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| Meeting of:   | <b>Governance and Audit Committee</b>  |
| Date of Meeting:  | <b>Monday, 24 March 2025</b>   |
| 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"> <li>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.</li> <li>A position statement in respect of internal audit high and medium priority recommendations made, implemented and overdue as of 28<sup>th</sup> February 2025 is detailed in <b>Appendix A</b>.</li> <li>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.</li> <li>To date 9 high and 63 medium priority recommendations have been made following the conclusion of audits from this year's annual plan. All have been agreed.</li> <li>There are currently no overdue recommendations.</li> <li>At the request of the Governance and Audit Committee, the relevant Chief Officer has been invited to Committee to provide assurances that action is being taken to implement the agreed recommendations in respect of the Ysgol Y Deri &amp; St Cyres Building Compliance Follow Up audit. Assurance has been provided that work is ongoing to mitigate the identified risks and a revised timescale for implementation has been agreed.</li> <li>There are also 2 recommendations made in an audit completed in 2022-23 which have future implementation dates. The details of these are in <b>Appendix B</b>.</li> </ul> |  |

- 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 28<sup>th</sup> February 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.

## 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   |
|---|
| <p>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:</p> |

| Table 1 – Recommendation Categorisation |  |
|---|--|
| <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.                         |

- 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 28<sup>th</sup> February 2025. 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 37 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 |                    |
| <b>2024-25</b> | 9        | 63   | 72    | 0          | 35   | 0       | 0    | 0     | 37                 |

**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 |                    |
| <b>2022-23</b> | 0        | 8    | 8     | 0          | 6    | 0       | 0    | 0     | 2                  |
| <b>2023-24</b> | 3        | 42   | 45    | 0          | 29   | 0       | 0    | 0     | 16                 |

**2.4** 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 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 B**.

**2.5** Table 3 illustrates that there are currently no overdue recommendations from audits completed during 2023/24. In the previous meeting, one high and one medium overdue recommendation was reported to Governance and Audit Committee in respect of Ysgol Y Deri & St Cyres Building Compliance Follow Up audit and Committee asked that the relevant Chief Officer attend to explain the position and provide an update. Following discussions with the relevant Officers a new timescale has been agreed for implementation and assurance provided that risks are being mitigated, hence these recommendations are now included in the future target date column in Table 3.

**2.6** Therefore 16 recommendations, made during audits undertaken in 2023-24 that still have a future target date. These are reported to the Council’s Senior Leadership Team until implementation has taken place.

**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

| 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              |
| <b>Pre 2023-24</b>  |                       |               |                   |             |           |           |            |             |           |           |          |          |          |                    |
| Governance and Performance Review : Local Authority Trading C | Cross Cutting         | LIMITED       | 20/06/2023        | 0           | 8         | 8         | 0          | 0           | 6         | 6         | 0        | 0        | 0        | 2                  |
| <b>Total</b>  |                       |               |                   | <b>0</b>    | <b>8</b>  | <b>8</b>  | <b>0</b>   | <b>0</b>    | <b>6</b>  | <b>6</b>  | <b>0</b> | <b>0</b> | <b>0</b> | <b>2</b>           |
| <b>2023-24</b>  |                       |               |                   |             |           |           |            |             |           |           |          |          |          |                    |
| 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        | 0        | 0        | 2                  |
| 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                  |
| Welsh Language Standards                                      | Cross Cutting         | REASONABLE    | 20/12/2023        | 0           | 5         | 5         | 0          | 0           | 4         | 4         | 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           | 2         | 2         | 0        | 0        | 0        | 2                  |
| 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                  |
| <b>Total</b>  |                       |               |                   | <b>3</b>    | <b>42</b> | <b>45</b> | <b>0</b>   | <b>1</b>    | <b>28</b> | <b>29</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>16</b>          |
| <b>2024-25</b>  |                       |               |                   |             |           |           |            |             |           |           |          |          |          |                    |
| St David's Primary School                                     | Learning & Skills     | REASONABLE    | 23/07/2024        | 0           | 7         | 7         | 0          | 0           | 7         | 7         | 0        | 0        | 0        | 0                  |
| 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          | 1           | 0         | 1         | 0        | 0        | 0        | 0                  |
| SRS - Governance & Financial Controls                         | Environment & Housing | REASONABLE    | 20/08/2024        | 0           | 2         | 2         | 0          | 0           | 2         | 2         | 0        | 0        | 0        | 0                  |
| Tender Evaluation & Award, Building Services Follow-up        | Cross Cutting         | LIMITED       | 23/08/2024        | 2           | 6         | 8         | 0          | 2           | 6         | 8         | 0        | 0        | 0        | 0                  |
| Section 117   | Social Services       | REASONABLE    | 03/09/2024        | 1           | 2         | 3         | 0          | 0           | 2         | 2         | 0        | 0        | 0        | 1                  |
| 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           | 1         | 1         | 0        | 0        | 0        | 0                  |
| Community Asset Transfers                                     | Environment & Housing | SUBSTANTIAL   | 09/10/2024        | 0           | 1         | 1         | 0          | 0           | 1         | 1         | 0        | 0        | 0        | 0                  |
| Hoarding, Skips & Scaffolding                                 | Environment & Housing | REASONABLE    | 16/10/2024        | 0           | 3         | 3         | 0          | 0           | 3         | 3         | 0        | 0        | 0        | 0                  |
| Garage Services   | Environment & Housing | REASONABLE    | 17/10/2024        | 0           | 4         | 4         | 0          | 0           | 1         | 1         | 0        | 0        | 0        | 3                  |
| Fees & Charges  | Cross Cutting         | REASONABLE    | 06/11/2024        | 0           | 2         | 2         | 0          | 0           | 0         | 0         | 0        | 0        | 0        | 2                  |
| Insurance Follow-up   | Cross Cutting         | REASONABLE    | 08/11/2024        | 1           | 1         | 2         | 0          | 1           | 1         | 2         | 0        | 0        | 0        | 0                  |
| Housing Tenancy Verification                                  | Environment & Housing | REASONABLE    | 05/12/2024        | 0           | 1         | 1         | 0          | 0           | 0         | 0         | 0        | 0        | 0        | 1                  |
| Governance of Officer-led Strategic Boards                    | Cross Cutting         | REASONABLE    | 11/12/2024        | 0           | 2         | 2         | 0          | 0           | 0         | 0         | 0        | 0        | 0        | 2                  |
| Cyber Security in Schools                                     | Corporate Resources   | REASONABLE    | 09/01/2025        | 0           | 3         | 3         | 0          | 0           | 0         | 0         | 0        | 0        | 0        | 3                  |
| Gladstone School  | Learning & Skills     | REASONABLE    | 16/01/2025        | 0           | 3         | 3         | 0          | 0           | 3         | 3         | 0        | 0        | 0        | 0                  |
| ICT Business Continuity Follow Up                             | Cross Cutting         | LIMITED       | 20/01/2025        | 3           | 2         | 5         | 0          | 0           | 0         | 0         | 0        | 0        | 0        | 5                  |
| Filming Income  | Place                 | REASONABLE    | 22/01/2025        | 0           | 4         | 4         | 0          | 0           | 0         | 0         | 0        | 0        | 0        | 4                  |
| Flying Start  | Social Services       | SUBSTANTIAL   | 07/02/2025        | 0           | 1         | 1         | 0          | 0           | 0         | 0         | 0        | 0        | 0        | 1                  |
| Office Equipment Inventory                                    | Cross Cutting         | LIMITED       | 19/02/2025        | 1           | 4         | 5         | 0          | 0           | 0         | 0         | 0        | 0        | 0        | 5                  |
| Rhws Primary School   | Learning & Skills     | REASONABLE    | 21/02/2025        | 0           | 7         | 7         | 0          | 0           | 0         | 0         | 0        | 0        | 0        | 7                  |
| Adult Placements (Shared Lives) Follow Up                     | Social Services       | REASONABLE    | 26/02/2025        | 0           | 3         | 3         | 0          | 0           | 0         | 0         | 0        | 0        | 0        | 3                  |
| <b>Total</b>  |                       |               |                   | <b>9</b>    | <b>63</b> | <b>72</b> | <b>0</b>   | <b>4</b>    | <b>31</b> | <b>35</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>37</b>          |

**Vale of Glamorgan Council –Recommendation Monitoring**

**Recommendations Made In 2022-23 Audits - Future Implementation Date**

| <b>Audit</b>   | <b>Final Report Date</b> | <b>Recommendation</b>   | <b>Category</b> | <b>Agreed Action</b>  | <b>Agreed Date</b>                                     | <b>Current Position</b>   | <b>Responsible Officer</b>   |
|--|--------------------------|---|-----------------|---|--|---|--|
| <b>Governance and Performance Review: Local Authority Trading Company (LATC)</b> | 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<br><br><u>Revised</u><br>31/10/24<br>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<br><br><u>Revised</u><br>31/10/24<br>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. |                     |