

# Risk, Audit and Governance Committee

## Minutes of the meeting held on 27 November 2024

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### Present

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

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## In attendance

Jason Brewster – Governance Officer, Emma Krelle – Director of Finance, Izabela Foley – Senior Accountant, John Packman – Chief Executive – in the Chair (items 1-2), David Riglar – Ernst & Young External Auditor and Sara Utting – Senior Governance Officer.

## 1. Apologies and welcome

The Chair welcomed everyone to the meeting. The Chair noted that this was Harry Blathwayt's first meeting as Chair of the Authority, in which capacity he attended these meetings, and the first meeting for Gurpreet Padda, Norwich City Council appointee to the Broads Authority.

**Apologies** were received from Alan Goodchild, Paul Hayden 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. Appointment of Chair

Tristram Hilborn was proposed by Tony Grayling and seconded by Siân Limpenny.

**Tristram Hilborn was appointed Chair.**

## 3. Appointment of Vice-Chair

Siân Limpenny was proposed by Tony Grayling and seconded by Tristram Hilborn.

**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.

## 6. Minutes of last meeting

The minutes of the meeting held on 23 July 2024 were approved as a correct record and signed by the Chair.

## 7. External Auditors Completion Report 2022/23

The External Auditor (EA) introduced the audit completion report for financial year 2022/23 and the associated draft letter of representation. The EA provided an update on the proposed reset of the local audit system. The required legislation had been delayed by the general election and the resulting change in government. The new government had broadly adopted the previous government's proposals and legislation had subsequently been laid that mandated a statutory backstop date of 13 December 2024 for the publication of audited accounts for financial years up to and including 2022/23. This legislation had not amended the audit standards for backlogged accounts and section 3 of the audit completion report (appendix 1 of the report) detailed the work required to achieve the minimum requirement to provide a disclaimer.

Despite the 2022/23 accounts not being audited, the EA explained that the responsibility to complete the Value for Money (VFM) activity remained. The VFM work was extended to perform some basic tests on the financial statements to ensure they were consistent with the Authority's underlying systems and compliant with the Chartered Institute of Public Finance and Accountancy (CIPFA) disclosure checklist. These tests, which provided a review of the accounts, did not reveal any anomalous transactions. The VFM statement (section 4 within appendix 1 of the report) remained unchanged since the last report (12 March 2024).

The EA confirmed that the disclaimed audit opinion reflected the legislative process and was not due to any limitations or omissions on the part of the Authority.

A Member requested more information regarding the activities that had been undertaken in the absence of a complete audit. The EA confirmed that planning to determine the risks associated with the Authority's financial statements had been undertaken. The procedures to audit those financial statements had not been performed. These procedures involved numerous tests across different transaction lines and main accounts in order to form an opinion as to whether the set of accounts were true and fair. The EA added that the external audit was the final level of assurance regarding the financial management of an organisation. It was not the only assurance though and he indicated there were two other measures. The first was how important the accounts were to that organisation, measured by the resourcing of the finance team. Secondly, the effectiveness of the organisation's IT systems to administer and protect its financial processes. The EA had no issues with the quality of the first two areas within the Authority; this was not always the case with other organisations that the EA had dealings with. The EA reminded Members that the opening balances associated with the 2023/24 accounts would prompt further work regarding the 2022/23 accounts and this assurance work could continue into subsequent financial years.

The Member asked whether the report should have been more transparent regarding the audit activities that were not undertaken. The EA responded that the report was consistent with audit standards and that further guidance on the backlog measures and audit opinions had been provided by the National Audit Office and CIPFA.

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There was a discussion regarding the reasons for the audit backlog and the EA directed Members to the [Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting \(2020\)](#).

A Member asked whether the auditor could be replaced. The Director of Finance (DoF) explained that the auditor was appointed via the Public Sector Audit Appointments (PSAA) body on behalf of local authorities and the Broads Authority. There were only a handful of companies that participated in public sector audits; they represented a subset of companies capable of performing these audits and that the resulting contracts were allocated geographically between the participating audit companies.

There was a discussion regarding the applicability of local authority audit standards to the Broads Authority given its relatively straightforward accounts and small turnover in comparison to other Local authorities. The Chief Executive (CE) highlighted that the audit fees were approaching 0.9% of the Authority's turnover. He indicated that the matter of revising audit standards for National Parks had been raised again with the Ministry of Housing, Communities & Local Government (MHCLG) by the Authority's new Chair when they were appointed. The CE acknowledged that this subject was a low priority for the MHCLG and the Authority would continue to work with local MPs in an effort to progress this matter. It was noted that the ongoing audit backlog would provide further opportunities for a review of audit standards.

Given that the Authority had paid for a full audit of the 2022/23 accounts, Members asked whether a refund would be forthcoming. The EA believed that the PSAA would make these representations.

Members wished to know whether there were any consequences to having a disclaimed set of accounts. The DoF indicated that as part of a Natural England (NE) grant application the Authority had, in the absence of an audited set of accounts, to engage the Internal Auditor to provide the level of assurance required. The EA suggested the Authority notify the PSAA of the extra audit costs associated with the NE grant. The DoF did not expect any further impacts although accepted that some insurance contracts were due for renewal and it was not always transparent why renewal fees had changed.

The DoF indicated that a second version of the draft letter of representation had been circulated to Members and included in the published papers on 25 November 2024. The auditor had subsequently requested further changes in preparation for the Broads Authority meeting on 29 November 2024. Within Section G (Estimates) the sentence "When we have identified a higher risk estimate, we include the following representation(s)" had been removed and both supporting sections 1 & 2 had been updated to refer to property, plant, equipment and the pensions liability.

Members noted that the disclaimed audit opinion was not the fault of the Authority.

**The report was noted.**

## 8. Statement of Accounts 2022/23

The Director Finance (DoF) introduced the report that provided an update on the Authority's Statement of Accounts for the year ended 31 March 2023.

Since the deficit was previously reported to Members on 23 July 2024, the DoF confirmed that it had increased as indicated in section 2.1 of the report due to further accruals. As in previous years, the audit of the Norfolk Pension Fund had taken place since the accounts had been drafted and resulted in the main adjustment.

**The current position regarding the Draft Statement of Accounts for 2022/23 was noted.**

## 9. Consolidated income and expenditure – 1 April to 30 September 2024 actual and 2024/25 forecast outturn

The Director of Finance (DoF) presented the report which detailed actual income and expenditure for the six month period to 30 September 2024, and a forecast of the projected expenditure at the end of the financial year (31 March 2025).

The DoF provided an update based on figures to the end of October 2024. Table 1 had an actual variance of £782,010 which was a reduction of £81,712 since the end of September. The DoF noted this was still a large variance at this stage of the financial year however £328,000 was due to salary variance; the pay award had been finalised, was less than the budgeted amount and salaries would be adjusted, including back dated payments, in December's payroll. Table 3, Adjustments to Forecast Outturn, remained unchanged. Table 4, Consolidated earmarked reserves, had reduced slightly to £3,157,775 due to additional vehicles being delivered in October. Table 5, Prudential Indicators 2024/25, the Capital expenditure figure was due to the new International Financial Reporting Standards (IFRS) 16 that required leases to be included on the balance sheet. These reporting changes were ongoing and due to complete before financial year end.

In response to a question the DoF confirmed that the forecast outturn surplus was split between National Park, £133,807, and Navigation, £209,956.

Members asked whether the National Park (NP) Reserve balance, being above the recommended level, meant there was a surplus that could be utilised for other NP related projects and whether the balance was too high. The DoF explained that there was some uncertainty regarding whether the National Park grant would be maintained for 2025/26 and this uncertainty would continue until Defra completed a spending review to clarify the trajectory of funding for subsequent years. There was also uncertainty regarding the impact of the government's Autumn Budget on NPs' finances. The current figures assumed a static NP grant for 2025/26 and when considering the five-year horizon, the current balance above the recommended level appeared insignificant. A higher than recommended NP Reserve balance would be prudent until the Defra settlement was clarified at the end of March 2025. The Chief Executive (CE) indicated that the Authority had ambitions to undertake further NP related work via partnerships. One example was the Landscape Connections programme in

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conjunction with the National Lottery Heritage Fund which would require the Authority to make a relatively small 5% matched contribution in order to secure new funding of £10 million over ten years.

A Member noted the delays in fulfilling vacancies and wondered whether this was indicative of a problem with the recruitment process or the jobs market. The CE responded that a number of vacancies had been successfully fulfilled this year with some of those people joining from local authorities taking a pay cut to do so. The delay between job offer and people starting with the Authority was to be expected and did provide a financial buffer due to the positive difference between budgeted and actual days worked.

A Member asked whether there was potential for the Authority to support educational programmes and community work in partnership with charitable foundations and trusts. The CE responded that, as a statutory body, the Authority did not have ready access to charitable foundations although he believed that the delivery of the Landscape Connections programme would increase opportunities for working with a range of organisations. The Authority was investigating other funding initiatives through the Broads Charitable Trust which could provide a mechanism for harnessing charitable donations.

**The report was noted.**

## 10. Financial Management Code - Update

The Director of Finance (DoF) provided an update on the action plan associated with the CIPFA Financial Management Code (FMC) since it was last reviewed in July 2023 with Appendix 1 of the report detailing progress on the action plan.

Members welcomed the progress achieved on the Tolls system upgrade and there was a discussion regarding possible enhancements to this system.

A Member asked for clarification regarding reporting to the Management Team on savings greater than £10,000 (under Standard E of Table 2 of the report) and whether this improvement was still relevant. The DoF explained that this report was intended to enable budget holders to report underspends so that these surpluses could be put to use elsewhere in the Authority. In the current circumstances the Authority was using any underspends to reduce navigation charges. The DoF did not believe that this situation would persist indefinitely and could envisage this reporting being utilised for its intended purpose in the future.

**The report 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. The audit of the Farming in Protected Landscapes (FiPL) grant

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programme had completed and the audit of Cyber Security was in progress. Recommendation 5 from the Port Marine Safety Code (PMSC) 2023/24 had been completed and the priority rating for item 2 (Review and Audit) of Farming in Protected Landscapes 2024/25 had been downgraded to routine.

The Chief Executive noted that the FiPL grant programme had received a “substantial assurance” audit opinion which was testament to the hard work of all those involved.

A Member wondered whether the priorities associated with audit recommendations were, upon reflection, accurate and whether the accuracy could be improved. The DoF agreed that there had been a few examples where there had been a disconnect between the priority rating assigned to an audit recommendation and its importance to the Authority, for example the Pilotage recommendation as part of the PMSC 2020/21 audit. The DoF confirmed that the Management Team did review the audit recommendations and had made, and would continue to make, representations to the Head of Internal Audit regarding audit recommendations when inaccuracies were identified.

**The report was noted.**

## 12. Review of Standing Orders for the regulation of Authority proceedings

The Senior Governance Officer (SGO) introduced the report proposing revisions to the Authority’s Standing Orders for the regulation of Authority proceedings. The SGO confirmed that the revisions had been available for review by Members since the report was published for the Broads Authority meeting on 20 September 2024 and no representations had been forthcoming. Members were content with the proposed revisions.

Harry Blathwayt proposed, Matthew Shardlow seconded

**It was agreed unanimously to recommend the Broads Authority adopt the revised Standing Orders for the regulation of Authority proceedings.**

## 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 and indicated that section 2 of the report provided a summary of the changes to the CRR. The SGO highlighted that Risk 10 had been split as per the proposal from the previous meeting on 23 July 2024 and asked for Member feedback regarding whether to remove Risk 9.

Members believed that Risk 9, although its score was low currently, would increase in likelihood as further partnerships were initiated and it was agreed that this risk should remain on the CRR.

A Member noted that Risk 2 had not been updated to include harmful actions from people outside the Authority. The Chief Executive (CE) confirmed that this matter had been discussed

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and there had been some reticence to its inclusion as it was considered largely out of the Authority's control. The Member believed that the Authority could take proactive steps to respond to external challenges via various media channels. A Member agreed noting that the Authority could do more to champion its successes; having recently joined the Planning Committee he had gained a new-found awareness of the good performance metrics and customer feedback associated with the planning service. The CE responded that the number of media outlets willing to promote positive news about the Authority had reduced and the communication strategy had changed to focus on broadcast media outlets. The CE acknowledged there was room to improve communication to Members regarding the work undertaken by the Authority and he agreed to review Risk 2 in light of Member feedback.

A Member noted the Government's focus on English devolution and its possible implications for the Authority's membership from local authorities. The CE agreed to monitor this risk on the Directorate Risk Registers.

A Member noted the increased likelihood to Risk 4 (Reduction in income and increase in costs) and wondered what sort of scenario testing the Authority undertook. The DoF confirmed that various scenarios were modelled when preparing the Authority's budget and it was assumed that there would be no increase in the National Park grant and that the Authority would have to cover the proposed changes to employer National Insurance Contributions. This preparation was ongoing and would not be finalised until changes to navigation charges were agreed at the Broads Authority meeting on 29 November 2024. The DoF would report on the budget to both Navigation Committee and Broads Authority meetings in January 2025.

The Member believed that Defra may be forthcoming with capital funding and asked how prepared the Authority would be to respond to this type of time critical offer. The CE explained that the Authority had a list of possible capital projects intended to improve the public facilities offered by the Authority.

Members believed there was 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 that was not reflected in the CRR. Members wondered whether this issue should be incorporated into Risk 6 (Failure to meet statutory purposes or requirements of other relevant legislation) although they accepted that the impact on statutory obligations and/or legislative requirements might not be clear cut and it might be more appropriate to create a new risk instead. The CE agreed to give this topic some consideration before the next review of the CRR.

A Member asked whether a key could be provided for the likelihood and severity 1-5 ratings stated in the CRR.

**The report was noted.**



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## 14. Corporate Partnerships Register

The Senior Governance Officer (SGO) introduced the report that provided the latest version of the Corporate Partnerships Register with changes marked since it was last brought to committee on 29 November 2022.

A Member was impressed by the range and diversity of the Authority's partnerships.

**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

The next Audit and Risk Committee meeting would be on **Tuesday 11 February 2025** at Yare House, 62-64 Thorpe Road, Norwich, commencing at 10.00am.

The meeting ended at 11:54am

Signed by

Chair