

Meeting of:	GOVERNANCE AND AUDIT COMMITTEE
Date of Meeting:	19 JULY 2024
Report Title:	PROGRESS UPDATE ON LIMITED ASSURANCE OPINIONS ISSUED BY INTERNAL AUDIT
Report Owner / Corporate Director:	CHIEF OFFICER FINANCE, HOUSING AND CHANGE AND HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE
Responsible Officer:	CARYS LORD - CHIEF OFFICER FINANCE, HOUSING AND CHANGE ANDREW WATHAN – HEAD OF REGIONAL INTERNAL AUDIT SERVICE
Policy Framework and Procedure Rules:	There is no impact on the policy framework and procedure rules.
Executive Summary:	Members of Governance and Audit Committee have requested a written response on the progress of the implementation of recommendations made in Limited Assurance Internal Audit reports issued during 2023/24. The report outlines the current position in relation to this.

1. Purpose of Report

- 1.1 The purpose of this report is to present Members of the Governance and Audit Committee with a progress report on action taken to address issues identified in Limited Assurance reports issued by Internal Audit.

2. Background

- 2.1 At a previous Governance and Audit Committee meeting Members asked for a written response to be provided to Committee on the progress of the implementation of recommendations made in Limited Assurance Internal Audit reports issued during 2023/24. Respective Directors were asked to provide updates for their service areas which were to be collated and reported back to Committee.
- 2.2 In accordance with the agreed Internal Audit Plan for 2023/24, the Regional Internal Audit Service undertook a variety of audits across all service areas. The objective of

each audit was to provide assurance or otherwise, on the adequacy of the internal control environment, governance arrangements and risk management processes in place within the area being audited and to minimize fraud or error. The auditors identify what key controls should be in place and then test the systems for compliance based on the evidence identified.

- 2.3 A balanced report was produced at the conclusion of each audit that identified strengths and weaknesses against each of the key controls which should be in place. Where weaknesses were identified, an action plan was agreed with the relevant manager to implement any audit recommendations made to minimise the risk of a control not being in place. This was included within the audit report. Depending on the number of weaknesses identified and whether the risk was deemed to be high, medium or low, a corresponding audit opinion on the level of assurance would have also been included within the report.
- 2.4 Audit opinions issued during 2023/24 were *Substantial*, *Reasonable* and *Limited*. Table 1 below summarises how these opinions are determined and Table 2 details the opinions made in 2023/2024 across these categories. There were no “*No Assurance*” opinions issued.

Table 1 - Audit Assurance Category Code	
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

TABLE 2: Range of IA Opinions issued		
	2023/24	
Opinion	Total	%
Substantial	10	24%
Reasonable	25	61%
Limited	6	15%
No Assurance	0	0
Total	41	100%

3. Current situation / proposal

3.1 A summary of why the 6 audits were deemed to have **Limited Assurance** was reported into Governance and Audit Committee previously. These audits related to:

- School Vehicles
- Security & Access to Council Buildings
- Adult Placement / Shared Lives
- St Mary's Catholic School
- Procurement Tender Evaluation & Award
- Recycling & Waste Management

3.2 The Corporate Director - Education, Early Years and Young People attended the June meeting of this Committee to update Members with regards to the schools' vehicle report.

3.3 **Appendix A** to this report includes updates in relation to the following :

- Security & Access to Council Buildings
- Adult Placement / Shared Lives

3.4 The remaining three reports referred to in 3.1 above were issued in March 2024. A Management Action Plan has been received by the Internal Audit Service for each of these reports and the recommendations have been accepted. As per the agreed process, Internal Audit will now review the progress against the Management Action Plan. If the opinion remains Limited Assurance at this point the report will be referred to Governance and Audit Committee.

3.5 Governance and Audit Committee also requested an update on those reports where there are outstanding actions. The first of these related to Cyber Security. This matter has been reported to Governance and Audit Committee and the Corporate Overview Scrutiny Committee in the past year. Ongoing progress is being made and Internal Audit continue to review and advise on this matter.

3.6 The other issue which has not already been addressed in this report relates to home to work mileage in council vehicles. **Appendix B** provides an update on this outstanding recommendation.

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 the Council needs to ensure it has appropriate and adequate controls in place to ensure sound financial management, compliance with legislation, its policies and procedures, and fraud and error are minimised.

9. Recommendation

- 9.1 It is recommended that the Committee note the progress report on action taken to address issues identified in Limited Assurance reports issued by Internal Audit.

Background documents

None