

PROGRESS ON REDUCING THE NUMBER OF OUTSTANDING AUDIT RECOMMENDATIONS	
Executive Summary	<p>At the last GRAC meeting (9 July 2024) a report was presented by the Head of Internal Audit on the progress with the 2023/24 Internal audit Plan and outstanding recommendations.</p> <p>The Committee were concerned with the number of outstanding recommendations and particularly by the age of some of the outstanding recommendations. The Chair asked for an update on the position at the next meeting i.e. 10 September meeting.</p> <p>As at 2 September 2024 of the 39 recommendations that were reported to Members in July 19 remain outstanding; 8 are in progress and 12 are completed. It should be noted that of the outstanding ones there are 7 where an update has not been provided as the officer is on leave. A verbal update will be provided at the meeting where this is the case.</p>
Options considered	None – this is a statement for review and to note.
Consultation(s)	None
Recommendations	Members are asked to review and note the latest position as at 10 September 2024
Reasons for recommendations	To strengthen the Council's governance arrangements.
Background papers	None

Wards affected	All
Cabinet member(s)	Cllr Adams and Cllr Shires
Contact Officer	Tina Stankley Director of Resources Tina.stankley@north-norfolk.gov.uk

Links to key documents:	
Corporate Plan:	<p>A Strong, Responsible and Accountable Council</p> <p>Effective and efficient delivery</p> <ul style="list-style-type: none"> • Managing our finances and contracts robustly to ensure best value for money • Ensuring that strong governance is at the heart of all we do

Medium Term Financial Strategy (MTFS)	None
Council Policies & Strategies	None

Corporate Governance:	
Is this a key decision	No
Has the public interest test been applied	Public report.
Details of any previous decision(s) on this matter	Internal Audit Quarterly Report to Governance, Risk and Audit Committee.

1. Purpose of the report

- 1.1 Attached to this report is the latest position as at 2 September 2024 on the outstanding internal audit recommendations. At the last GRAC meeting (9 July 2024) a report was presented by the Head of Internal Audit on the progress with the 2023/24 Internal audit Plan and outstanding recommendations. There were 41 recommendations outstanding some going back several years.
- 1.2 The Committee were concerned with the number of outstanding recommendations and particularly by the age of some of the outstanding recommendations. The Chair asked for an update on the position at the next meeting i.e. 10 September meeting.

2. Updated on the progress being made with implementing the outstanding audit recommendations.

- 2.1 As at 2 September 2024 of the 39 recommendations that were reported to Members in July 19 remain outstanding; 8 are in progress and 12 are completed. It should be noted that of the outstanding ones there are 7 where an update has not been provided as the officer is on leave. A verbal update will be provided at the meeting where this is the case.
- 2.2 Prompt implementation of audit recommendations is a fundamental element in having strong governance in place within the organisation. The Head of Internal Audit (HIA) gave an annual opinion of reasonable/limited assurance. This is a deteriorated position when compared with 2022/23. The slow and tardy implementation of some recommendations would have been taken into account by the HIA when formulating her opinion. The worsening opinion of the HIA is a concerning outcome for the Corporate Leadership, and an improvement plan is being put in place to address her findings.
- 2.3 Therefore the Corporate Leadership Team or the Performance and Productivity Oversight Board will review outstanding recommendations monthly and intervene where it appears that no action is being taken by managers to implement recommendations, Also, draft audit reports will be

reviewed so that it has an awareness of the weaknesses that have been identified and need addressing.

- 2.4 The report presenting the Annual Governance Statement is also an agenda item on this agenda and it again discusses the number of outstanding audit recommendations.

3. Number of outstanding audit recommendations

- 3.1 Officers were asked to provide an update on the status of the implementation of the outstanding audit recommendations with the deadline for comment being 2 September 2024 following the last GRAC meeting.
- 3.2 As at 2 September 2024 of the 39 recommendations that were reported to Members in July 19 remain outstanding; 8 are in progress and 12 are completed. It should be noted that of the outstanding ones there are 7 where an update has not been provided as the officer is on leave. A verbal update will be provided at the meeting where this is the case.
- 3.3 Some of the recommendations had already been implemented but the status had not been updated, which did to some extent provide some assurance, but it was also concerning that the status had not been updated properly.
- 3.4 The area of greatest concern has to be with the progress with the implementation of the improvements to the Council's financial system. The Council will soon be 2 years on from having implemented the new system and progress in addressing all the unresolved issues has been slow. This has largely been down to the lack of resource within the Finance Team. However a key post was filled at the beginning of July and it is expected that the Team will now be able to start to address the issues and develop the system.
- 3.5 Officers will continue to report to GRAC on the progress in implementing outstanding audit recommendations.

4. Corporate Priorities

- 4.1 A Strong, Responsible and Accountable Council
Effective and Efficient Delivery
- Managing our finances and contracts robustly to ensure best value for money.
 - Ensuring that strong governance is at the heart of all we do.

5. Financial and Resource Implications

Implementing the outstanding audit recommendations has both a direct and indirect impact on the Council's finances and resources. Some will help in ensuring the Council maximises its income and some will reduce the risk of fraud.

Comments from the S151 Officer

No financial consequences as a result of the contents of this report.

Legal Implications

Comments from the Monitoring Officer

This is the Annual Governance Statement detailing how the Council conducts its business in accordance with the law and necessary standards.

6. Risks

- 6.1 These are covered in the Appendix for each outstanding recommendation.

7. Net Zero Target

- 7.1 No specific Net Zero considerations

8. Equality, Diversity & Inclusion

- 8.1 No particular considerations

9. Community Safety issues

- 9.1 None

10. Conclusion and Recommendations

- 10.1 Officers will introduce an improvement and monitoring plan to ensure that the number of outstanding audit recommendations is kept to a minimum and that it is only those that are recently recommended.

- 10.2 **Members are asked to review and note the report.**