GOVERNANCE, RISK AND AUDIT COMMITTEE

Minutes of the meeting of the Governance, Risk and Audit Committee held on Tuesday, 2 June 2026 at the Council Chamber - Council Offices at 2.00 pm

Committee Members Present:

Cllr S Bütikofer (Chair)
Cllr A Fletcher (Vice-Chairman)
Cllr C Cushing
Cllr V Holliday
Cllr S Penfold
Cllr W Fredericks

Members also attending:

Officers in Attendance:

17 TO RECEIVE APOLOGIES FOR ABSENCE

Apologies received from Mr V Platten, the Independent Person (IP)

18 SUBSTITUTES

None.

19 PUBLIC QUESTIONS

None received.

20 DECLARATIONS OF INTEREST

None.

21 ITEMS OF URGENT BUSINESS

None.

22 MINUTES

Cllr Cushing proposed, and Cllr Fletcher seconded to approve the minutes of the meeting held on 24th March 2026 which **was ACCEPTED** unanimously.

23 EXTERNAL AUDITORS ANNUAL REPORT (AAR) 2024/25

The EA introduced the report bringing the disclaimer of opinion to the Committee's attention. This was largely given over lack of assurances on opening balances. There was significant Value for Money weakness in relation to financial reporting.

Cllr Fredericks asked how they were still in that position after a number of years, querying what was outstanding and what they were doing to rectify the issue. The

DFR said certain areas of the audit working papers didn't meet the standards. Due to time pressures, and the backstop date, work on the audit was closed. Those issues would remain for the 25/26 audit. In response to a further query from Cllr Fredericks, the DFR confirmed that, ultimately, responsibility to ensure the papers met the required standards sat with him. Staff shortages and experience in specialist roles hindered their ability to complete the necessary work for 24/25 but he confirmed they had now filled the vacancy of chief technical accountant who had a key role in the audit process.

The DFR explained that auditing standards, and quality of papers required, had shifted dramatically and the council had to change and adapt to meet those standards. They were to concentrate on the year ahead, at the suggestion of the external auditor, rather than focusing on filling gaps from previous years. Workshops had been arranged for staff with the EA so they knew what was expected of them. Cllr Penfold commented that he hoped that this was just a blip not to be repeated.

Cllr Cushing felt another disclaimed report did not offer great value for money and if there was a resource issue that needed to be fed back. He believed officers should be accountable for ensuring papers are submitted to audit on time and met the required standards. The EA did say there was potential for a natural rebuild and although NNDC were 1 or 2 years behind it had capacity to improve.

The Chair agreed that this could not continue and asked if the finance team needed some resilience. Cllr Holliday referenced the financial statements which still had some work to do and both process and outcome seemed ineffective. The DFR said they aim to take a 'right first-time' approach and focus on audit testing where they can add most value with the resources they had, rather than concentrating on anything historical. He did warn that this was an inherent risk of being a small council and local government accounts was a highly specialised area for which it was very difficult to fill vacancies in a highly competitive market.

In response to a query from Cllr Holliday the EA confirmed many smaller authorities, like NNDC, often struggled to meet audit requirements compared to larger authorities but it wasn't impossible. The EA agreed to share a report on where the sector sat, based on their findings, so the committee could compare where the Council was against other local authorities in the audit process.

Cllr Cushing suggested interim staff as a possible solution but the DFR warned that many interims would demand a higher salary.

It was noted by Cllr Holliday that the risk on the governance was not high enough on the risk register and did not reflect the external audit outcomes.

The Committee received and considered the External Auditors Annual Report (AAR) for 2024/2025 and **Agreed to Recommend,** unanimously that the Chair should discuss with DFR, and Portfolio Holder for Finance, the possibility of releasing funding to support additional capacity into the finance team.

This was proposed by Cllr Bütikofer and seconded by Cllr Fredericks.

24 EXTERNAL AUDIT PLAN 2025/2026

The EA introduced the report and the audit risks for the coming year, highlighting the changes around the risk of valuation of current assets and the risk around pension asset and liability figures.

The Chair commented that the Asset Register was due to come to the June meeting but due to staff having to take emergency leave it had been delayed. This was a concern for the Chair as it appeared, reports failing to come to allotted meetings, to be a common problem.

It was brought to the attention of the committee by the Chair that the figure External Audit was to be paid, even for 24/25, was still to be confirmed with no indication of costs. The Chair asked for an explanation from the EA as she was uncomfortable with spending public money when no quote had been given for the auditor's services. The EA explained they had been advised by the Public Sector Audit Appointments (PSAA) not to disclose those additional fees until they had been determined by the PSAA, who had yet to do so, but the EA was happy to inform the committee once this had been decided. EA ensured the committee they had given estimates to the Finance team so they could budget accordingly. The EA was equally keen to seek clarification of those figures as the committee were and hoped it would be confirmed soon. Cllr Fredericks did ask if the Committee could have sight of the estimate provided to the finance team, but EA said they were asked by PSAA not to include within a public document.

Cllr Holliday noted that re-building assurance, where management had a certain number of tasks that are essential, appeared to be starting from a very low level and asked for some transparency, and assurance, around risk, progress and emerging issues to give clear visibility outside of the standard EA reporting mechanism. Cllr Cushing agreed that it would be good to know what the key milestones were so the committee could be better informed they were on track. The EA said their KPIs, in the form of a live dashboard, could be shared with the committee offline.

The Chair welcomed the strengthening of public office accountability and wondered if there was any further update the committee should be aware of. The Monitoring Officer had no further information at that time.

The Committee received and considered the Provisional Audit Planning report for the 2025/2026 Audit

It was proposed by Cllr Bütikofer, seconded by Cllr Fredericks and unanimously **Agreed to Recommend** to monthly offline updates from the DFR and External Audit on audit progress and what needs to be done to remain on track.

25 INTERNAL AUDIT PROGRESS & FOLLOW-UP REPORT

The HIA introduced the report and explained internal audit was complete with only the procurement report to be finalised. The HIA asked members if they would agree to a change in reporting between meetings, and proposed moving to 6 weekly, rather monthly updates, to be accessed via the Teams Power BI dashboard, as this would be more efficient and provide more current up-to-date information.

Cllr Cushing asked why two audits had been cancelled. The HIA said the change in S151 Officer and head of finance allowed for a change as they were content that the controls that were already in place were adequate. The DFR did say they had a legal obligation to produce a balanced budget. He also reiterated that the focus of internal audit was areas of risk where they could add most value to the organisation as there was a limit to the number of audits they could undertake due to capacity.

The introduction of an effective grant register was welcomed by Cllr Fredericks and acknowledged by the DFR.

Cllr Holliday felt the report showed that the S106 appeared to be failing and asked if it was getting the attention it deserved. The DSD said progress had been made now a new S106 officer was in place. The DSD said a shortage of skilled S106 officers in the sector resulted in progress not being as they'd liked but was happy to circulate an update to the committee before the next meeting with the progress that had been made. The DSD expected many actions to be sent to IA for sign-off very soon.

In response to a query from Cllr Cushing, the DFR admitted that, due to unforeseen circumstances, some outstanding recommendations highlighted may slip until later that year. The Chair was happy that good progress had been made on clearing those recommendations since she became Chair and the HIA agreed.

It was noted by Cllr Penfold that there had been a new service agreement for Penalty Charge Notices (PCN) and wondered if the authority was getting the 40% it should from those notices. The DFR said with effective parking enforcement there should be a reduction in the number of Fixed Penalty Notices (FPN) being issued so it was hard to measure based on income. The DSD was confident they were getting reasonable assurances they were receiving all they were entitled to and they had a good working relationship with their contact at Kings Lynn Parking Enforcement.

The Committee N**oted** progress with the 2025/26 Internal Audit Plan and outstanding recommendations and **Agreed** for Monthly updates to move to every 6 weeks, equivalent to between each scheduled GRAC meeting through access to Power BI system for committee members.

ACTION:
S106 update to be provided to committee members

26 ANNUAL REPORT/OPINION & REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

The Committee **Agreed** to:

• Receive and consider the contents of the Annual Opinion Report of the Head of Internal Audit.

• Note that a reasonable audit opinion has been given in relation to the framework of governance, risk management and control for the year ended 31 March 2026.

• Note that the opinions expressed together with significant matters arising from internal audit work and contained within this report should be given due consideration when developing and reviewing the Council's Annual Governance Statement for 2025/26.

• Note the outcomes of the Internal Audit's performance measures and the Quality Assurance and Improvement Programme (QAIP).

27 TREASURY MANAGEMENT OUTTURN REPORT

Cllr Cushing asked for clarification around the interest paid for the Council's borrowing, the Public Works Loans Board (PWLB), as he felt it was slightly higher than expected. The DFR explained that fixed rate loans were anything up to 50 years and set by Treasury at a coupon rate, above Government gilts, and was driven by the cost of Government borrowing. The PWLB borrowing rates were updated twice a day and stood, at that time, at around 6.5%.

It was suggested by Cllr Penfold the Council was part of a working group to look at investment strategy moving forward into Local Government Reform (LGR). The DFR confirmed they have a duty to continue a business-as-usual model, the Medium Term Financial Strategy (MTFS) went beyond the proposed vesting day of the proposed new authority to ensure they were managing their assets effectively. He also pointed out, after a concern raised by Cllr Fletcher, if in being responsible with their spending was compatible with protecting assets, advice had been given as to how council's should conduct their financial affairs to ensure no unnecessary debt was passed onto the new authority and that all the local Norfolk authorities S151 officers were in dialogue to ensure there was oversight this was being adhered to.

It was proposed by Cllr Bütikofer and seconded by Cllr Holliday for the Committee to **Recommend** the report to Full Council which was **ACCEPTED** unanimously

28 MAJOR PROJECTS OVERSIGHT BOARD REPORT MAY 2026

The item was presented by the DFR including a look into the Coastwise project.

The Chair expressed her concern in merging projects especially as they had not always had, the checks and balances, they would like in this area. The DFR said they had felt projects such as the Fakenham Leisure and Sports Hub (FLASH) were better managed under the same scheme, and same oversight board, when taking into consideration they were delivered by the same contractors and same project managers. The DSD also felt that strong and sufficient oversight of those projects was in place.

Cllr Holliday queried how many of the projects, when considering timeline and resource, would likely be completed by vesting day and the CPPM was confident all would be completed as planned. In response to a further query from Cllr Holliday, the DFR explained that the red timeline for the Rocket House, not reflecting the Risk Register report, was due to reports being created independently from one another and for different periods of time whilst being gathered from different sources. The CPPM said they were looking to centralise where those reports pulled data from, and it was something they were slowly implementing with management and would potentially look similar to the Power BI dashboard.

In-follow-up to this Cllr Penfold asked for assurance that necessary checks and balances had been applied as he highlighted a project management framework audit had not been completed in 2025. The CPPM said that Internal Audit were due to finish that audit by early July 2026 and be in a position to update the committee soon. The DSD said that audit had been postponed from last year as they were waiting for the new S151 officer to take up the post. The HIA confirmed it was in the plan to do.

In response to a question from Cllr Fredericks as to where the political oversight was with these boards, the DSD said they were purely officer boards which reported to the GRAC committee as recommended by the Local Government Association (LGA) Peer review in order to have internal challenge before being presented to members.

The Committee **Agreed** to note the report.

29 CORPORATE RISK REGISTER

The item was presented by the DSD, who explained they were currently working on policy and framework and the points raised by the Independent Person at a previous meeting. As the IP was not able to make the meeting the Committee agreed to defer this item until its next meeting in July in order to discuss in more detail.

The recommendation to remove risk CR 035 and add risk CR 046 were discussed. The reasons given by the DSD in respect of the risk of Net Zero being downgraded were strongly opposed by the Chair and Cllr Penfold who argued that the reason they had originally declared a climate emergency was because they cared for the environment and urgent action needed to be taken to try and protect it, and not because of the threat of potential government sanctions, which they were not aware of when the climate emergency was called, and which had subsequently been removed. The DSD agreed to amend those reasons given within the report.

Cllr Bütikofer proposed and Cllr Fredericks seconded that the Committee **Agree** to remove risk **CR 035** from the register and add in risk **CR 046** which was **ACCEPETED** unanimously.

30 UPDATE FROM THE PERFORMANCE AND PRODUCTIVITY OVERSIGHT BOARD

The item was introduced by the DSD but with no further questions.

The Committee **Agreed** to note the PPOB

31 PROCUREMENT EXEMPTIONS REGISTER

The Committee **noted** the exemptions highlighted by the MO but there were no questions.

32 GOVERNANCE, RISK AND AUDIT COMMITTEE UPDATE AND ACTION LIST

The DGSO provided the Committee with a brief update on the outcomes and action list and noted the new actions to be added from the meeting.

33 GOVERNANCE, RISK AND AUDIT COMMITTEE WORK PROGRAMME

The Committee **noted** the Committee Work Programme and it was **Agreed,** that if possible, the new Licensing Policy should be brought to the July meeting

34 EXCLUSION OF THE PRESS AND PUBLIC

The meeting ended at 4.30 pm.

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Chairman