

GOVERNANCE, RISK AND AUDIT COMMITTEE

Minutes of the meeting of the Governance, Risk and Audit Committee held on Thursday, 12 February 2026 at the Council Offices, Holt Road, Cromer, NR27 9EN at 2.00 pm

Committee

Members Present:

Platten	Cllr C Cushing
Cllr A Fletcher (Vice-Chairman)	Cllr V Holliday
Cllr W Fredericks	

Members also attending:

Officers in Attendance:

52 TO RECEIVE APOLOGIES FOR ABSENCE

Cllr Fletcher introduced himself and confirmed that he would be chairing the meeting in the absence of Cllr Bütikofer. The committee wished Cllr Bütikofer well after her accident.

Apologies were received from Cllr Bütikofer and Cllr Penfold

53 SUBSTITUTES

None.

54 PUBLIC QUESTIONS

None received.

55 ITEMS OF URGENT BUSINESS

None.

56 DECLARATIONS OF INTEREST

None.

57 MINUTES

Cllr Cushing proposed and Cllr Holliday seconded and the Committee **Resolved** unanimously that the minutes of the meeting of the Governance, Risk & Audit Committee held on the 10th of December 2025 be approved as a correct record.

58 2024/25 EXTERNAL AUDIT OF THE FINANCIAL STATEMENTS

The Chair invited the EA to comment on the 2024/25 External Audit Report.

The EA referred to the context of the audit as detailed in the report, including proposed reform of the regulatory environment and that this was the first audit undertaken in 4 years and it was important to remember that this was the first step in rebuilding that. He referred the Committee to the scope of the audit and the change in the materiality assessment which is a usual and an expected change. He confirmed that the weakness detailed during their value for money work concerning the Council's financial reporting arrangements remained.

He referred the Committee to the report outlining the status of Audits undertaken and provided an update on areas where work had been ongoing, noting that they had been unable to finish the testing in respect of Capital Grant receipts in advance nor in connection with IFRS 16- Leases, however the other outstanding areas had been completed.

The EA brought pages 30-31 of the report to the attention of the Committee, confirming this was a new analysis assessing key areas which support timely and accurate provision of working papers and facilitate the rebuilding of the audit process in the Council. It identified the weaknesses and discussions with Officers were ongoing to improve these areas.

He similarly drew page 64 of the pack to the Committees attention, this detailed the fastest process to a full assurance, based on the National Audit Office (NAO) guidance. The Council was behind that timeline at the moment. Pages 65-67 set out where the assurance came from, with areas turning amber or green in terms of the level of assurance.

Cllr Fredericks thanked Officers and External Auditors for their work. She asked the ADFA whether there were sufficient resources in place to continue with the trajectory of improvement. He confirmed the Finance team was focussed on improvement and in terms of resources, the challenge was like other Councils, and the team were doing the best possible. The DRC thanked the Finance team for their work in supporting audit field work and finalising the budget simultaneously, noting that whilst there were gaps in resources, the team now had both a S151 Officer and a deputy.

The IP asked for information on what happens next and by when to ensure momentum is maintained. The ADFA confirmed that the accounts were yet to be signed, and on completion, concrete plans would be put in place but referred the Committee to the Annual Governance Statement (AGS) on the agenda which had some of the actions reflecting the audit. They would look at individual items after the audit and possibly bring back that action plan to the committee when that was completed, and it was known what they were looking to implement and to change.

Cllr Holliday asked the EA if, given that this was the first audit for 4 years, whether any of the findings were a surprise. The EA stated that he had hoped for a positive trajectory and had seen that. In the future they hoped to provide a comparison as to where the Council was compared to others and some best practice case studies. He identified that within 2 years the period for completing the work would be 3 months shorter and this would require fundamental improvements to be made across all Councils. It was the EAs fear that the level of assurance would begin to dip again as they had less time to build assurance. At the request of Cllr Holliday, the EA confirmed that benchmarking exercise would be shared with the council.

The EA confirmed, following a question from Cllr Cushing, that this would be a disclaimed report, noting that this was always going to be the case given the lack of assurance over opening balances and that the Council was in a very similar position to others. Cllr Cushing asked for information as to whether the factual misstatements noted in the report were surprising and made any difference to the current budgeting process. The ADFA noted page 52 showed the net impact of those issues, noting the majority was moving the line from one area to another. The DRC confirmed that some matters were timing issues but there were lessons to learn regarding cut off procedures and year end close cash balances, for which they had an action plan in place to implement those for the coming year end, as well as valuations and classifications of assets.

The CEO noted that given LGR he couldn't give Cllr Cushing the reassurance he was seeking that the Council would continue improvement. He noted that the reorganisation proposed would require significant Member and Officers involvement and therefore the stretch targets identified would be difficult given the external environment. The IP suggested an action plan which identified the things that mattered the most to get close to a qualified audit next time. The External Auditor suggested that section 6 of the report could form the first step of such a plan. The DRC confirmed an intention to draft an action plan for the next 12-14 months and committed to present that to the Committee. The IP noted that the Council had a project management team who might be able to support that process.

Cllr Fredericks was pleased to note that there would be a Grants register for the Council and asked that be prioritised if possible.

Cllr Holliday asked for assurance that the Statement of Accounts reflected the audit. The EA confirmed that the final process of checking was being undertaken, the ADFA confirmed that the Accounts reflected the audit adjustments subject to final checks.

59 DRAFT STATEMENT OF ACCOUNTS 2024/2025

The ADFA confirmed that the accounts before the Committee were as presented to the Committee in September, updated to reflect the Audit findings and adjustments. He brought the Committees attention to a clerical error on page 145, the comment required to be deleted as the question had been resolved.

Cllr Cushing noted the significant variance in terms of the outturn and asked what lessons had been learned and if there was any assurance this year's outturn would be closer to what they anticipated seeing. The ADFA stated that the period 10 budget monitoring process was trying to scrutinise the information provided by budget managers to improve the outturn accuracy. The IP expressed surprise at the scale of variance, capital spend, in particular, and questioned forecasting processes in place and asked how it was being addressed to ensure mid-years adjustments to reflect risks. The IP felt money was being tied up in Capital Projects that could have been used elsewhere. Cllr Fredericks noted that grants received unexpectedly could impact on the position. The CEO confirmed that the variance in respect of investing in communities related to the Fakenham Leisure Centre that was an offer of grant that was made to the authority through the levelling up programme of the previous Government, there was then a delay in the incoming Government to confirm they had the funding and the Council's ability to procure and secure planning permission within the time envisaged.

The Chair noted that the recommendation was to approve the audited Statement of

Accounts and to delegate authority for the Chair of the Committee to sign, he proposed an amendment to this recommendation to allow the Deputy Chair to sign in the absence of the Chair, this was seconded by Cllr Fredericks.

The Committee unanimously **resolved** to agree this amendment.

It was proposed by Cllr Fredericks and seconded by Cllr Holliday and unanimously **resolved** by the Committee to approve the audited Statement of Accounts, reflecting completion of the external audit.

60 ANNUAL GOVERNANCE STATEMENT

The ADFA confirmed that this statement in respect of 2024/25 was first brought to the Committee in September of last year, but it had now been updated to reflect the findings of the audit report.

The IP noted the action plan within the statement. He asked that when there was a target date that it was baselined so changes to that target date would have visibility. He also asked for priorities to be identified more clearly. The ADFA confirmed that tracking when target dates were there could be built in and progress reported against actions with an updated position being reported to the Committee at a later date. However, the ADFA felt that to rank priorities could be difficult as they were key governance issues identified for background information in preparing the Annual Governance Statement.

Cllr Holliday was pleased to note the audit opinions were all assured and asked how this linked to the audit opinions in various audit reports that were presented to the Committee. The ADFA confirmed that the audit opinions on page 196 were those given by internal audit.

Cllr Cushing asked whether the action plan came back to the Committee outside the scope of this report, the ADFA confirmed that some issues came back to the Committee but suggested such actions could be brought back to the Committee and confirmed, that by way of example, the IT strategy was significantly progressed and near completion. The CEO confirmed that the internal audit action plans were reported to the Committee and that internal audit was used as an improvement tool, using a risk-based approach.

It was proposed by Cllr Fredericks and seconded by Cllr Holliday that the Committee **approved** the Annual Governance Statement for the year ended 31 March 2025, to be signed by the Chief Executive, and leader of the Council.

The Committee unanimously **resolved** to approve.

61 TREASURY MANAGEMENT STRATEGY

The ADFA explained that it was a statutory requirement to prepare this document in accordance with the relevant standards and it set out the strategy for matters such as cash flow, investing surplus funds and borrowing.

Cllr Holliday noted that on page 220 there was a discrepancy between CFR on table A and table B. ADFA confirmed that the figures in table A and table B were different given that table B figures reflected projections should all capital bids be approved by Full Council. Cllr Holliday also asked for clarification, given that on page 225 it appeared that in respect of the treasury portfolio, the ratio between in and out of

house management had changed significantly. The ADFA confirmed that this reflects the cash flow this year had been a little easier than the previous year.

Cllr Cushing asked for details of the impact to the Council should gilt yields increase markedly. The ADFA stated the report set out the rates at the time of the report and part of the budget process rates are forecast. He confirmed that the £5m borrowing was at a fixed rate.

The Chair asked about the table on page 219 which appeared to show a significant rise in borrowing over the years. The ADFA stated that the table detailed the net financing need for the year and cash flow was managed to minimise the need for borrowing so whilst the figure looks larger, it reflected the need to borrow rather than the actual borrowing.

Cllr Cushing proposed and Cllr Fredericks seconded the recommendation.

The Committee **Resolved** unanimously to recommend to Full Council that the Treasury Management Strategy 2026/27 be approved.

62 GOVERNANCE, RISK AND AUDIT COMMITTEE UPDATE AND ACTION LIST

The DSGO outlined updated position on the remaining points of the action list, confirming he had sent updates via email as those were now resolved. He highlighted a clerical error which stated the second part of the CIPFA Self-Assessment would in fact take place in March 2026 and not March 2025 as stated on the report. Also, that the Licensing Policy was due to be presented to the committee in June 2026.

It was suggested by the DSGO that the action on property assessments, that related to the Local Plan, which had now been approved, the committee may wish to consider reviewing and possibly downgrade.

The Chair thanked the IP for his observations on the Corporate Risk Register and Cllr Cushing asked if these could be discussed more fully at the earliest opportunity. The DSGO said the Risk Register came to the Committee every 3 months so this could be done with the agreement of the committee. The DSD confirmed he was working on actions but to consider the observations made by the IP may be too soon to discuss for the next meeting, in March, as he had yet to see those observations himself. It was agreed the DSGO would get those to the DSD as soon as possible.

63 GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME

The DSGO confirmed no material changes to this programme.

64 EXCLUSION OF THE PRESS AND PUBLIC

The meeting ended at 3.20 pm.

The meeting ended at 3.20 pm.

Chairman