resulted in the removal of a directorate and the re-allocation of the orphaned areas between the two remaining directorates. To enable a comparison between the 2025/26 and 2024/25 financial years, the directorate related 2024/25 figures had been revisited to reflect the directorate groupings following the 2025 re-organisation. The second related to the CIPFA Code of Practice on Local Authority Accounting which, for the 2025/26 financial year, had introduced a five-year revaluation cycle for non-investment assets, requiring them to be indexed in the intervening years. Non-investment assets included other land and buildings, vehicles, plant, furniture and equipment, surplus assets and right-of-use assets measured at current value. Assets previously valued prior to 1 April 2025 remained valid and would be revalued on the new terms within the five year maximum period permitted.

Since the surplus was reported at the Broads Authority meeting on 15 May 2026, the SA confirmed that it had increased by £3,148 and stood at £232,715.

The SA highlighted Table 1 Summary Income and Expenditure 2025/26, Table 2 Summary of adjustments and Table 3 Detailed adjustments of the report and then explained the most significant adjustments.

As in previous years, the staff pension fund accounted for most of the figure shown under Employee expenses. The SA indicated that this adjustment might vary between the draft and final versions of the Statement of Accounts due to the Norfolk Pension Fund being audited during the intervening period resulting in the finalisation of these figures.

Table 2 Summary of adjustments included an entry for Amounts included in Table 1 not in the Comprehensive Income and Expenditure Statement. The SA explained that the main adjustment to this entry was the removal of the DEFRA grant interest and investment income and interest payable. These items were added back in table 3 under the other operating expenditure, finance and investment income and government grants entry. Further adjustments related to the accounting treatment of capital expenditure and reserve expenditure.

A Member noted the large variance between the Navigation Reserve and the National Park equivalent and asked whether the Navigation Reserve was adequately funded. The Director of Resources explained that both reserves had a minimum of 10% applied with the National Park adding a further £100,000 to complete its minimum target hence the variance between the two figures. Both minimum reserve levels had been reassessed just after COVID to ensure they were sufficient which concluded they were both adequate.

The report and Draft Statement of Accounts were noted.

6. Investment Strategy and Performance Annual Report 2025/26

The Senior Accountant (SA) introduced the report setting out details of the Authority's investment of unallocated cash, including the investment principles adopted and performance during the twelve months to 31 March 2026.

Given the relative stability of interest rates, there had been no major changes over the year.

The Chair of the Risk, Audit and Governance Committee reminded Members that the intention was to identify a Treasury Management provider once the new Chief Executive was in position from August 2026. The Director of Resources (DoR) added that she would like to report progress on this matter at the next meeting with the intention of incorporating any revisions into the Draft Treasury Strategy to be reported to the committee in February 2027.

A Member questioned the efficacy of the large balance held in the Instant Access account with its lower interest rate (Table 1 of the report). The DoR explained that this high balance

reflected the uncertainty regarding the National Park Grant payment; the first instalment was due in April 2026 and only 50% had been received in early July 2026.

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

7. Internal Audit Annual Report and Opinion 2025/26

The Head of Internal Audit (HoIA) gave a summary of the report, highlighting an overall 'reasonable' opinion (positive) on the framework of governance, risk management and control at the Authority. The HoIA caveated this opinion given the small number of audits undertaken and the variance in the audit findings. For example, one area's control environment was okay whereas another was not; based on this evidence it was difficult to conclude whether control environments were consistently applied across services areas within the Authority.

The HoIA highlighted the performance of the audit contractors who had not met their targets for several of the KPIs this year. These KPIs reflected the experience of the consortium as a whole and did not reflect the Authority's experience, which was more positive. This positive experience with the audit contractors had enabled the Director of Resources to agree to the Authority paying the full quality payment to the contractor.

The HoIA indicated that, although extending the consortium's auditor contract beyond 31 March 2027 would be easier, a new contract would more likely be procured through competitive tender.

Since the report had been authored, the HoIA had completed a gap analysis against the Global Internal Audit Standards in the UK Public Sector in relation to the Quality Assurance and Improvement Programme. The resulting action plan would be reported to the Risk, Audit and Governance Committee at a future meeting.

In response to a question the HoIA confirmed that the full quality payment to the contractor equated to 10% of the audit cost and that other consortium members, whose audit experience was not as positive as the Authority's, only paid 5%.

A Member asked whether the management action plan implementation dates could be aligned with the Authority's committee calendar to ensure more timely reporting of progress. The Director of Resources explained that the deadline for an action was dependent on the priority of the recommendation. The HoIA added that the implementation dates were intended to be realistic and reflect the capacity of the areas involved, although these areas would be challenged if dates appeared to be drawn out for no reason.

The report was noted with particular consideration given to:

i. **The 'Reasonable' audit opinion given in relation to the framework of governance, risk management and control for the year ended 31 March 2026**

ii. **The opinions expressed together with significant matters arising from internal audit work and contained within the report should be given due consideration when developing and reviewing the Authority's Annual Governance Statement for 2025/26**

iii. **the outcomes of the Internal Audit's performance measures and the Quality Assurance and Improvement Programme.**

8. Internal Audit Annual Plan 2026/27

The Head of Internal Audit (HoIA) presented the report which covered the Internal Audit Plan 2026/27. The plan proposed auditing three areas of the Authority: Net Zero, an area deferred from the 2025/26 audit, Disaster Recovery and Treasury Management. The HoIA indicated that, given the outstanding work raised in agenda item 2 regarding Treasury Management, and following discussions with the Director of Resources it was proposed to delay auditing Treasury Management until a later date and replace it with Procurement.

A Member asked whether it would be beneficial to continue with the Treasury Management audit in light of the plan to identify a Treasury Management provider before the next meeting. The Director of Resources believed it would be premature to audit this area before the new Treasury Strategy was established for 2027/28.

A Member asked what assurances had been taken over the use of Artificial Intelligence (AI) during the audit. The HoIA explained that the audit contractors were required to ensure systems and controls were in place to ensure that any AI generated output was reviewed.

Regarding the proposed Net Zero audit, a Member asked whether this had been undertaken for other councils and he emphasised the need to ensure the Authority's monitoring and control were adequate. The HoIA explained that the audit contractors would scope the audit which would be tailored to ensure that the Authority's Net Zero targets were consistent with the appropriate regulations and legislation.

Matthew Shardlow proposed, Gail Harris seconded

It was resolved unanimously to revise the Internal Audit Plan 2026/27 and replace the proposed audit of Treasury Management with Procurement instead.

Tim Munday proposed, Matthew Shardlow seconded

It was resolved unanimously to approve, subject to the agreed change, the Internal Audit Plan 2026/27.

9. External Audit

The External Auditor (EA) introduced the report on the Audit Plan for 2025/26. The EA directed Members to pages 5 and 6 of Appendix 1 of the report which outlined the Ministry of Housing, Communities and Local Government's approach to rebuild assurance across the local audit system.

The EA reminded Members that the Authority had received a qualified, rather than disclaimed, opinion for the 2024/25 audit reflecting the progress achieved to provide assurance over a number of the non-assured closing balances from financial year 2022/23. This outcome showed the Authority to be in a good position especially when measured

against other Local Authorities. The 2025/26 Audit Plan included further work to rebuild assurances regarding the non-assured closing balances from financial year 2022/23

The EA provided an overview of the audit risks and areas of focus for 2025/26 (pages 8-9 of Appendix 1 of the report) which were consistent with previous audit plans. The audit plan reflected work to ensure the Authority was compliant with a change to the CIPFA Code of Practice on Local Authority Accounting which, for the 2025/26 financial year, had introduced a five-year revaluation cycle for non-investment assets, requiring them to be indexed in the intervening years. Additional audit work was planned regarding the pension valuation reflecting the first year following a triennial valuation.

The EA indicated that the Authority Materiality for 2025/26 was consistent with previous years (page 9 of Appendix 1 of the report), there was no change to the Value For Money scope (page 10 of Appendix 1 of the report) and no risks that needed to be identified or reported to the committee at this stage.

The EA highlighted the timeline (page 29 of Appendix 1 of the report) would be one month in advance of the previous audit reflecting the earlier back-stop dates towards the end of the first phase of the local audit reset; the back stop dates for both 2026/27 & 2027/28 would be two months earlier on 30 November 2027 and 2028 respectively.

In response to a question the EA confirmed that it would not be possible for the Authority to receive an unqualified opinion for the 2025/26 audit as the work to finalise the closing balances, those not fully assured since 2022/23, would technically require a further two years of movements to fully assure them. The expectation was that the 2025/26 and 2026/27 audit opinions would both be qualified and the earliest opportunity for an unqualified opinion would be the 2027/28 audit. The auditor was working with various stakeholders to determine if there was a mechanism to fully assure the balances in a shorter time period although two years was consistent with comparative situations in other sectors.

A Member noted the auditor's £76,000 scale fee and asked whether there were any anticipated additional fees for the 2025/26 audit and how the Authority would be notified of them? The EA explained that the scale fee was determined by the Public Sector Audit Appointments (PSAA) contract which included provision for a scale fee variation depending on the audit submission. For the 2025/26 audit, the change to the CIPFA accounting standards were significant and would determine a scale fee variation. The other area that could trigger additional scale fee variations would be whether the issues and errors raised during the audit warranted additional work to mitigate them. The scale fee variations would be submitted to the PSAA and the Director of Resources would be copied into this email.

The Member asked for further information regarding auditing compliance with the CIPFA change to a five-year revaluation cycle for non-investment assets and in particular the indexation to be applied in the intervening years. The EA confirmed that the indexation would only apply to those assets to be revalued during the financial year 2025/26. Valuation was a standard auditing risk which was simplified with the introduction of this new CIPFA rule as the test was purely to ensure that the indexation had been applied appropriately; was the index

reasonable and had it been calculated correctly. CIPFA had provided guidance on what constituted reasonable indexation which was not prescriptive and the choice of indexation was at the discretion of the Local Authority (LA). The auditor, when evaluating the indices used by the Authority, would be pragmatic and would, where appropriate, expect the choice of index to be informed by a valuer.

A Member required more information regarding the area of focus relating to the risk of fraud through inappropriate capitalisation of revenue expenditure; he wanted to know was this focus specific to the Authority and what sort of rules and/or judgements would be applied. The EA responded that this was a common focus area for most LAs as capital reserves are usually quite significant and presented an opportunity to capitalise what should be revenue costs, impacting an LA's revenue funds via the capital route. The associated audit would utilise larger sample sizes, with each individual item tested for compliance with the CIPFA code and the CIPFA capital regulations. The allocation of staff costs to capital projects could prove challenging although it was possible given robust systems for time recording.

The Member asked whether there were further capitalisation opportunities that the Authority could pursue. The Director of Resources believed the Authority had exploited every opportunity for capitalisation especially given the restrictions associated with Defra capital grants.

The Member asked why the audit had to cater for possible misstatements. The EA responded that this was partly due to the complexity of the financial reporting framework and the changing nature of this framework. It was to be expected that any change to the framework, such as the CIPFA change for five-year revaluations, would take time to become routine within an organisation. The EA reminded Members that once the local audit reset had completed the focus would become one of reforming the local audit system. These reforms provided the possibility of simplifying the financial reporting framework to be more appropriate for organisations like the Broads Authority.

The Audit Plan 2025/26 was noted.

10. Annual Governance Statement 2025/26 and Code of Corporate Governance 2026

The Head of Governance (HoG) introduced the report that demonstrated how the Authority was complying with the principles of good governance and included the Annual Governance Statement 2025/26 and Code of Corporate Governance 2026. The HoG confirmed that, in keeping with section 15 of the Accounts and Audits regulations this document had been published on the Authority's website.

The HoG drew Member's attention to the work to improve stakeholder engagement, page 15 of Appendix 1 of the report. This work would be discussed with the new Chief Executive when she was in post.

Given the findings reported in the Internal Audit Annual Report and Opinion, a Member questioned whether this report's conclusion, which stated no significant governance weaknesses had been identified, was correct. The HoG responded that work had been completed to address some of the internal audit recommendations and detailed action plans were in place to address the remaining recommendations. The Director of Resource added that this conclusion was consistent with the Head of Internal Audit's overall 'reasonable' opinion (positive) for the 2025/26 Internal Audit.

Curig Johnston proposed, Tony Grayling seconded

It was resolved unanimously to recommend the Annual Governance Statement 2025/26 to the Broads Authority for approval and note that the Authority's systems of governance and internal control were considered to be adequate and effective.

11. Corporate Risk Register

The Head of Governance Officer (HoG) introduced the report which provided the latest version of the Corporate Risk Register (CRR) with changes marked since the previous meeting. The business continuity plan, as part of Risk 1 Loss of key staff, had been fully reviewed and would be reviewed once again when the new Chief Executive was in post in August 2026. As agreed at the previous meeting, the score for Risk 4, Failure to meet statutory purposes or requirements of other relevant legislation, had been revised up to nine.

A Member, noting last winter's saline incursions and its impact on operational work, the extreme temperatures and related incidents this summer and the resulting low water levels and the predicted increasing frequency of these types of events, wondered why climate change was not on the CRR; the Authority risked reputational harm from not being seen to actively respond to these events. The HoG responded that various mitigations to climate change were listed on the Directorate Risk Registers. The Member acknowledged this but believed that these discrete risks failed to reflect the aggregated risk associated with Climate Change which would warrant an entry in the CRR. Other Members supported an evaluation of Climate Change for possible inclusion on the CRR. A Member was concerned about how this Climate Change entry would be perceived by the public, for example regarding the Authority's responsibility regarding flooding. Another Member highlighted the difficulty of targeting the specifics of climate change such as temperature and water levels. A Member suggested the risk should encapsulate the Authority's failure to adapt to climate change. Another Member asked for this risk to cover the impact to the Authority's objectives, the threat to the Authority's assets, the risk to the biodiversity of the Broads and the role of other stakeholders in addressing these risks.

A Member asked, in the context of Risk 9, Devolution and Local Government Reorganisation, whether the Authority had a plan regarding Local Government Reorganisation (LGR). The HoG responded that the expectation was that LGR would amend the Norfolk and Suffolk Broads Act to reflect the new unitary authorities from which members of the Authority would be appointed. The Director of Resources explained that some of the other English National Parks had been impacted by a similar LGR which had resulted in no change to the number of

members appointed from the neighbouring Local Authorities. Given recent announcements of legal challenges to LGR from both Norfolk and Suffolk County Councils, the HoG believed it would be premature to formulate any further plans and a watching brief would continue.

The updated Corporate Risk Register was noted.

12. 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 2023/24, 2024/25 and 2025/26. Since the previous meeting, the remaining work regarding the recommendation associated with the Port Marine Safety Code (PMSC) audit 2023/24 had been completed as indicated in table 1 of Appendix 1 of the report. The Authority's Ports & Marine Facilities Safety Code (PMFSC), which had replaced the PMSC, had been approved by the Maritime and Coastguard Agency and the Authority was now listed as compliant with the PMFSC. Work to embed Member attendance into the annual review process had finished which completed the recommendations for Corporate Governance and Risk Management from the 2024/25 internal audit, as indicated in Table 2 of Appendix 1 of the report. Regarding the final recommendation associated with the 2024/25 internal audit, namely Cyber Security Maturity Assessment as indicated in table 3 of Appendix 1 of the report, further progress had been made although work had been delayed due to staff sickness.

The 2025/26 audits had completed with Tolls System and Income Collection achieving a "substantial" audit opinion and both Corporate Governance and Risk Management and Planning and Enforcements achieving "reasonable assurance" audit opinions. There were no recommendations regarding Tolls System and Income Collection. There was one "important" and two "routine" recommendations associated with Corporate Governance and Risk Management which were due to be completed by the end of July 2026. Planning and Enforcement had received three "important" and one "routine" recommendations of which the "routine" recommendation had been completed and the remaining three action plans were anticipated to complete before the end of the year.

In response to a question the Head of Governance acknowledged that the Authority's organisational changes in response to the National Park Grant settlement had tested people's resilience and things did get dropped or missed as a consequence. She believed the planning training was in place and that the area's performance was better aligned with previous years.

A Member noted the response regarding the Habitats Regulations Assessment (HRA) recommendations arising from the Planning and Enforcement audit. Given the evidence stated in the Internal Audit report at item 7 on the agenda, he believed the problem was symptomatic of a wider failure across the Authority to implement HRAs effectively. The Member asked what work had been undertaken to ensure that HRAs were considered for all work performed by the Authority's operations area. The Director of Resources (DoR) confirmed that the HRA guidance had been approved by the Management Team, which

included the Director of Delivery, had been published prior to the audit and was being used across the organisation. The Head of Governance added that the Authority's use of HRAs had been discussed during the collation of the Annual Governance Statement where both the Head of Planning and the Ecology & Design Manager had provided assurances that HRAs were being correctly implemented. The DoR agreed to provide further information regarding the provenance of the HRA advice and the quality of assurance for the resulting HRAs produced by the Authority.

A Member asked whether the delay in completing the Cyber Security Maturity Assessment recommendation created any extra risk for the Authority. The DoR explained that the outstanding action was a routine review of cyber security arrangements for IT procurement. The Authority was awaiting advice and guidance from Government Security Centre for Cyber as per a previously agreed Statement of Works. The procurement framework set standards for companies supplying IT services and the DoR did not believe there was a gap in the IT supply chain security.

The report was noted.

13. Other items of business

The Chair raised an item of urgent business for consideration pursuant to Section 100B (4) (b) of the Local Government Act 1972 which was in connection with the investigation or prosecution of crime and would require the public to be excluded. To facilitate this exclusion, it was proposed to complete the existing agenda and discuss this exempt item as item 16. The Committee agreed to exclude the public from the meeting for item 16 under section 100A of the Local Government Act 1972 for consideration of the item 16 on the grounds that they involved the likely disclosure of exempt information as defined by Paragraph 7 of Part 1 of Schedule 12A to the Act as amended, and that the public interest in maintaining the exemption outweighs the public benefit in disclosing the information.

14. Formal questions

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

15. Date of next meeting

The next Risk, Audit and Governance Committee meeting would be on **Tuesday 24 November 2026** at Yare House, 62-64 Thorpe Road, Norwich, commencing at 10.00am.

The Senior Accountant left the meeting.

The meeting ended at 11:33am.

Signed by

Chair