

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

MUNICIPAL YEAR 2022/23

GOVERNANCE AND AUDIT COMMITTEE 7 th December 2022	AGENDA ITEM NO. 9
REPORT OF HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE	INTERNAL AUDIT RECOMMENDATIONS 2022/23

Author: Mark Thomas (Head of Regional Internal Audit Service) & Lisa Cumpston (Audit Manager)

1. PURPOSE OF THE REPORT

- 1.1 This report provides members of the Governance and Audit Committee with a position statement on internal audit recommendations made, implemented and outstanding.

2. RECOMMENDATIONS

- 2.1 It is recommended that members of the Governance and Audit Committee:
- Consider the information provided in respect of the status of internal audit recommendations made; and
 - Review the information contained within the report and provide feedback on the content and format of the information provided.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To help ensure that the Governance and Audit Committee monitors the performance of the Council's Internal Audit Service, in accordance with its Terms of Reference.

4. **BACKGROUND**

- 4.1 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 Strategy states that the implementation of agreed recommendations will be monitored.
- 4.2 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 Management Responses to indicate whether they agree with the recommendations and how they plan to implement them. To assist Managers in focussing their attention, each recommendation is classified as being either High, Medium or Low priority.
- 4.3 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.

- 4.4 Once the target date for implementation has been reached the relevant Officers are contacted and asked to provide feedback on the status of each agreed recommendation. The implementation of these recommendations is monitored using MK Insight internal audit software to ensure that improvements are being made.
- 4.5 Any audits concluded with a no assurance or limited assurance opinion will be subject to a follow up audit.
- 4.6 As this is the first recommendation monitoring report brought to this Committee, the report at **Appendix A** provides a summary of the status, at as 18th November 2022, of all recommendations made by Internal Audit since the implementation of the MK Insight internal audit software on 1st April 2021. Moving forward it is suggested that only outstanding recommendations from previous years be included together with the recommendations made in the current year.

- 4.7 The report at **Appendix A** summarises the internal audit recommendations made, implemented and overdue relating to areas reviewed during 2021/22 and 2022/23.
- 4.8 Members will note that a total of 142 recommendations were made to improve the control environment of the areas reviewed during 2021/22 and to date 35 have been made in 2022/23. There was 1 recommendation made during 2021/22 which was not accepted by the service area as Management considered that they complied with the recommendation that staff sign their timesheets in most instances but there were occasions when it was not possible to comply due to staff being absent, therefore they did not consider it was appropriate to remind staff of this requirement.
- 4.9 **Appendix A** illustrates that as of 18th November 2022, 127 recommendations made in 2021/22 have been implemented, while 14 have target dates in the future. There are no overdue recommendations to report to date in respect of 2021/22.
- 4.10 Of the 35 recommendations made to date in 2022/23, **Appendix A** illustrates that 24 have been implemented, and 11 have a future target date. All have been accepted by Management.
- 4.11 The information contained in **Appendix A** has been compiled from the internal audit software system. Views from the Committee are sought in respect of the content and details provided. Similar reports have been presented to the other 3 Governance and Audit Committees that comprise the regional service and once feedback from all is obtained a standard report will be commissioned.

5. EQUALITY & DIVERSITY & SOCIO-ECONOMIC DUTY IMPLICATIONS

- 5.1 There are no equality and diversity or socio-economic implications as a result of the recommendations set out in the report.

6. CONSULTATION

- 6.1 There are no consultation implications as result of the recommendations set out in the report.

7. FINANCIAL IMPLICATION(S)

- 7.1 There are no financial implications as a result of the recommendations set out in the report, but effective audit planning and monitoring are key contributors in ensuring that the Council's assets and interests are properly accounted for and safeguarded.

8. LEGAL IMPLICATIONS OR LEGISLATION CONSIDERED

- 8.1 The provision of an adequate and effective Internal Audit function is a legal requirement under the Accounts and Audit (Wales) (Amendment) Regulations

2018.

- 8.2 Regulation 7 (Internal Audit) of Part 3 of the 2018 Regulations directs that: “A relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control.”

9. LINKS TO CORPORATE AND NATIONAL PRIORITIES AND THE WELL-BEING OF FUTURE GENERATIONS ACT

9.1 THE COUNCIL’S CORPORATE PLAN PRIORITIES

The work of Internal Audit aims to support the delivery of the priorities contained within the Council’s Corporate Plan 2020-2024 “Making a Difference”, in particular ‘Living Within Our Means’ through ensuring that appropriate internal controls are in place to effectively manage resources.

9.2 WELL-BEING OF FUTURE GENERATIONS ACT / FIVE WAYS OF WORKING

The wellbeing 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 wellbeing goals/objectives as a result of this report.

10. CONCLUSION

- 10.1 Monitoring the performance of Internal Audit is a key responsibility for the Governance and Audit Committee. This report provides Members with detailed information relating to audit recommendations made by the Internal Audit Service, with which the performance of the Service can be reviewed and scrutinised.

Other Information:-

Relevant Scrutiny Committee

Not applicable.

Contact Officer – Mark Thomas (Head of Regional Internal Audit Service)

LOCAL GOVERNMENT ACT, 1972

AS AMENDED BY

THE ACCESS TO INFORMATION ACT, 1985

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Item: 9

Background Papers

None.

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