

<b>Meeting of:</b>	<b>GOVERNANCE AND AUDIT COMMITTEE</b>
<b>Date of Meeting:</b>	<b>17 JULY 2025</b>
<b>Report Title:</b>	<b>INTERNAL AUDIT RECOMMENDATION MONITORING</b>
<b>Report Owner / Corporate Director:</b>	<b>CHIEF OFFICER – FINANCE, HOUSING &amp; CHANGE</b>
<b>Responsible Officer:</b>	<b>ANDREW WATHAN HEAD OF REGIONAL INTERNAL AUDIT SERVICE</b>
<b>Policy Framework and Procedure Rules:</b>	<b>The proposals in this report are in accordance with the policy framework and procedure rules.</b>
<b>Executive Summary:</b>	<ul style="list-style-type: none"> <li>• This report provides members of the Governance and Audit Committee with a position statement on the status of internal audit recommendations as at 30<sup>th</sup> June 2025. This is attached at Appendix A.</li> <li>• A recommendation is made to enhance a control to mitigate the identified risk; until the recommendation is implemented the risk remains.</li> <li>• As at 30<sup>th</sup> June 2025, 1 high recommendation made during 2023-24 is overdue and 7 high priority and 51 medium priority recommendations have future implementation dates. All have been agreed.</li> <li>• Details of the overdue recommendation, which relates to Parking Enforcement, is included in Appendix B.</li> <li>• The 5 medium priority recommendations made in audits completed in 2022-23 or 2023-24 are included in Appendix C.</li> <li>• In response to the Governance and Audit Committee's request at the meeting on 19<sup>th</sup> June 2025, details of the findings, risk and the status of the recommendations in respect of Parking Enforcement, Home to Work Mileage in Council Vehicles and Porthcawl Harbour have been included. Additional comments have been provided by the Interim Head of Operations (Communities).</li> <li>• In addition, details of the recommendations made following audits at Penybont Primary school and Maesteg Comprehensive school have been included in the report together with additional comments from the Corporate Director – Education, Early Years and Young People.</li> </ul>

	<ul style="list-style-type: none"> <li>• <b>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.</b></li> </ul>
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## 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 30<sup>th</sup> June 2025 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 Global 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:	
<b>High Priority</b>	Action that is considered imperative to ensure that the organisation is not exposed to high risks.
<b>Medium Priority</b>	Action that is considered necessary to avoid exposure to significant risks.
<b>Low Priority</b>	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 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 at 30<sup>th</sup> June 2025. To date, no high or medium priority recommendations have been made following completed 2025-26 audits.
- 3.2 The status of the recommendations made but currently not implemented is summarised in **Table 2** below. It illustrates that 70 out of 129 (54%) recommendations have been implemented, 1 is overdue and 58 have future dates.

**Table 2 – Summary of the Recommendation Status**

	No. Made	Not Agreed	Imp.	Overdue			Future Target Date		
				High	Med.	Total	High	Med.	Total
2022-23	4	0	2	0	0	0	0	2	2
2023-24	17	0	13	1	0	1	0	3	3
2024-25	108	0	55	0	0	0	7	46	53
<b>Total</b>	<b>129</b>	<b>0</b>	<b>70</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>7</b>	<b>51</b>	<b>58</b>

### Parking Enforcement

- 3.3 The 1 high priority overdue recommendation is in respect of Parking Enforcement, this is detailed at **Appendix B**. This recommendation, made in January 2024, was that the Council puts an overarching strategy or policy in place to outline the key duties, powers and objectives of the Parking Enforcement Team. This recommendation was made as the Council's Joint Working Agreement with the Vale of Glamorgan Council ceased in April 2020 and no such document had been put in place to replace previous arrangements. Without such a document there could be inconsistencies in approach and potential revenue loss which could cause public frustration.
- 3.4 This recommendation was discussed in the last Governance and Audit Committee meeting on 19<sup>th</sup> June 2025 as the revised target date for implementation had not been met.
- 3.5 Update from the Interim Head of Operations (Communities)

*A Parking Enforcement policy document is being drafted, it will outline the key duties, powers and objectives of the Parking Enforcement Team. The policy will be ready for review by 31/08/2025.*

- 3.6 Therefore the agreed implementation date will be changed to 31<sup>st</sup> August 2025, and the progress will be monitored and reported back to the next Governance and Audit Committee.

- 3.7 **Table 2** also illustrates that 7 high priority, and 51 medium priority recommendations made in audits undertaken prior to this financial year still have a future implementation date, therefore the identified risk remains. Details of the 5 medium priority recommendations made in the audits completed in 2022-23 or 2023-24 are included in **Appendix C**.

### **Home to Work Mileage in Council Vehicles**

- 3.8 Two of these recommendations are in respect of a Home to Work Mileage in Council Vehicles audit issued in January 2023. The Governance and Audit Committee discussed this audit during the last meeting on 19<sup>th</sup> June 2025 and requested an indication of when these recommendations would be fully implemented. One recommendation was that a corporate policy, for the use of Council vehicles, is developed which should consider the financial cost of home to work journeys, potential financial contributions from employees, HMRC implications if used for private use and specific guidance for electric vehicles. The audit found that during the pandemic informal procedures and arrangements were in place which resulted in an inconsistent approach across services of the Council. The second recommendation was that a business case should be presented and authorised if there was a requirement to take a Council vehicle home. A corporate policy and the requirement of approved business cases would ensure consistency across all employees of the Council.

- 3.9 Update from the Interim Head of Operations (Communities)

*A review will be undertaken which will cover the overall usage and maintenance of the Council Fleet, this will include the development of a policy that will cover the use of Council vehicles. The anticipated completion date for the review will be 01/08/2026. As an interim, while undertaking the fleet review, an exercise will be carried out to review all vehicles that are taken home alongside the necessary supporting narrative which can be presented to audit. The completion date will be 30/09/2025.*

- 3.10 Therefore the implementation dates for these 2 recommendations will be updated to 1<sup>st</sup> August 2026 and 30<sup>th</sup> September 2025. The progress of the implementation will be monitored and reported to the Governance and Audit Committee.

### **Porthcawl Harbour Return 2023-24**

- 3.11 During the previous Governance and Audit meeting on 19<sup>th</sup> June 2025, members of the Committee also discussed the recommendation made in respect of the audit of the Porthcawl Harbour Return 2023-24 which was issued in July 2024. The recommendation was that the Harbour Board should receive and agree the annual accounts, and this should be clearly documented in meeting minutes. Additionally, in line with the Harbour Engagement Strategy, a business plan should be provided to the Harbour Board and regularly monitored. This recommendation has been partially completed, and details are included in **Appendix C**.

- 3.12 Update from the Interim Head of Operations (Communities)

*An overview has been added to the annual accounts outlining the Council as being the Harbour Authority with the undertakings associated with the Harbour being vested in the Council. Since 2013 Porthcawl Harbour has also been home to Porthcawl Marina.*

*The Harbour Board, chaired by the Corporate Director Communities, exists to provide overall governance and management of Porthcawl Harbour. It will meet twice in 2025/26 – September 2025 and January 2026. The Harbour Stakeholder Group, Chaired by the Harbour Master, exists to ensure the safe and effective operation of the marina facility and advise the Harbour Board on matters of importance. It will also meet twice in 2025/26 – September 2025 and January 2026. The Operational Group will meet before the Harbour board to allow issues to be reported and escalated as appropriate.*

*To fully implement the internal audit recommendation, a business plan will be provided to the Harbour Board at the September meeting.*

### **Penybont Primary School and Maesteg Comprehensive School**

- 3.13 The Annual Internal Audit Report 2024-25, presented to the Governance and Audit Committee on 19<sup>th</sup> June 2025, identified that 2 schools had been given a *Limited Assurance* audit opinion, these were Penybont Primary School and Maesteg Comprehensive School. Members of this Committee requested further details on the actions identified in those internal audit reports. These 2 schools have been highlighted in **Appendix A**, which shows Penybont Primary School received 15 recommendations, all were agreed, 11 have been implemented and 4 have a future date. Maesteg Comprehensive School received 14 recommendations, all were agreed with 9 implemented and 5 have a future date. An analysis of the audit areas which these recommendations relate to is in Table 3 below.

**Table 3 – Analysis of Recommendations Made**

Audit Area	Penybont		Maesteg	
	High	Medium	High	Medium
Budgetary Control	0	0	0	1
Governance	0	1	1	0
Private/ Unofficial Fund	0	4	0	2
Purchasing (inc Pcard)	0	7	1	3
Safeguarding	1	1	0	2
School Income	0	1	0	4
<b>Total</b>	<b>1</b>	<b>14</b>	<b>2</b>	<b>12</b>

- 3.14 These 2 internal audit reports were issued in March 2025 and May 2025 respectively and implementation dates for the recommendations have been agreed with each school. As per the internal audit process a follow up audit will be undertaken at each school during 2025-26 and the respective audit opinions will be reported to the Governance and Audit Committee. If the *Limited Assurance* opinions remain the Governance and Audit Committee will be asked if they would like to invite the relevant Headteacher in to discuss the areas of concern further.
- 3.15 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.
- 3.16 Comments from the Director Corporate Director – Education, Early Years and Young People

*Bridgend County Borough Council's Cabinet is responsible for determining the Financial Scheme for Schools in accordance with the School Standards and Framework Act 1998 and the Education Act 2002. The Section 151 Officer, for the purpose of section 151 of the Local Government Act 1972, is responsible for the proper administration of the authority's financial affairs. The scope of the duties of the Section 151 Officer under section 151 includes all aspects of the financial management undertaken by a governing body.*

*Governing bodies are required to provide the local authority with details of anticipated and actual expenditure and income in a form and at times determined by the local authority. The governing body is:*

- responsible for the observance of the financial regulations throughout the school;*
- required to bring financial regulations to the attention of all relevant staff within the school; and*
- responsible for the accountability of staff and control of all resources in accordance with agreed policies and procedures.*

*The local authority, through its Finance Department, Internal Audit Service and Schools Group will monitor schools to ensure correct procedures are followed and recommendations are observed.*

#### **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 and Nature Implications**

- 6.1 There are no climate change or nature 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