



GOVERNANCE AND AUDIT COMMITTEE - 4TH JUNE 2024

**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 against Internal 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 22 May there were 2,444 recommendations that had been raised within the Pentana MK system since the date of implementation in May 2019. Of these, 444 are outstanding.

5.9 Table showing the status and number of recommendations.

Recommendation Status	Number
In draft (report reviewed not issued)	115
Draft report awaiting response	151
In progress	178
Total	444

- 5.10 Details of recommendations in progress which relate to closed audits i.e. where the final report has been issued and managers have confirmed the actions to be taken,

the year to which they relate, and the audit are shown in **APPENDIX 1**. A summary of these by year is shown in the table below.

All recommendations with in progress status

Year of Audit	All Recommendations in progress - Risk Rating			
	High	Medium	Merits Attention	Grand Total
2022/23	6	10	24	40
2023/24	47	64	27	138
Total	53	74	51	178

Recommendations are created and recorded in the system and the table below shows the summary of recommendations created in relation to incomplete 2023/24 and 2024/25 audit work (details in **APPENDIX 1**).

Recommendations currently in draft

Year of Audit	Grand Total
2023/24 incomplete audits	179
2024/25 current work in progress	87
Total	266

- 5.11 Recommendations are created, and once the report is issued and 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 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 Progress in completing agreed recommendations is regularly monitored by the Internal Audit Team and overdue recommendations are highlighted with reminders being issued to the named service manager. There are currently 5 overdue recommendations as shown in the tables below: -

Table showing overdue recommendations

Overdue Recommendations					
Risk Rating	0 – 1 Month	1 – 3 Months	3 -6 Months	6 Months +	Total
High	0	0	0	0	0
Medium	2	0	0	1	3
Merits Attention	2	0	0	0	2
Grand Total	4	0	0	1	5

Breakdown of Overdue Recommendations:

Audit Title	Audit Completion Date	0 -1 Month	1 – 3 Months	3 – 6 Months	6 Months +	Total
Payroll Leavers	25/10/2023	4	0	0	0	4
Property Services Corporate Safeguarding Self Evaluation Audit	04/07/2023	0	0	0	1*	1
Grand Total		4	0	0	1	5

**This relates to some training which has been booked but not completed at the date of this report.*

5.14 Conclusion

This report informs the Governance and Audit Committee of 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 the 'Update on Internal Audit Report Recommendations' does not require a change of council policy or strategy.

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

Author: D Gronow, Acting Internal Audit Manager

Consultees: R Edmunds, Corporate Director for Education and Corporate Services
S Harris, Head of Financial Services and Section 151 Officer

Appendices: -

Appendix 1 - Details of recommendations in progress as at 22/05/2024.