

| GRAC ANNUAL REPORT 2022-23 | |
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| Executive Summary | This report aims to provide the Council with an outline of the role, purpose and background of the Governance, Risk & Audit Committee, as well provide a summary of the work undertaken by the Committee throughout the 2022-23 municipal year. It will also draw attention to any issues encountered, or those that remain from previous years. |
| Options considered | N/A |
| Consultation(s) | A draft copy of the report is shared with the Committee Chairman and all officers responsible for presenting reports to GRAC throughout 2022-23. |
| Recommendations | It is recommended that Council notes the report, affirms the work of the Governance, Risk & Audit Committee, and considers any concerns raised within the key issues section of the report. |
| Reasons for recommendations | To inform Council of the work of the Governance, Risk and Audit Committee in 2022-23. |
| Background papers | GRAC Annual Work Programme 2022-23 |

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| Wards affected | All |
| Cabinet member(s) | N/A |
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| Links to key documents: | |
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| Corporate Plan: | Strong, responsible & accountable Council |
| Medium Term Financial Strategy | N/A |
| Council Policies & Strategies | Relevant policies are considered by the Committee and outlined in the report. |

| Corporate Governance: | |
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| Is this a key decision | No |
| Has the public interest test been applied | N/A |
| Details of any previous decision(s) on this matter | N/A |

1. Introduction – Role and Purpose of the Committee

- 1.1 The role of the Governance, Risk and Audit Committee is to provide oversight and monitor the governance, risk management and internal control arrangements of the Council, to provide independent assurance that these are effective and efficient. This is achieved through items received by the Committee in relation but not limited to;

internal and external audit, key finance items, governance reviews and strategic risk management reporting.

1.2 The Terms of Reference (which have been updated to allow the Committee to sign off the Final Accounts) outline the purpose of the Committee in more detail:

a) Internal Audit

- To consider and approve annually the Internal Audit plan of work, considering the scope and depth of the work in addressing the Council's significant risks and issues.
- To consider the outcomes of the internal audit plan of work and to monitor management's progress in implementing agreed audit recommendations.
- To consider and approve the Annual Report and Opinion of the Head of Internal Audit, ensuring that the systems of internal control, governance and risk management have been effective and efficient over the course of the year.
- To consider the performance of the internal auditors in relation to the adherence to the Public Sector Internal Audit Standards.

b) External Audit

- To consider annually the External Audit plan of work.
- To consider External Audit reports and letters.

c) Accounts / Finance

- To consider the extent of the Council's compliance with its own and other published financial statements and controls.
- To review and approve the annual Statement of Accounts and the Annual Governance Statement contained therein.

d) Risk Management

- To review the strategic risks that the Council faces and ensure that these are being appropriately managed, monitored and mitigated.

e) Governance

- To review the Council's arrangements for governance, with particular regard to the Local Code of Corporate Governance and the Financial and Contracts Procedure Rules.
- To review the Council's arrangements to counter fraud and corruption, with particular regard to the policies on: Counter Fraud, Whistleblowing and Money Laundering.
- To hold periodic private discussion with the Head of Internal Audit and the External Auditors to review working relationships and discuss any pertinent issues.
- To commission ad-hoc work from internal and external audit.
- To assess the Committee's own effectiveness on an annual basis against best practice.

2. Committee Background and Membership

- 2.1 The Committee was originally convened on 21st June 2006 as the Final Accounts Committee. It was established to allow a more robust discussion of the final accounts prior to their approval by Full Council. On 16th October 2006, the Committee met for the first time as the Audit Committee. Its remit was more far-reaching than accounts and included scrutiny of external and internal audit, risk management and internal control. On 6th September 2016, the Committee agreed to change its name to the Governance, Risk and Audit Committee to better reflect its function and the range of its oversight.
- 2.2 The membership of the Committee remained stable throughout most of 2022-23, however Cllr H Blathwayt was replaced by Cllr S Bütikofer in February 2023, after being appointed to Cabinet. The Committee was therefore comprised of the following six Members at the end of the year:
- Cllr J Rest (Chairman)
Cllr S Penfold (Vice Chair)
Cllr C Cushing
Cllr S Bütikofer
Cllr Dr P Bütikofer
Cllr P Fisher
- 2.3 Throughout 2022-23, apologies were given on five occasions with two absences covered by substitutes, highlighting only moderate communication between Committee Members and substitutes, when required.

3. Work of the Committee 2022-23

- 3.1 The Committee met four times during the 2022-23 municipal year, across which the following items of business were considered:

Governance

- Annual Governance Statement & Local Code of Corporate Governance 2021/22 (June 2022)
- Updated Fraud Policy and Fraud Risk Assessment (June 2022)
- Monitoring Officer's Annual Report 2021-22 (September 2022)
- Annual report on the work of the Governance, Risk and Audit Committee 2021-22 (September 2022)
- Procurement Exemptions Report (Quarterly)
- Review of North Walsham Heritage Action Zone Project Governance (March 2023)
- Review of Reef Project Recommendations (March 2023)

Risk Management

- Civil Contingencies Report 2022 (December 2022)
- Corporate Risk Register (Quarterly)
- Business Continuity Policy and Business Continuity Management Framework (December 2022)

Internal Audit

- Progress report on Internal Audit Activity and Follow-up on Internal Audit Recommendations (Quarterly)

- Annual Report and Opinion 2021-22 (June 2022)
- CIPFA GRAC Annual Self-Assessment (March 2023)
- Strategic Annual Internal Audit Plans 2023-24 (March 23)

External Audit

- EY External Audit Plan 2020-21 (September 2022)
- Annual Audit Letter 2019-20 (December 2022)
- EY Audit Results Report 2020-21 *Accounts not signed-off* (December 2022)

Accounts / Finance

- Draft Statement of Accounts 2021-22 (March 2023)
- Review of Assets Register (March 2023)
- Annual Accounts Sign-off Delegation 2020-21 (December 2022)

4. Key Issues

- 4.1 Significant delays persist with gaining External Audit sign-off of the NNDC annual accounts for 20-21 onwards. This has caused significant disruption to the Committee's Work Programme with an ongoing impact on the annual accounts process, and subsequent negative impact on the workload of the Finance Team. It should be noted that in an attempt to address these concerns, the S151 Officer has set-out a timeline for the sign-off of outstanding accounts.
- 4.2 Long outstanding Internal Audit recommendations remain a concern of the Committee, though significant efforts were made throughout the year to bring these up to date. The Committee remains pro-active in monitoring these recommendations, with Internal Audit Follow-Up reports still reviewed on a quarterly basis. Officers with responsibility for implementing outstanding audit recommendations were called-in to explain delays and the steps being taken to achieve sign-off.

5. Corporate Priorities

- 5.1 As outlined in the 2023-27 Corporate Plan one of the key corporate priorities is ensuring a strong, responsible and accountable Council. In order to achieve this, the administration requires the Governance, Risk & Audit Committee to undertake its duties of ensuring that the Council has maintained a sound financial position, ensured that strong governance is applied to all decisions and that risk is adequately managed and mitigated. This report seeks to outline how this was achieved during the 2023-23 municipal year.

6. Financial and Resource Implications

- 6.1 As outlined within the key issues section of the report, limited staff capacity within the Finance Team has impacted the ability of the Council to ensure that annual accounts are signed-off and audited within the expected timeframe. As a result, the Finance Team are actively recruiting to new posts which will have both financial and resource implications, but these have been considered by CLT as part of the job post evaluation process.

7. Legal Implications

7.1 N/A.

8. Risks

8.1. Corporate risks are monitored by the Committee on a quarterly basis with the Risk Management Framework reviewed by the Committee on a bi-annual basis. The report itself does not present any new risks to the Council beyond those already considered by the Committee whilst undertaking its responsibility for risk management.

9. Net ZeroTarget

9.1 N/A.

10. Equality, Diversity & Inclusion

10.1 N/A.

11. Community Safety issues

11.1 N/A.

12. Conclusion and Recommendations

12.1 The Committee has continued to meet its obligation to provide oversight on matters of governance, risk, internal and external audit. Committee attendance has remained consistent, with several observers and Cabinet Members attending on a regular basis to discuss reports.

12.2 Quarterly consideration of procurement exemptions has continued to improve oversight and understanding of the Council's procurement processes and continues to provide Members and Internal Audit with an increased level of assurance.

12.3 Whilst delays with the External Audit accounts sign-off process persist with a backlog of annual accounts, officers are working with external auditors to agree a timeframe to bring the process back on track with the annual accounts up to date and signed-off within the statutory timeframe, as soon as possible.

12.4 In summary, by continuing to fulfil its role and identifying areas for improvement, the Committee has proven itself able to provide effective oversight for the Council, as well as continuing to improve its knowledge and subject area expertise. Looking forward, the Committee must remain focused to ensure that any outstanding audit recommendations and annual accounts are completed, in order to maintain good governance, financial sustainability, effective oversight of risk and value for money.