

## **APPENDIX B**

### **Summary of Key Recommendations (KRs) and Improvement Recommendations made in the Annual Audit Report 2023-24**

#### **Key Recommendations**

##### **KR 1 Financial Sustainability**

- ***KR1.1** Accurate and consistent financial reporting/root causes of budget growth to be identified*
- ***KR 1.2** Urgently review options for suspended housing projects and assess impacts on KGE. Review viability of KGE and sinking fund model to ensure that it accurately takes account of the financial impacts of its decisions with regard to suspended housing projects.*
- ***KR 1.3** Robust plans to address medium term budget gaps – urgently reinstate transformation programme*
- ***KR 1.4** a sustainable business plan for KGE is approved*
- ***KR1.5** a sustainable plan for sinking funds reserve[s] is approved which is a complete model, drawing in expertise as required to give confidence in the underlying assumptions in the model*
- ***KR1.6** robust plans are drawn up to address the medium term budget gaps and reinstate its transformation programme as a matter of urgency*

##### **KR 2 Decision Making including Challenge and Transparency**

- ***KR2.1** The Council should ensure that the Financial Reporting Working Group is appropriately resourced to enable it quickly to provide guidance and training to officers in report writing*
- ***KR2.2** The Council should consider whether a follow-up audit of the implementation of the Committee system should be undertaken and in particular to consider the effectiveness of scrutiny and timeliness of decision making*

##### **KR 3 Strategic Risk Register**

*The Council should review its Strategic Risk Register to consider risks arising from previous external scrutiny reports as well as procurement and ensure that risks and mitigations reflect the latest position. In addition the Council should ensure that realistic timescales are set for implementing actions and*

*ensure that those dates only exceeded by exception and adequate explanations for delays are recorded. CASC Forward Plan should also be updated to include reviews of the Investment Assets Risk Register.*

#### **KR 4 Assess governance and oversight of KGE**

*The Council needs to urgently assess the governance and oversight of KGE Ltd in order to avoid conflicts of interest and to conform to best practice. We note a review took place and from January 2025 the Council s151 no longer act as a KGE Chair. The decision has only just been taken so we need to review the arrangements in practice for all roles within our 2024/25 Audit to ensure that good governance has been established.*

#### **KR5 – Performance Monitoring**

*The Council should ensure that corporate performance monitoring of its strategic priorities is undertaken and reported to CPRC or Full Council on a quarterly basis. Directorate and service performance monitoring should support and be linked to the Council's strategic priorities. A robust performance management framework should clearly set out the approach required.*

#### **KR6- Failure to secure improvements**

*The Council needs to implement a system of review and monitoring of all action plans arising from external reviews. Appropriate updates should be provided to Audit Committee on a quarterly basis.*

#### **KR7- Failure to deliver improvement/efficiency improvements when managing significant outsourced contracts**

*The Council should ensure that the necessary changes to procurement and contract management arrangements are put in place to ensure that efficiencies and economies are maximised. The Council should ensure that suitable performance metrics including regulation/rule breaches are introduced with reporting through to Audit Committee on a quarterly basis.*

### **Improvement Recommendations**

**IR1** – *The Council should ensure that it effectively utilises benchmarking to identify how its costs compare to other Councils*

**IR2** – The Council should ensure that the financial implications of financial strategies are clearly set out when the strategies are being approved.

**IR3** – *The Council should take a self-assessment of its Audit Committee arrangements within the CIPFA guidance*

**IR4** – *The Council should further review the implementation of the Centros financial system to ensure that all the anticipated benefits are being maximised and if not identify the root cause for this to enable improvements to be made for future budget setting and the use of the system by members and officers.*

**IR5** – *The Council should closely monitor progress against the Internal Audit Plan 2024/25 and ensure that the service continues to comply with PSIAS standards.*

**IR6** – *The Council should ensure that the financial and non-financial performance of its partnering arrangements with key partners are monitored to ensure that arrangements continue to achieve value for money. The Council should also ensure that impacts on partnering arrangements are considered when making financial decisions.*