

Meeting of:	Governance and Audit Committee
Date of Meeting:	Monday, 16 December 2024
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	Recommendation Monitoring
Purpose of Report:	To provide members of the Committee with a position statement on internal audit recommendations made, implemented and outstanding.
Report Owner:	Head of the Regional Internal Audit Service
Responsible Officer:	Head of Finance & Section 151 Officer
Elected Member and Officer Consultation:	No Elected Members have been consulted. Legal Services and Head of Finance.
Policy Framework:	The proposals in this report are in accordance with the policy framework and budget.
<p>Executive Summary:</p> <ul style="list-style-type: none"> • This report provides 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 overdue. • A position statement in respect of internal audit high and medium priority recommendations made, implemented and overdue as of 31st October 2024 is detailed in Appendix A. • A recommendation is made to enhance an identified weakness in a control to mitigate the identified risk, so until the recommendation is implemented the risk remains. • To date 4 high and 30 medium priority recommendations have been made following the conclusion of audits from this year's annual plan. All have been agreed. • There is currently 1 overdue recommendation made in an audit completed during 2023-24, this is detailed in Appendix B. • There are also 2 recommendations made in an audit completed in 2022-23 which have future implementation dates. The details of these are in Appendix C. • 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. 	

Recommendation

1. That members of the Committee note the position statement on internal audit recommendations made, implemented and outstanding as at 31st October 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.

Reasons for Recommendation

1. To keep the Governance and Audit Committee informed on the status of Internal Audit Recommendations.

1. Background

- 1.1 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.
- 1.2 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 focussing their attention, each recommendation is classified as being either high, medium and low priority.
- 1.3 **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.

- 1.4 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.
- 1.5 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.
- 1.6 Any audits concluded with a *No Assurance* or *Limited Assurance* opinion will also be subject to a follow up audit.

2. Key Issues for Consideration

- 2.1 **Appendix A** provides the status of the high and medium priority internal audit recommendations made as of 31st October 2024. This includes all audits completed with recommendations in 2024-25 and any audits completed in previous years where recommendations are yet to be implemented.
- 2.2 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 there are currently no overdue recommendations and there are 20 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	4	30	34	0	14	0	0	0	20

- 2.3 **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 –Recommendation Status – Audits Completed Pre-2024-25

	No. Made			Not Agreed	Imp.	Overdue			Future Target Date
	High	Med.	Total			High	Med.	Total	
2022-23	0	8	8	0	6	0	0	0	2

	No. Made			Not Agreed	Imp.	Overdue			Future Target Date
	High	Med.	Total			High	Med.	Total	
2023-24	4	53	57	0	38	0	1	1	18

2.4 Table 3 illustrates that there is currently 1 medium priority overdue recommendation. This is in respect of the Officer Code of Conduct audit and details of the recommendation and status is at **Appendix B**.

2.5 As stated, a recommendation is made to enhance an identified weakness in a control to mitigate the identified risk, so until the recommendation is implemented the risk remains. Table 3 also shows that 2 recommendations made in the Governance and Performance Review: Local Authority Trading Company (LATC) audit completed during 2022-23 still have future implementation dates. Details of these and the progress being made are at **Appendix C**.

2.6 In addition, there are 18 recommendations, made during audits undertaken in 2023-24 that also have a future target date.

2.7 The monitoring of recommendations is undertaken regularly by Auditors and any undue delays or issues are highlighted to Senior Management and ultimately this Committee.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

3.1 The Annual Risk Based Plan contains audit reviews that will be service specific and that will assist in understanding how those services undertake the five ways of working and how they deliver the well-being objectives.

4. Climate Change and Nature Implications

4.1 None as a consequence of this report

5. Resources and Legal Considerations

Financial

5.1 There are no resource implications as a direct consequence of this report, but recommendations made will assist in ensuring that the Council's assets and interests are properly accounted for and safeguarded.

Employment

5.2 None as a direct consequence of this report.

Legal (Including Equalities)

5.3 The provision of an adequate and effective Internal Audit function is a legal requirement under the Accounts and Audit (Wales) Regulations 2014 as amended from time to time. There are no equalities implications as a direct consequence of this report.

6. Background Papers

None

Vale of Glamorgan Council - Recommendation Monitoring as at 31st October 2024														
Audit Name	Directorate	Audit Opinion	Final Report Date	Number Made			Not Agreed	Implemented			Overdue			Future Target Date
				High	Medium	Total		High	Medium	Total	High	Medium	Total	Total
Pre 2023-24														
Governance and Performance Review : Local Authority Trading Co	Learning & Skills	LIMITED	20/06/2023	0	8	8	0	0	6	6	0	0	0	2
Total				0	8	8	0	0	6	6	0	0	0	2
2023-24														
PCI-DSS Follow Up	Cross Cutting	LIMITED	21/09/2023	0	3	3	0	0	1	1	0	0	0	2
Officer Code of Conduct	Corporate Resources	LIMITED	14/11/2023	0	7	7	0	0	5	5	0	1	1	1
Corporate Complaints & Compliments	Cross Cutting	REASONABLE	11/12/2023	0	3	3	0	0	2	2	0	0	0	1
Debtors	Corporate Resources	LIMITED	14/12/2023	0	7	7	0	0	6	6	0	0	0	1
Leisure Centres – Contract & Performance Monitoring	Environment & Housing	LIMITED	15/12/2023	0	6	6	0	0	5	5	0	0	0	1
Welsh Language Standards	Cross Cutting	REASONABLE	20/12/2023	0	5	5	0	0	4	4	0	0	0	1
Security & Access to Council Buildings	Cross Cutting	REASONABLE	06/02/2024	1	5	6	0	1	4	5	0	0	0	1
Cleaning Services	Environment & Housing	REASONABLE	19/03/2024	0	3	3	0	0	2	2	0	0	0	1
Oracle Fusion School Roll Out	Learning & Skills	REASONABLE	04/04/2024	0	4	4	0	0	1	1	0	0	0	3
School Transport	Environment & Housing	REASONABLE	09/04/2024	1	4	5	0	1	3	4	0	0	0	1
Ysgol Y Deri & St Cyres Building Compliance Follow Up	Cross Cutting	REASONABLE	23/04/2024	1	1	2	0	0	0	0	0	0	0	2
Payroll	Corporate Resources	REASONABLE	01/05/2024	1	4	5	0	0	3	3	0	0	0	2
Information Governance - Data Security Policies	Cross Cutting	REASONABLE	07/06/2024	0	1	1	0	0	0	0	0	0	0	1
Total				4	53	57	0	2	36	38	0	1	1	18
2024-25														
St David's Primary School	Learning & Skills	REASONABLE	23/07/2024	0	7	7	0	0	3	3	0	0	0	4
Corporate Procurement - Policy & Guidance	Corporate Resources	REASONABLE	25/07/2024	0	1	1	0	0	1	1	0	0	0	0
Bus Services Support Grant 2023-24	Cross Cutting	REASONABLE	12/08/2024	1	0	1	0	0	0	0	0	0	0	1
SRS - Governance & Financial Controls	Environment & Housing	REASONABLE	20/08/2024	0	2	2	0	0	1	1	0	0	0	1
Tender Evaluation & Award Follow Up - Building Services (Project & Planned Team Services)	Environment & Housing	LIMITED	23/08/2024	2	4	6	0	0	3	3	0	0	0	3
Tender Evaluation & Award Follow Up - Building Services (Development & Investment Team)	Environment & Housing	REASONABLE	23/08/2024	0	2	2	0	0	1	1	0	0	0	1
Section 117	Social Services	REASONABLE	03/09/2024	1	2	3	0	0	0	0	0	0	0	3
Contract Management	Cross Cutting	REASONABLE	05/09/2024	0	3	3	0	0	3	3	0	0	0	0
Independent Living Adaptation Grants	Place	SUBSTANTIAL	24/09/2024	0	1	1	0	0	0	0	0	0	0	1
Community Asset Transfers	Environment & Housing	SUBSTANTIAL	09/10/2024	0	1	1	0	0	0	0	0	0	0	1
Hoarding, Skips & Scaffolding	Environment & Housing	REASONABLE	16/10/2024	0	3	3	0	0	2	2	0	0	0	1
Garage Services	Environment & Housing	REASONABLE	17/10/2024	0	4	4	0	0	0	0	0	0	0	4
Total				4	30	34	0	0	14	14	0	0	0	20

Vale of Glamorgan Council –Recommendation Monitoring

1. Overdue Recommendations – 2023-24 Audits

Audit	Final Report Date	Recommendation	Category	Agreed Action	Agreed Date	Current Position	Responsible Officer
Officer Code of Conduct	14/11/23	As recommended in the previous audit, the Code of Conduct Protocol document should be included within the new starters' information, induction and/or probation period reviews and records are maintained to demonstrate this.	Medium	Consider best approach to maintain records and whether this could be implemented via the Oracle process.	30/08/24	<u>Partially Implemented</u> New starters with access to idev have online access. Confirmation is required to demonstrate how access to the Code is provided to new starters with no online access.	Head of Human Resources and Organisational Development & Operational Manager Lifecycle

Vale of Glamorgan Council –Recommendation Monitoring

Recommendations Made In 2022-23 Audits - Future Implementation Date

Audit	Final Report Date	Recommendation	Category	Agreed Action	Agreed Date	Current Position	Responsible Officer
Governance and Performance Review: Local Authority Trading Company (LATC)	20/06/2023	The financial arrangement with regards to providing the LATC with Free School Meal funding is reviewed by the Council, incorporating advice provided by the current tax advisory work. Consideration should also be given to reviewing and updating the current Catering Services Agreement where appropriate	Medium	Upon receipt of the specialist tax advice which will inform the need or otherwise to update the Catering Services Agreement (in negotiation with the LATC). Consideration of the need to report on any proposed changes to the School's Budget Forum.	1/04/24 Revised 31/10/24 31/03/25	External specialist tax advice has been provided and is under consideration, along with an update to the services agreement as this ends in March 2025. The Big Fresh Catering Company have provided detailed accounting data and there are monthly finance meetings with the Company and the Council's Accountancy Team. Work is underway as part of the budget setting process to consider the appropriate structure(s) of the arrangements with Big Fresh and this has become more complex since the introduction and rollout (positively) of Universal Free School Meals.	Director of Corporate Resources, Operational Manager Legal & Operational Manager Accountancy
		In order to allow an adequate level of review and challenge, updates on the LATC are provided to Learning and Culture Scrutiny Committee by the Shareholder Committee on an annual basis	Medium	Presentation of a report by the Council Shareholders to Scrutiny Committee Learning and Culture to consider performance information and business plan, to be reported during 2022/23. Thereafter, regular reports will be presented to Scrutiny Committee setting out the previous year and planned activities, including	31/07/23 Revised 31/10/24 31/03/25	A report to Committee is planned once the work on the services agreement has been completed. The Shareholders continue to meet with the Big Fresh Catering Company Managing Director on a regular basis and receive updates from the Company,	Director of Corporate Resources

Audit	Final Report Date	Recommendation	Category	Agreed Action	Agreed Date	Current Position	Responsible Officer
				content of the Business Plan from 2023/24 onwards.		most recently as part of budget setting.	