



## **GOVERNANCE AND AUDIT COMMITTEE – 12<sup>TH</sup> SEPTEMBER 2023**

**SUBJECT: UPDATE ON INTERNAL AUDIT REPORT  
RECOMMENDATIONS**

**REPORT BY: ACTING INTERNAL AUDIT MANAGER**

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### **1. PURPOSE OF REPORT**

- 1.1 To provide members of the Governance and Audit Committee with an update on progress on Audit Report recommendations.

### **2. SUMMARY**

- 2.1 The Governance and Audit Committee has requested that regular reports are provided in relation to the work of the Internal Audit Team.
- 2.2 This report provides an update on the number of recommendations arising from Internal Audit reviews and their current status.

### **3. RECOMMENDATIONS**

- 3.1 Members note the information contained in this report.

### **4. REASONS FOR THE RECOMMENDATIONS**

- 4.1 To ensure that the Governance and Audit Committee is aware of the number of Internal Audit recommendations and associated risk ratings.
- 4.2 To ensure that the Governance and Audit Committee is aware of progress made in implementing recommendations by service areas / locations in receipt of Internal Audit reports and to ensure that reported risks are being addressed appropriately and within adequate timeframes.

## 5. THE REPORT

- 5.1. The Institute of Internal Auditors (IIA) has published guidance that states that the follow-up and tracking of agreed recommendations by management is important as it ensures that management have implemented the agreed actions, and this has addressed the risks identified.
- 5.2 Management are responsible for addressing the risks highlighted in Internal Audit reports and implementing control processes to reduce or eliminate the risks identified. Recommendations that are not addressed may expose the authority to unnecessary risks. Therefore, it is key to ensure that high risk findings are adequately dealt with and mitigated or eliminated by appropriate management actions.
- 5.3 The Pentana MK computer system in use by the Internal Audit Team has the facility to risk rate all recommendations and to track these so that once a recommendation has been agreed and a planned implementation date set, the risk owner or service manager can be reminded to provide updates on progress that is being made to implement the agreed actions.
- 5.4 This process enables Directors and Heads of Service and ultimately the Governance and Audit Committee to assess if adequate progress is being made to manage risks and implement agreed actions, or to make further enquiries as necessary.
- 5.5 The system also allows recommendations to be attributed to “themes” such as GDPR, governance or internal control where appropriate and this can then also enable review of recommendations across different service areas and operations. Large numbers of high risk recommendations in relation to a common risk aspect across different audits would alert Internal Audit to potential areas of concern.
- 5.6 The system enables the individual auditor to risk rate recommendations in line with internal guidance procedures. As the auditor creates each finding they also detail the actions that are recommended that would mitigate or remove the risk identified.
- 5.7 Each audit goes through a process where the testing is undertaken, recommendations are created, they are then reviewed, a draft report is issued and then the final report. All findings and recommendations are agreed with the service manager together with appropriate timescales.
- 5.8 As of 31<sup>st</sup> August 2023 there were 1916 recommendations that had been raised within the Pentana MK system since the date of implementation in May 2019.
- 5.9 **Table showing the status and number of recommendations.**

<b>Recommendation Status</b>	<b>Number</b>
Created – not yet reviewed	32
In draft (report reviewed not issued)	220
Draft report awaiting response	86
In progress	164
No action proposed	142
Completed	1184
No response received assume not accepted	1

Archived	87
<b>Total</b>	<b>1916</b>

#### 5.10 Internal Audit recommendations by risk rating and Directorate

Directorate	High	Medium	Merits Attention	No longer applicable	For information only	Total
<b>Social Services and Housing</b>	10	57	72	10	0	<b>149</b>
<b>Economy and Environment</b>	17	87	71	1	0	<b>176</b>
<b>Education and Corporate Services</b>	319	628	577	64	3	<b>1591</b>
<b>Total</b>	<b>346</b>	<b>772</b>	<b>720</b>	<b>75</b>	<b>3</b>	<b>1916</b>

5.11 Recommendations are created, and once they are agreed with service managers, they are allocated to a responsible officer and a due date for completion of the agreed actions is agreed with the service manager and recorded in the system. The system records the status of each recommendation from the initial creation through to completion by the service manager or responsible officer.

5.12 It should be borne in mind that the due date is a future date although there is an expectation that the higher the risk identified the more urgent the mitigating actions are required to be implemented, so a shorter due date would be expected and therefore high risk findings should be seen to show good progress towards completion.

#### 5.13 Audit recommendation status and risk rating

The table below shows the status of the recommendations created and their risk ratings:-

Status	High	Medium	Merits attention	No longer applicable	For information	Total
Created – not yet reviewed	8	16	8	0	0	<b>32</b>
In draft (report reviewed not issued)	22	59	139	0	0	<b>220</b>
Draft report awaiting response	24	30	32	0	0	<b>86</b>
In progress	50	62	52	0	0	<b>164</b>
No action proposed	14	58	19	50	1	<b>142</b>
Completed	220	511	451	0	2	<b>1184</b>
No response received	0	0	1	0	0	<b>1</b>

assume not accepted						
Archived	8	36	18	25	0	87
<b>Total</b>	<b>346</b>	<b>772</b>	<b>720</b>	<b>75</b>	<b>3</b>	<b>1916</b>

- 5.14 Progress in completing agreed recommendations is regularly monitored by the Internal Audit Team and overdue recommendations are highlighted with manual reminders being issued. There are currently 37 overdue recommendations as shown in the table below: -

**Table showing overdue recommendations.**

Directorate	High	Medium	Merits Attention	Total
<b>Social Services and Housing</b>	0	0	0	<b>0</b>
<b>Economy &amp; Environment</b>	2	17	0	<b>19</b>
<b>Education and Corporate Services</b>	7	4	7	<b>17</b>
<b>Total</b>	<b>9</b>	<b>21</b>	<b>7</b>	<b>37</b>

**5.15 Conclusion**

- 5.16 The report informs the Governance and Audit Committee on the number of Internal Audit findings, their risk ratings, recommendations issued and progress towards completion.

**6. ASSUMPTIONS**

- 6.1 There are no assumptions in this report.

**7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT**

- 7.1 An Integrated Impact Assessment is not required as this report is for information purposes only.

**8. FINANCIAL IMPLICATIONS**

- 8.1 There are no direct financial implications arising from this report.

**9. PERSONNEL IMPLICATIONS**

- 9.1 There are no personnel implications arising from this report

**10. CONSULTATIONS**

10.1 Any comments received from consultees have been included within the report.

## **11. STATUTORY POWER**

11.1 Local Government and Elections (Wales) Act 2021

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