Meeting of:	**GOVERNANCE AND AUDIT COMMITTEE**
Date of Meeting:	**30 JANUARY 2025**
Report Title:	**INTERNAL AUDIT RECOMMENDATION MONITORING**
Report Owner / Corporate Director:	**CHIEF OFFICER – FINANCE, HOUSING & 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:	**This report provides members of the Governance and Audit Committee with a position statement on the status of internal audit recommendations.** **A position statement in respect of internal audit high and medium priority recommendations made, implemented and overdue as of 31st December 2024 is detailed in Appendix A.** **A recommendation is made to enhance a control in order to mitigate the identified risk; until the recommendation is implemented the risk remains.** **To date 1 high and 40 medium priority recommendations have been made following the conclusion of audits from this year's annual plan. All have been agreed, 33 have been implemented and there are none overdue.** **There are 4 recommendations made in audits completed in 2022-23 which still have a future implementation date. The detail of these are in Appendix B.** **In addition, there are 13 recommendations made in audits completed in 2023-24 which still have a future implementation date and 1 recommendation that was originally agreed but due to budget changes the service manager has stated that the original recommendation can no longer be supported.** **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.**

1. Purpose of Report

1.1 To provide members of the Committee with a position statement on internal audit recommendations made, implemented and outstanding as at 31st December 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.

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 focusing 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 the status of the high and medium priority internal audit recommendations made as of 31st December 2024. This includes all audits completed with recommendations from this financial year's plan and any audits completed in previous years where recommendations are yet to be implemented.

3.2 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 33 out of 41 (80%) recommendations have been implemented, 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	1	40	41	0	33	0	0	0	8

3.3 **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 – Outstanding Recommendations – Audits Completed Pre-2023-24

	No. Made			Not Agreed	Imp.	Overdue			Future Target Date
	High	Med.	Total			High	Med.	Total	
2022-23	0	11	11	0	7	0	0	0	4
2023-24	14	40	54	1	40	0	0	0	13

3.4 Table 3 illustrates that there are currently no overdue recommendations and 17 have a future implementation date. Four of these were made in audits completed in 2022-23, and detail of these and the progress being made is in **Appendix B**.

3.5 Table 3 also shows that 1 recommendation made in 2023-24 is now not agreed. This recommendation was made as part of the Learner Travel final audit report issued in March 2024 and was in respect of contract monitoring. The Audit Team have been following up this recommendation and due to budget changes the service manager has stated that the original recommendation can no longer be supported. This could impact on the effective monitoring of the contracts in place with suppliers of Home to School Transport.

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