GRAC ANNUAL REPORT 2023-26	
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 as providing a summary of the work undertaken by the Committee. Due to changes in officer support for the committee, since the last report was produced, this report covers a longer period encompassing the Committees work for the years 2023-2026. It will also draw attention to any issues encountered in that period, 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 for approval and comment; as well as key officers, responsible for presenting reports to GRAC, for reference.
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 throughout the period 2023-2026.
Background papers	GRAC Annual Work Programme 2023-26

Wards affected	All
Cabinet member(s)	N/A
Contact Officer	Adam Faulconbridge Democratic Services & Governance Officer adam.faulconbridge@north-norfolk.gov.uk 01253 516374

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

Corporate Governance:	
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

The purpose of the Governance, Risk and Audit Committee is to monitor governance, risk management and internal control arrangements at the Council, to provide independent assurance that these are effective and efficient and approve the risk policy and framework.

This is achieved through key regular items received by the Committee in relation to but not limited to; internal and external audit, key finance items, governance reviews and strategic risk management reporting.

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:

1.1. Internal Audit

- To provide independent assurance on the adequacy and effectiveness of the Council's internal control environment, risk management processes and governance arrangements
- To review and approve the annual Internal Audit Plan, ensuring it aligns with the Council's strategic objectives
- To monitor progress against the plan and consider the outcomes of audit reports, ensuring that management actions are implemented effectively
- To ensure the Internal Audit function operates in accordance with the Public Sector Internal Audit Standards and is adequately resourced
- To facilitate an annual self-assessment of the Committee's effectiveness

1.2. External Audit

- To oversee the external audit process ensuring the Council's financial statements are accurate and comply with statutory requirements.
- To review the External Auditor's annual plan of work.
- To consider the external auditor's reports and letters, including findings and recommendations, ensuring appropriate actions are taken.

1.3. 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.

- To have oversight of financial planning and key financial documents, including the Treasury Management Strategy.

1.4. **Risk Management**

- To review the Council's risk management framework and to ensure that risks are identified, assessed and appropriately managed, monitored and mitigated.

1.5. **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 Internal and External Auditors to review working relationships and discuss any pertinent issues.

- To commission ad-hoc work from Internal and External Auditors.

- 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 has had several changes across the period of 2023-2026. Cllr S. Bütikofer being appointed the new Committee Chair by Full Council in May 2024, Cllr A. Fletcher as Vice-Chair in May 2023. The Committee also appointed Mr V. Platten as its first independent person. The Committee was therefore comprised of the following six Members + one independent person at the end of the year:

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

Mr V Platten (Independent Person)

2.3 Throughout 2023-2026, apologies were given on nineteen occasions with four absences covered by a substitute, this equates to 1.36 absences per meeting with 2 meetings having a full committee in that 3-year period. This demonstrates a greater need for Members to more robustly cover any known absences in good time. After absences was highlighted as a key issue in the last report in 2023, steady progress has been made in improving the overall attendance record with many absences in the past 12 months being unavoidable.

3. Work of the Committee 2023 – 2026

The Committee met fourteen times during the 2023-2026 period, including two special meetings to consider the draft statement of accounts. The following items of business were considered at the Committees standard quarterly meetings:

3.1. Governance

- Annual Governance Statement & Local Code of Corporate Governance 2022/2023, 2023/2024 & 2024/2025 (Sept 2023, Sept 2024 and Sept 2025)
- Counter Fraud, Corruption and Bribery Policy (June 2023)
- Monitoring Officer's Annual Report 2022/2023, 2023/2024 & 2024/2025, (Sept 2023, Dec 2024, Sept 2025)
- Annual report on the work of the Governance, Risk and Audit Committee 2021-2022 (September 2023)
- Procurement Exemptions Report (Quarterly)
- Purchase of two additional refuse collection vehicles (June 2023)
- Anti-Money Laundering Policy (Mar 2024)
- Changes to Land Charges (Sept 2024)
- Performance and Productivity Oversight Board (Dec 2024 & Dec 2025)
- Responding to Complaints (Dec 2024)
- Treasury Management Mid-Year Report (Dec 2024 and Feb 2025)
- Whistle-Blowing Policy (Dec 2024)
- Cyber Risk Management Policy (Sept 2025)

3.2. Risk Management

- Civil Contingencies Report (Dec 2024 & Dec 2025)
- Corporate Risk Register (Quarterly)
- Business Continuity Policy and Business Continuity Management Framework (Dec 2024)
- Risk Management Framework (Dec 2024 & Dec 2025)
- Coastwise – Review of Risks (at request of O&S Committee)
- Project Management Framework Provision (Dec 2025 and Mar 2026)
- Major Projects Oversight Board (Mar 2026)

3.3. Internal Audit

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

- Annual Report and Opinion 2022-2023, 2023-2024 and 2024-2025 (June 2023, July 2024 and June 2025)
- CIPFA GRAC Annual Self-Assessment (July 2024)
- Strategic Annual Internal Audit Plans 2023/24 (Mar 2024) and Internal Audit Plan 2025/2026: Charter & Mandate (Mar 2025) Internal Audit Plan 2026/2027: Charter & Mandate (Mar 2026)

3.4. **External Audit**

- EY External Audit Plan 2023/2024, 2024/2025 and 2025/2026 (July 2024, June 2025 and June 2026)
- Annual Audit Letter 2023/2024 (Dec 2024)
- EY Audit Results Report 2020/2021 (Sept 2023)
- External Audit of the Financial Statements 2024/2025 (Feb 2026)

3.5. **Accounts / Finance**

- Draft Statement of Accounts 2023-2024 & 2024-2025 (Feb 2025 & Feb 2026)
- Review of Council's Assets Register (Mar 2024 & Mar 2025)
- Annual Accounts Sign-off 2021/2022 & 2022/2023 (Dec 2024)
- Accounting Policies & Statement of Accounts (Mar 2024)
- Treasury Outturn Report 2024/2025
- Draft Financial Statements 2024/2025 (Sept 2025)

4. Key Issues

4.1 A number of delays in getting actions delivered, and information that has not been provided, significantly hindered the Committee's ability to comment or have a more meaningful impact on the decision-making process. Significant delays persisted with gaining External Audit sign-off of the NNDC annual accounts for 2023-2024 and 2024-2025. Although a wider national problem it 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. With concerns raised by the Chair and supported by the committee extra resource is being added to the finance team and regular monthly updates from EA and S151 Officer on the audit progress have been requested. It is recognised that whilst not all delays have been as a result of staffing issues within the Council, it is essential the finance team are able to deliver all financial reporting on time.

4.2 Long outstanding Internal Audit recommendations remain a significant concern of the Committee, though strong efforts were made throughout the past 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 6-weekly basis. The S106 money was of particular concern to the Committee with an urgent update requested, although the committee appreciated a new S106 officer had not long been in post. Officers with responsibility for implementing outstanding audit recommendations were called-in to explain delays and the steps being taken to achieve sign-off. Regular updates and access to the IA Power BI System in between meetings has been requested to further allow committee members oversight of the process and ensure continued positive progress. Additional reporting has been implemented to ensure the committee is kept updated and briefed on progress of all outstanding items.

4.3 The Committee noted that a reasonable / limited audit opinion had been given in relation to the framework of governance, risk management, and control for the year ended 31st March 2025. Concerns were raised with the significant matters arising from internal audit work and those contained within the Annual Report/Opinion. A Review of the Effectiveness of Internal Audit should be given due consideration when developing the Council's Annual Governance Statement for 2025/2026 onwards.

4.4 Getting sufficient Substitutes for Members should be a priority to keep the Committee effective and quorate.

4.5 **Corporate Priorities**

- As outlined in the 2023-2027 Corporate Plan one of the key corporate priorities is ensuring a strong, responsible and accountable Council. To achieve this, the Administration requires the Governance, Risk & Audit Committee to undertake its duties to ensure that the Council has maintained a sound financial position, ensure 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 2023-26 period.

5. Financial and Resource Implications

5.1 The Finance team hoped to be back up to full capacity at a point within the past 3-year reporting period, but subsequent staffing issues have had a further impact on getting all Reports to the Committee within a satisfactory timescale.

Comments from the S151 Officer:

The S151 Officer (or member of the Finance team on their behalf) will complete this section.

This report is for noting and has no direct financial implications. The report highlights the importance of maintaining sufficient finance and governance capacity to support the timely delivery of statutory financial reporting, audit requirements and the implementation of audit recommendations.

6. Legal Implications

6.1. N/A.

Comments from the Monitoring Officer

The Monitoring Officer (or member of the Legal team on behalf of the MO) will complete this section. *They will outline any legal advice provided.*

This is an annual report for note around the role, purpose, work and key issues of the Governance Risk and Audit Committee.

7. Risks

7.1. 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.

8. Net Zero Target

8.1. N/A.

9. Equality, Diversity & Inclusion

9.1. N/A.

10. Community Safety issues

10.1 N/A

11. Conclusion and Recommendations

- 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, but below what we would like. The Committee has been enhanced, however, with the introduction of an Independent Member. Several observers and Cabinet Members have attended the Committee meetings on a regular basis to discuss reports.

- 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.

- Whilst delays with the External Audit accounts sign-off have continued the hard work of Officers and Auditors, through 2024/2025, has largely got this process back on track with the annual accounts up to date and signed-off within the statutory timeframe.

- Training was provided in March 2026, by Internal Audit, on the Global Internal Audit Standard in the UK Public Sector. The Committee completed their self-assessment with an overall rating of good. Areas of improvement were identified and the Chair and DSGO have addressed reporting issues and added Fraud to their ongoing work programme. Training on the AGS to be provided in the autumn of 2026 so the committee are better equipped to offer comment.

- The committee pro-actively engaged and encouraged the licensing team to ensure the new Licensing Policy was updated in timely fashion reflecting changes in procedure within the process, and to address failures in revenue collection.

- At the Chair's request an in-depth, and ongoing, look into project management and major project schemes has allowed for earlier oversight of potential risks to the council.

- The Committee has been pro-active in seeking assurances in regard to the financial burden of Local Government Reform and have engaged and challenged external bodies, such as The National Audit Office, in justifying the costs involved.

- A good working relationship between the committee, Cabinet and Independent Person (IP) can be demonstrated by the willingness of the Corporate Leadership team to incorporate improvements to the risk register and the way those are reported based on working suggestions made by the Committee and the IP.

- Committee members further demonstrated their training and knowledge of risk when they recognised the additional workload the Renters Right Act would generate. The Council has subsequently advertised positions for compliance and enforcement officers to cover the implementation, and actions of landlords, of that legislation.

- The need for reports to be submitted, with statutory officer comments included, to Democratic services in good time, and as set out by the schedule of deadlines, to ensure agendas are published on time and are not in the public domain with any papers to follow. Likewise, any IA or EA updates need to be provided, promptly and in keeping with the timescales agreed. Any reasons causing delay to those reports, from within the authority, or externally, need to be clearly evidenced, as to why, to the Chair's satisfaction and in good time.

- The need for any actions coming out of meetings to be addressed promptly by the assigned officers and, with the S106 outstanding recommendations for IA, every effort should be made in completing them so the committee could be assured and good Governance followed.

- In summary, by continuing to fulfil its role and identifying areas for improvement, the Committee has proven itself capable of providing effective oversight for the Council, as well as continuing to improve its knowledge and subject area expertise. With ongoing training, such as the Risk Management training provided in March 2025 the Committee, as it moves forward, can remain an integral part of The Council's Governance. The Committee must remain focused to ensure that any outstanding actions are completed in the future within the specified timeframes, to maintain good governance, financial sustainability, effective oversight of risk and value for money.

- The Chair and other members of the Committee have undertaken external Local Government Audit Training.