

Meeting of:	<b>Governance and Audit Committee</b>
Date of Meeting:	<b>Monday, 23 September 2024</b>
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Recommendation Monitoring
Purpose of Report:	To provide members of the Committee with a position statement on internal audit recommendations made, implemented and outstanding.
Report Owner:	Head of the Regional Internal Audit Service
Responsible Officer:	Head of Finance & Section 151 Officer
Elected Member and Officer Consultation:	No Elected Members have been consulted. Legal Services and Head of Finance.
Policy Framework:	The proposals in this report are in accordance with the policy framework and budget.
<p>Executive Summary:</p> <ul style="list-style-type: none"> <li>• This report provides members of the Governance and Audit Committee with a position statement on internal audit recommendations that have been made to identify those that have been implemented and those that are overdue.</li> <li>• A position statement in respect of internal audit high and medium priority recommendations made, implemented and overdue as of 31st July 2024 is detailed in <b>Appendix A</b>.</li> <li>• A recommendation is made to enhance an identified weakness in a control to mitigate the identified risk, so until the recommendation is implemented the risk remains.</li> <li>• To date 8 medium priority recommendations have been made following the conclusion of audits from this year's annual plan. All have been agreed.</li> <li>• There are currently no overdue recommendations made in either in the current or previous financial years.</li> <li>• There are also 5 recommendations made in audits completed in 2022-23 which still have a future implementation date. The detail of these are in Appendix B.</li> <li>• The monitoring of recommendations is undertaken regularly by the Audit team and any undue delays or issues are highlighted to Senior Management and ultimately this Committee.</li> </ul>	

## Recommendation

1. That members of the Committee note the position statement on internal audit recommendations made, implemented and outstanding as at 31st July 2024 and consider the information provided in respect of the status of the high and medium priority recommendations made by the Regional Internal Audit Service.

## Reason for Recommendation

1. To keep the Governance and Audit Committee informed on the status of Internal Audit Recommendations.

## 1. Background

- 1.1 In accordance with the Public Sector Internal Audit Standards, the internal audit activity must assess and make appropriate recommendations to improve the Council's governance, risk management and internal control. The Regional Internal Audit Service (RIAS) Strategy states that the implementation of agreed recommendations will be monitored.
- 1.2 Recommendations are made at the conclusion of an audit review if it is felt that improvements should be made to mitigate risk and strengthen controls. Recommendations are included, if appropriate, in the final audit report and recipients are asked to provide responses to indicate whether they agree with the recommendations and how and when they plan to implement them. To assist managers in focussing their attention, each recommendation is classified as being either high, medium and low priority.
- 1.3 Table 1 shows the recommendation categorisation as follows:

<b>Table 1 – Recommendation Categorisation</b>	
Risk may be viewed as the chance, or probability, of one or more of the organisation's objectives not being met. It refers both to unwanted outcomes which might arise, and to the potential failure to realise desired results. The criticality of each recommendation is as follows:	
<b>High Priority</b>	Action that is considered imperative to ensure that the organisation is not exposed to high risks.
<b>Medium Priority</b>	Action that is considered necessary to avoid exposure to significant risks.
<b>Low Priority</b>	Action that is considered desirable and should result in enhanced control.

- 1.4 To ensure maximum coverage of the annual plan based on the capacity available within the team, the RIAS monitors the implementation of the high and medium priority recommendations, but the low priority recommendations are left to management to successfully implement.
- 1.5 Once the target date for implementation has been reached the relevant officers will be contacted and asked to provide feedback on the status of each agreed high and medium priority recommendation. The implementation of these recommendations is monitored using MK Insight internal audit software to ensure that improvements are being made.
- 1.6 Any audits concluded with a No Assurance or Limited Assurance opinion will also be subject to a follow up audit.

## 2. Key Issues for Consideration

- 2.1 **Appendix A** provides the status of the high and medium priority internal audit recommendations made as of 31st July 2024. This includes all audits completed with recommendations in 2024-25 and any audits completed in previous years where recommendations are yet to be implemented.
- 2.2 The status of the recommendations made following the completion of audits from the 2024-25 audit plan is summarised in Table 2 below. It is pleasing to note that there are currently no overdue recommendations and there are 8 recommendations that have a future target date.

**Table 2 – Recommendation Status – Audits Completed 2024-25**

	No. Made			Not Agreed	Imp.	Overdue			Future Target Date
	High	Med.	Total			High	Med.	Total	
2024-25	0	8	8	0	0	0	0	0	8

- 2.3 **Appendix A** also includes the recommendations made in relation to audits completed in previous years which are yet to be implemented. This information is summarised in Table 3.

**Table 3 –Recommendation Status – Audits Completed Pre-2024-25**

	No. Made			Not Agreed	Imp.	Overdue			Future Target Date
	High	Med.	Total			High	Med.	Total	
2022-23	1	13	14	0	9	0	0	0	5
2023-24	13	79	92	0	43	0	0	0	49

- 2.4 It is pleasing to note that there are currently no overdue recommendations in respect of audits completed prior to this financial year.
- 2.5 As stated, a recommendation is made to enhance an identified weakness in a control to mitigate the identified risk, so until the recommendation is implemented the risk remains. Table 3 also shows the number of recommendations that still have a future implementation date. There are 5 recommendations made in audits completed during 2022-23 and the detail of these and the progress made are at **Appendix B**.
- 2.6 In addition, there are 49 recommendations, made during audits undertaken in 2023-24 that also have a future target date. However, several of these audits were completed within the last 6 months and the proposed implementation timescales agreed.
- 2.7 The monitoring of recommendations is undertaken regularly by Auditors and any undue delays or issues are highlighted to Senior Management and ultimately this Committee.
- 2.8 The monitoring of recommendations is undertaken regularly by Auditors and any undue delays or issues are highlighted to Senior Management and ultimately this Committee.

### **3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?**

- 3.1 The Annual Risk Based Plan contains audit reviews that will be service specific and that will assist in understanding how those services undertake the five ways of working and how they deliver the well-being objectives.

### **4. Climate Change and Nature Implications**

- 4.1 None as a consequence of this report

### **5. Resources and Legal Considerations**

#### **Financial**

- 5.1 There are no resource implications as a direct consequence of this report, but recommendations made will assist in ensuring that the Council's assets and interests are properly accounted for and safeguarded.

#### **Employment**

- 5.2 None as a direct consequence of this report.

### **Legal (Including Equalities)**

- 5.3** The provision of an adequate and effective Internal Audit function is a legal requirement under the Accounts and Audit (Wales) Regulations 2014 as amended from time to time. There are no equalities implications as a direct consequence of this report.

### **6. Background Papers**

None



**Vale of Glamorgan Council –Recommendation Monitoring****Recommendations Made In 2022-23 Audits with a Future Implementation Date**

<b>Audit</b>	<b>Final Report Date</b>	<b>Recommendation</b>	<b>Category</b>	<b>Agreed Action</b>	<b>Agreed Date</b>	<b>Current Position</b>	<b>Responsible Officer</b>
<b>NFI - Residents Parking Permits</b>	6/03/23	The Policy should be updated to reflect the current practices in place in relation to the administration process, and approved at the appropriate level.	Medium	A review is currently ongoing regarding previously implemented Resident Permit Parking areas or zones and as part of this review the Resident Parking Controls Policy will be updated accordingly and in line with specific outcomes identified. It is currently intended that a report will be submitted to Cabinet for their approval in Spring 2023.	31/07/23 Revised 31/12/24	It has been identified that the Residents Parking Control Policy requires further substantial amendments to reflect resident / business requirements for permits including the administration process referred. An initial draft of the Policy has been prepared and is ongoing. It is now intended to conclude the revisions to the policy and include within a future Cabinet report to consider the implementation of car park and resident permit charges before the end of the calendar year	Operational Manager – Engineering, Neighbourhood Services & Transport
<b>Attendance &amp; Sickness Recording</b>	23/05/23	That the Managing Attendance at Work policy is reviewed.	Medium	An exercise will be undertaken to identify the full range of HR Policies and a plan will be put in place to review these. This will include the Managing Attendance at Work Policy	31/03/24 Revised 30/11/24	The review is ongoing, which is involving significant cross directorate working.	Operational Manager Employee Services
		Line Managers are made aware of the self service reports to monitor sickness with reference to this included in training material and managing attendance guidance.	Medium	Sickness Report with Fusion are being run by HR in the first instance to ensure information is accurate. Information will be shared with Managers on what self services reports they can run in relation to absence.	30/09/23 Revised 31/03/24 31/03/25	With the imbedding of Oracle Fusion, specific reporting for managers has yet to be fully rolled out. Work has begun to provide further self-service functionality to schools, therefore we have been unable to roll out full reporting options to managers. We would like to get the basics right and then move	Operational Manager Employee Services

Audit	Final Report Date	Recommendation	Category	Agreed Action	Agreed Date	Current Position	Responsible Officer
						onto the detailed reporting aspects of oracle fusion. However, Managers and schools' officers can access absence data for individuals in their area. We will continue with the priority reports until we are clear that the absence reports are fully imbedded.	
<b>Governance and Performance Review : Local Authority Trading Company (LATC)</b>	20/06/2023	In order to allow an adequate level of review and challenge, updates on the LATC are provided to Learning and Culture Scrutiny Committee by the Shareholder Committee on an annual basis	Medium	Presentation of a report by the Council Shareholders to Scrutiny Committee Learning and Culture to consider performance information and business plan, to be reported during 2022/23. Thereafter, regular reports will be presented to Scrutiny Committee setting out the previous year and planned activities, including content of the Business Plan from 2023/24 onwards.	31/07/23 Revised 31/10/24	Currently reviewing LATC annual report (to Shareholder Committee). Will provide update to Scrutiny after recess. Acknowledge requirement for the SH to report annually	Director of Corporate Resources
		The financial arrangement with regards to providing the LATC with Free School Meal funding is reviewed by the Council, incorporating advice provided by the current tax advisory work. Consideration should also be given to reviewing and updating the current Catering Services Agreement where appropriate	Medium	Upon receipt of the specialist tax advice which will inform the need or otherwise to update the Catering Services Agreement (in negotiation with the LATC). Consideration of the need to report on any proposed changes to the School's Budget Forum.	1/04/24 Revised 31/10/24	This is a complex scenario. Accountancy are currently in the process of incorporating tax advice provided by third party experts and are evaluating options. They have requested management accounting data across all different funds from Big Fresh to analyse.	Director of Corporate Resources, Operational Manager Legal & Operational Manager Accountancy