

Risk, Audit and Governance Committee

Minutes of the meeting held on 25 November 2025

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Present

Tristram Hilborn – in the Chair (from item 3), Harry Blathwayt, Gail Harris, Siân Limpenny, Gurpreet Padda (from item 8) and Matthew Shardlow.

In attendance

Jason Brewster – Governance Officer, Emma Krelle – Director of Resources, Izabela Foley – Senior Accountant, John Packman – Chief Executive – in the Chair (items 1-2), David Riglar –

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Ernst & Young External Auditor, Teresa Sharman – Head of Internal Audit and Rob Thomas – Head of Governance.

1. Apologies and welcome

The Chief Executive, as acting Chair, welcomed everyone to the meeting. The Chair noted that this was Gail Harris' first meeting as a Secretary of State appointee to the Broads Authority; Gail had previously been a member of this committee as a former Norwich City Council appointee to the Broads Authority.

Apologies were received from Alan Goodchild, Tony Grayling, Curig Johnston and Tim Munday.

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. Appointment of Chair

The Acting Chair explained there had been a mistake in the papers where the seconders for the Chair and Vice-Chair had been transposed: Harry Blathwayt had seconded Tristram Hilborn as Chair of the committee and Tony Grayling had seconded Siân Limpenny as Vice-Chair of the committee. This information had subsequently been corrected on the website.

Tristram Hilborn was proposed by Siân Limpenny and seconded by Harry Blathwayt.

Tristram Hilborn was appointed Chair.

3. Appointment of Vice-Chair

Siân Limpenny was proposed by Tristram Hilborn and, in the absence of Tony Grayling, seconded by Harry Blathwayt.

Siân Limpenny was appointed Vice-Chair.

4. Introductions and declarations of interest

No additional declarations of interest were declared.

5. Items of urgent business

There were no items of urgent business.

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6. Minutes of last meeting

The minutes of the meeting held on 23 July 2025 were approved as a correct record and signed by the Chair.

7. External Audit

The External Auditor (EA) introduced the Audit Results 2024/25, Auditor's Annual report (including Value for Money commentary) 2024/25 and the associated draft letter of representation. The Audit Results 2024/25 (Appendix 2 of the report) was the precursor for the other items and the EA highlighted the Executive Summary (Section 01 of Appendix 2) which confirmed that phase two of the work to clear the local audit backlog had commenced while phase three, work to reform the local audit system, remained at an early stage. The EA noted the updated materiality for the draft accounts development and confirmed there were no changes to the scope of the audit. Further work had been undertaken to rebuild assurances regarding the non-assured closing balances from financial year 2022/23 which had resulted in disclaimed opinions for subsequent audits. The level of assurance had improved with only one or two areas remaining where further evidence was required and there was potential to provide a qualified audit opinion on the 2024/25 audit results. The value for money risk assessment had identified no risks of significant weaknesses. Under Audit Differences an audit adjustment of £11,316k had been reported of which £10,800k related to pensions accounting associated with International Accounting Standard 19. This issue, specifically to do with credit ceiling accounting and how this information was reported by actuaries, had created similar problems for other Local Authority audits conducted by the EA. This adjustment would impact unusable reserves.

Audit risks included the standard risks associated with previous audits plus new risks related to the introduction of the IFRS 16 standard and a new valuer for Valuation of Land and Buildings. The final element of the Executive Summary was a new section considering the factors impacting the execution of a smooth audit, expected performance criteria was determined by reference to the Public Sector Audit Appointments (PSAA) contract. The PSAA contract set an extremely high benchmark with very limited to no adjustments to accounts expected, a full set of supporting papers and very few questions. This assessment showed the Authority to be in a good position especially when measured against other Local Authorities.

The Director of Resources (DoR) noted the report's reference to a number of journal postings to the general ledger 2024/25 which had been made by her. She explained this was not a normal occurrence, these postings reflected staff shortages within the Finance Team and these resourcing issues had subsequently been resolved.

In response to a question the EA confirmed that before finalising the 2024/25 audit opinion the EA was awaiting further guidance from key sector stakeholders; there was an ongoing debate within the local audit sector regarding the criteria for issuing a qualified audit opinion and the EA was expecting further sector guidance to clarify this matter to ensure consistency across the sector. If the FRC guidance was not forthcoming in a time consistent with the 2024/25 audit backstop date of 27 February 2026 then, following an internal consultation, the

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audit would be finalised. The EA was confident the level of assurance achieved was consistent with a qualified opinion and the internal consultation would verify this assessment.

The DoR indicated that the Authority had expected, in keeping with previous audits, that the audit results would have been finalised before the next Broads Authority meeting on 28 November 2025. The proposed delay to finalising the audit results meant that the Statement of Accounts (SoA) could not be adopted at the 28 November 2025 meeting and, as the next Authority meeting was after the audit backstop date, the adoption of the 2024/25 SoA would have to be delegated to the DoR and the Chair of the Broads Authority. This delegation would be caveated on the assumption that there were no significant changes to the accounts otherwise the SoA would return to both the Risk, Audit and Governance Committee and the Broads Authority. In response to a question, the DoR confirmed that the letter of representation, Appendix 3 of the report, would be signed at the same time as the SoA was adopted.

A Member wondered whether a change to a disclaimed audit opinion, when the audit was finalised, warranted further input from the RAG Committee before the SoA could be adopted. The EA responded that the proposed qualified opinion was consistent with National Audit Office Local Audit Reset and Recovery Implementation Guidance and that a change to a disclaimer opinion would reflect a problem across all local audits in England and would not be something unique to the Authority. In these circumstances the Member saw no need for further input from the committee.

A Member sought assurance that a non-modified audit opinion could be achieved at some future date. The EA highlighted the work undertaken in this audit and the previous one to provide assurance over a number of the non-assured closing balances from financial year 2022/23. This work had focused on the balance sheet and had provided assurance regarding the year-end figures. The remaining non-assured areas from 2022/23 related to reserves and the valuation of land and buildings. A risk assessment would be undertaken as part of the 2025/26 audit to identify the work required to provide assurance in these areas.

A Member asked why the Authority chose not to correct the understated lease liability due to a negative discount rate. The DoR explained that the valuation of leases factored in the duration of the lease, its market value and whether a contribution to costs was due at the end of the lease. The discount rate was calculated to reflect reducing the lease liability to zero by the end of the lease and ordinarily this would be a positive value. If a contribution to costs was required then this would result in a negative discount rate. Some of the testing performed by the auditors, that extrapolated data supplied by the Authority across all types of leases, highlighted a negative discount rate. The DoR, when using the auditor's discount rate could not achieve a lease liability of zero and, given that it was not a material consideration, it was agreed not to change the figures. The EA confirmed that this was a trivial value when considering the total value of leases and would not recommend changing the accounts in this instance. In response to a question the DoR confirmed that this problem, limited to a number of leases, would not grow over time.

Matthew Shardlow proposed, seconded by Gail Harris

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It was resolved unanimously to recommend to the Broads Authority that the approval of the Statement of Accounts 2024/25 be delegated to the Director of Resources and the Chair of the Broads Authority.

Gurpreet Padda joined the meeting.

8. Statement of Accounts 2024/25

The Director of Resources (DoR) introduced the report which provided an update on the Broads Authority's Statement of Accounts (SoA) for the year ended 31 March 2025 since the draft SoA was reported to the committee on 23 July 2025. There had been no change to the outturn which was a surplus of £585,914. The changes resulting from the audit, as reported in item 7, focussed on the first-time adoption of International Financial Reporting Standards (IFRS) 16 Leases and the change to the pension fund asset ceiling. Table 1 of the report provided an updated summary of adjustments of which the main difference, since previously reported, was the addition of the peppercorn leases in the Government Grants and donated assets row under the column heading Other operating expenditure, finance & investment income and Government Grant. The valuations for leases of this type had been revisited to comply with IFRS 16 and their values had been increased by £7,000. The pension fund issues a year-end report and a discrete report for the associated asset ceiling which was not included in the draft SoA. The format of this latter report for 2024/25 had changed in comparison with its 2023/24 equivalent. Following the inclusion of this information the net pension asset had been reduced by £10,857,000 as shown on the balance sheet (page 19 of Appendix 1).

A Member noted the work required by the Finance Team to incorporate IFRS 16 into the balance sheet and wondered whether this effort would be repeated in future accounts. The DoR explained that the policies and processes regarding these new standards had now been created and improved to reflect the experience gained by the Finance Team. A significant part of the work undertaken to meet the IFRS 16 standard was the identification and valuation of the Authority's existing leases. This work had been completed and the ongoing valuation work would reduce to reflect new leases and the five year valuation cycle.

The report was noted.

9. Consolidated income and expenditure – 1 April to 30 September 2025 actual and 2025/26 forecast outturn

The Senior Accountant (SA) presented the report which detailed actual income and expenditure for the six month period to 30 September 2025, and a forecast of the projected expenditure at the end of the financial year (31 March 2026).

The SA indicated that some report headings had changed to reflect the change in directorates as part of recent organisational changes: previously the directorates were Finance, Strategic Services and Operations, following the re-organisation they were now Resources, Delivery and Chief Executive. The main changes to the latest budget reflected the recruitment of a new Chief Executive and some savings to staff costs due to redundancies. The budget deficit, table

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2 of the report, was £217,887 and the Forecast outturn deficit as at 30 September 2025 was £56,275.

The SA indicated that the total variance stated in table 1 based on the figures at the end of October showed a change from a favourable variance of £516,884 as reported to a favourable variance of £789,841 reflecting changes in actuals during October associated with both the Resource and Chief Executive directorates.

A Member noted the resilience of the short visit tolls income in comparison to both hire and private craft. The Chief Executive (CE) believed this reflected a trend over time away from two week boating holidays to week long breaks and, more recently, breaks of just a few days. This change probably reflected financial pressures within the economy but also people opting to take multiple short breaks rather than one longer holiday.

A Member noted that a proportion of the Authority's capital expenditure was focussed on quarter four and asked whether the Authority had the capacity to achieve this. The CE explained that Defra's reduced revenue funding and increased capital funding posed a challenge to all the National Park Authorities. Given the relatively low numbers of staff, it was difficult to scale up capital spending and ensure it was spent wisely while also contending with a reduction in revenue and a commitment to fulfil a normal programme of work. The Authority was on track to complete its capital programme before financial year end.

The Member asked whether there was a risk, if capital projects failed to deliver within Defra's capital funding window, that the Authority would be left with the funding liability. The Director of Resources (DoR) believed that once a project had started it would be classed as an asset under construction which would continue to meet Defra's funding criteria. The DoR noted a more likely scenario was a capital underspend on a given project. The Authority had listed a number of possible projects and the intention was to redirect any underspend to initiate one of the remaining projects.

The CE indicated that additional capital funding might be available in 2026/27 which resulted in a discussion regarding how best to utilise this capital especially with regard to investing in revenue generating assets and whether capital could be allocated to fund the associated staff costs. There were a number of challenges to be addressed in resolving these matters and Members would be consulted further.

The report was noted.

10. Internal Audit Plan 2025/26 - Update

The Head of Internal Audit (HoIA) presented the report which covered updates to the Internal Audit Plan 2025/26 following discussions at the previous Risk, Audit and Governance Committee meeting on 23 July 2025. Following discussions with the Management Team it had been agreed that audit areas would now include Planning and Enforcement, Risk Management and Governance in conjunction with the previously agreed Toll System and Income collection. The audit of the Toll System and Income Collection area had completed with the majority of the remaining audit days allocated for Planning and Enforcement leaving

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sufficient time to enable the audit of the Risk Management and Governance area (as shown in Appendix 1 of the report).

A Member asked whether there was scope to consider other income collection methods during the Toll System and Income Collection audit. The HoIA confirmed that this audit had been completed and she was not aware that this had been included in the audit scope.

A Member asked whether the Planning and Enforcement audit would include the processing of Habitats Regulations Assessments. The HoIA indicated that this work had not been finalised and she would include this requirement in the audit's terms of reference.

Siân Limpenny proposed, seconded by Matthew Shadlow

It was resolved unanimously to approve the updated Internal Audit Plan 2025/26.

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 2023/24 and 2024/25. Since the report was issued, the 2025/26 audit for Toll System and Income Collection had completed, receiving the highest rated audit opinion of "substantial assurance" and no further recommendations. Since the previous meeting, the recommendations associated with the Cyber Security audit 2024/25 had been completed leaving one outstanding recommendation from the 2023/24 Port Marine Safety Code audit which was planned for completion in the first quarter of 2026.

The Chief Executive provided an update on the work being undertaken by the Tolls Team regarding late payments.

The report was noted.

12. 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 HoG confirmed that, since the last meeting, a number of risks had been updated to reflect feedback raised at the previous meeting and a new risk included for Local Government Reorganisation reflecting its increased risk score. The HoG added that since the report was authored the tasks associated with Risk 4, Failure to meet statutory purposes or requirements of other relevant legislation, would need to be updated to reflect a change in the HoG: the existing Monitoring Officer would continue to be the Authority's legal representative while the new HoG was being trained.

Members highlighted that the CRR did not reflect previous discussions regarding a gap between the Government's ambitions in areas such as conservation, biodiversity and sustainability and the capacity of National Parks and the Broads Authority to deliver.

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Members believed capturing this risk within the CRR could prove helpful, for example in demonstrating a need to use capital funding to purchase more land for improving biodiversity and/or reducing water pollution or highlighting the importance of appropriate funding on the Authority's ability to deliver outcomes that would be beneficial to many stakeholders including Defra. A Member added that the recent extensive saline incursion highlighted an increasing risk to the future biodiversity of the Broads. Members noted that the Authority was not solely responsible for these areas and that it would need to work in partnership with other stakeholders. A Member indicated that the Corry review, an independent review of Defra's regulatory landscape, provided greater support for statutory bodies to work with trusted partners.

The Chief Executive (CE) highlighted the lack of clear targets in the context of these areas, the difficulty in agreeing appropriate targets and that the Authority was not uniquely responsible for these areas. He explained that the Authority had received no uplift in revenue grant funding since 2010/11 which, when adjusted for inflation, equated to a halving of the grant in real terms. He added that following recent work to accommodate the reduced grant settlement and increased national insurance contributions the Authority had little capacity to handle further reductions in funding. A Member suggested that the revised risk score associated with Risk 3, Reduction in income and increase in costs, understated this risk and the CE agreed.

A Member indicated that Dan Corry, the author of Corry review, had been appointed a non-executive director of Defra. She stressed the need for the Authority to continue to monitor the implications of the Corry review and exploit any opportunities or mitigate any risks that arose from this activity. The HoG responded that Risk 4, Failure to meet statutory purposes or requirements of other relevant legislation, had remained on the CRR, despite a revised score below the reporting threshold, partly for this reason. He added that the associated mitigation task of assessing legal compliance had commenced with over 100 items of legislation, believed relevant to the operations of the Broads Authority, identified. The next step was to assess compliance against this legislation early in 2026. A Member highlighted that both the Corry review and the Cunliffe report into the UK's water sector were not legislation however their findings were influential to Defra and for this reason they were important to the Authority.

The CE noted that this was the HoG's last meeting before he left the Authority and wished him well in his new role. The Chair thanked the HoG for his contributions to the Authority.

The report was noted.

13. Corporate Partnerships Register

The Head of Governance Officer introduced the report that provided the latest version of the Corporate Partnerships Register with changes marked since it was last brought to committee on 27 November 2024.

The report was noted.

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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 24 February 2026** at Yare House, 62-64 Thorpe Road, Norwich, commencing at 10.00am.

The meeting ended at 11:24am

Signed by

Chair