Meeting of:	**GOVERNANCE AND AUDIT COMMITTEE**
Date of Meeting:	**25 JANUARY 2024**
Report Title:	**INTERNAL AUDIT RECOMMENDATION MONITORING**
Report Owner / Corporate Director:	**CHIEF OFFICER – FINANCE, PERFORMANCE & CHANGE**
Responsible Officer:	**ANDREW WATHAN** **HEAD OF REGIONAL INTERNAL AUDIT SERVICE**
Policy Framework and Procedure Rules:	**The proposals in this report are in accordance with the policy framework and budget.**
Executive Summary:	• A position statement in respect of internal audit high and medium priority recommendations made, implemented and outstanding as at 31st December 2023 is detailed in **Appendix A**. • A total of 53 high and medium priority recommendations have been made following the conclusion of audits from the 2023-24 annual plan. All have been agreed and, to date, 16 have been implemented, 6 are overdue and 31 have a future implementation date. • There are currently 6 overdue recommendations all made during 2023-24 audits, these are detailed in **Appendix B**. • There are 13 recommendations which were made in 2021-22 and 2022-23 audits that still have future implementation dates. These are detailed in **Appendix C**. • The monitoring of recommendations is undertaken regularly by Auditors and any undue delays or issues are highlighted to Senior Management via the Council's Corporate Management Board and ultimately this Committee.

1. Purpose of Report

1.1 To provide members of the Committee with a position statement on internal audit recommendations that have been made to identify those that have been implemented and those that are outstanding.

2. Background

2.1 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.

2.2 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 or low priority.

2.3 Table 1 shows the recommendation categorisation as follows:

Table 1 – Recommendation Categorisation	
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:	
High Priority	Action that is considered imperative to ensure that the organisation is not exposed to high risks.
Medium Priority	Action that is considered necessary to avoid exposure to significant risks.
Low Priority	Action that is considered desirable and should result in enhanced control.

2.4 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.

2.5 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.

2.6 Any audits concluded with a no assurance or limited assurance opinion will also be subject to a follow up audit.

3. Current situation / proposal

3.1 **Appendix A** provides a summary of the status of the high and medium priority internal audit recommendations made as at 31st December 2023 .

3.2   The status of the recommendations that have been made following the completion of audits from the 2023-24 audit plan is summarised in Table 2 below:

Table 2 – Recommendation Status – Completed Audits 2023-24

	No. Made			Not Agreed	Implemented		Outstanding		Future Target Date
	High	**Med.**	**Total**		**High**	**Med.**	**High**	**Med.**	
2023-24	10	43	53	0	4	12	1	5	31

3.3   **Appendix A** also includes the recommendations made in relation to audits completed in the audit plans of 2021-22 and 2022-23 which are yet to be implemented. This information is summarised in Table 3.

Table 3 – Outstanding Recommendations – Audits Completed Pre-2023-24

	No. Made			Not Agreed	Implemented		Outstanding		Future Target Date
	High	**Med.**	**Total**		**High**	**Med.**	**High**	**Med.**	
2021-22	0	11	11	0	0	5	0	0	6
2022-23	0	20	20	0	0	13	0	0	7

3.4   **Appendix B** provides the detail of the 6 outstanding recommendations, which were all made in this financial year, and the position in respect of their implementation. This information has been shared with the Council's Corporate Management Board.

3.5   It is noted that 13 recommendations made during 2021-22 and 2022-23 still have future implementation dates. These are detailed in **Appendix C**. The situation is monitored and any undue delays with the implementation of these will be reported accordingly. It should be noted that 5 of the recommendations relate to cyber security audit which was completed in 2021/22. Initially it was envisaged that a Chief Information Security Officer (CISO) would be employed and could then address the recommendations. An appointment to the role was not successful so new actions have been agreed to address the identified risks.

3.6   The monitoring of recommendations is undertaken regularly by Auditors and any delays or issues are highlighted to the Council's Corporate Management Board and ultimately this Committee.

4.   Equality implications (including Socio-economic Duty and Welsh Language)

4.1   The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. This is an information report, therefore it is not necessary to carry out an Equality Impact assessment in the production of this report. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

5.   Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1   The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there will be no significant or unacceptable impacts upon the achievement of well-being goals/objectives as a result of this report.

6.   Climate Change Implications

6.1   There are no climate change implications arising from this report.

7.   Safeguarding and Corporate Parent Implications

7.1   There are no safeguarding or corporate parent implications arising from this report.

8.   Financial Implications

8.1   There are no direct financial implications arising from this report however effective audit planning and monitoring are key contributors in ensuring that the Council's assets and interests are properly accounted for and safeguarded.

9.   Recommendation

9.1   That members of the Governance and Audit Committee note the content of the report and consider the information provided in respect of the status of the high and medium priority recommendations made by the Regional Internal Audit Service.

Background documents

None