

# RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

## MUNICIPAL YEAR 2023/24

<b>GOVERNANCE AND AUDIT COMMITTEE</b>  <b>12<sup>th</sup> October 2023</b>	<b>AGENDA ITEM NO. 8</b>
<b>REPORT OF THE HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE</b>	<b>INTERNAL AUDIT RECOMMENDATION MONITORING 2023/24</b>

Author: Andrew Wathan (Head of the Regional Internal Audit Service) & Lisa Cumpston (Audit Manager)

### **1. PURPOSE OF THE REPORT**

- 1.1 To provide members of the Governance and Audit 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. RECOMMENDATIONS**

- 2.1 It is recommended 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.

### **3. REASONS FOR RECOMMENDATIONS**

- 3.1 To help ensure that the Governance and Audit Committee monitors the performance and added value 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 environment. The

Regional Internal Audit Service (RIAS) 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:	
<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.

4.4 To ensure focus is maintained on the key issues identified from the audits undertaken, the Internal Audit team will report on the implementation of *High* and *Medium* priority recommendations by operational managers across the Council. Once agreed, it is the responsibility of the operational manager to implement all of the recommendations including those identified as *Low* priority.

4.5 Once the target date for implementation has been reached the relevant Officers will be contacted by Internal Audit 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.

4.6 Any audits concluded with a **No Assurance** or **Limited Assurance** opinion will be subject to a follow up audit.

**Current Position / proposal**

4.7 **Appendix A** provides a summary of the status of the high and medium priority internal audit recommendations made as at 27<sup>th</sup> September 2023.

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	Imp.	Outstanding		Future Target Date
	High	Med.	Total			High	Med.	
2023-24	0	3	3	1	0	0	0	2

4.8 **Appendix A** also includes the recommendations made in relation to audits completed in the audit plan for 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	Imp.	Outstanding		Future Target Date
	High	Med.	Total			High	Med.	
2022-23	6	52	58	0	37	1	6	14

4.9 **Table 2** above illustrates that 1 medium priority audit recommendation was not agreed by management to date during 2023-24. This recommendation relates to the Disclosure & Barring Service (DBS) audit review, for which the final report was issued on 16<sup>th</sup> August 2023. A recommendation was made that best practice would be to carry out DBS renewal checks every 3 years, particularly for roles based in school settings. However management responded to say that outside of Social Care legislation, there is no requirement to undertake 3 yearly checks. There are two factors to take into account (as follows) hence the controls in place already were considered sufficient.

- Any updated DBS would capture information relevant to employment. As the staff already work for the Council, any act they undertake that would appear on a DBS and would have been identified via internal process i.e. Safeguarding Referrals.
- The cost and administrative requirement would be substantial, which schools would have to finance directly.

4.10 **Appendix B** provides the detail of the 7 current outstanding recommendations and the status in respect of their implementation.

4.11 It is noted that there are 14 recommendations made during 2022-23 which still have a future target date. However, several of these audits were finalised within the last 6 months and the proposed implementation timescales agreed. The situation will be monitored and any undue delays with implementation will be reported accordingly.

4.12 The monitoring of recommendations is undertaken regularly by Auditors and any delays or issues are highlighted to the Council's Senior Leadership Team and ultimately this Committee.

## **5. EQUALITY, DIVERSITY & SOCIO-ECONOMIC DUTY IMPLICATIONS**

- 5.1 The protected characteristics identified within the Equality Act and Socio-economic Duty 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, strategic, 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.

## **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 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.

## **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 Sustainable Development Principles, in particular Prevention, can be applied to the systematic reviews undertaken in order to provide assurance that risks to the achievement of objectives are being managed.

## **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 Officers*** – Andrew Wathan (Head of Regional Internal Audit Service) &  
Lisa Cumpston (Audit Manager)

**LOCAL GOVERNMENT ACT, 1972**

**AS AMENDED BY**

**THE ACCESS TO INFORMATION ACT, 1985**

**RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL**

**GOVERNANCE AND AUDIT COMMITTEE**

**12<sup>th</sup> October 2023**

**INTERNAL AUDIT RECOMMENDATION MONITORING 2023/24**

**HEAD OF THE REGIONAL INTERNAL AUDIT SERVICE**

Author: Andrew Wathan (Head of the Regional Audit Service) &  
Lisa Cumpston (Audit Manager)

**Item: 8**

**Background Papers**

None.

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