

Title of report: Update on Internal Audit Recommendations

Meeting: Audit and Governance Committee

Meeting date: Tuesday 12 December 2023

Report by: Head of Corporate Performance

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose

To review the progress of audit recommendations implementation.

Recommendation(s)

That:

- a) **The status of current audit recommendations be reviewed and the Committee determine any recommendations it wishes to make in order to provide further assurance that actions identified by audit activity are being actively managed.**

Alternative options

1. The Committee could choose not to monitor the progress made on audit recommendations; however this would not be recommended as it is a function of the committee to monitor the effective development and operation of risk management and corporate governance in the council, and this report seeks to assure the committee that actions in response to audit recommendations are being suitably prioritised, in turn reducing the risk to the council.

Key considerations

2. South West Audit Partnership (SWAP) provides the internal audit services for the council. SWAP is required to deliver an annual audit plan, which is scoped using a risk-based

assessment of the council's activities. Additional audits are added to the plans as necessary to address any emerging risks and issues identified during the year.

3. Upon completion of each audit review, a formal report is drafted for discussion with service managers. These reports include the main conclusions of the review and the overarching opinion, individual findings and the potential associated risk exposure.
4. Management responses to each audit recommendation are obtained and recorded, identifying any actions required, the person responsible and an agreed target implementation date.
5. Recommendations are each scored to indicate their severity. The scoring matrix is shown below:

	Priority
Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of the management	Priority 1
Important findings that need to be resolved by management	Priority 2
Finding that requires attention	Priority 3

6. All staff responsible for audit recommendations are asked to review progress on the implementation of recommendations. Managers were asked to self-report on the action which had been taken in respect of the SWAP recommendation and the overarching status.
7. The Committee receives periodic reports on progress made in implementing audit recommendations to enable it to fulfil its role of monitoring the effective development and operation of risk management and corporate governance in the council.
8. The last report to the Committee in July 2023 provided an update on audit recommendations. At this meeting, it was reported that there were 34 recommendations that were overdue; a combination of recommendations which had been previously reported to the committee as overdue (15), and those which were due between October 2022 and March 2023 that hadn't been complete as planned (19). Updates have been sought on these remaining recommendations from responsible owners identified at the point of finalising the audit. These updates identified that 7 recommendations have since been completed; 1 deferred; and 26 remain outstanding. Further details on all recommendations can be found at appendix A, along with revised completion dates. The table below provides an update status for those recommendations that were overdue at March 2023.

		CWB	C&YP	E&E	Corp. Centre
Priority 1	Complete				
	Incomplete				1
Priority 2	Complete				2
	Incomplete	3		1	3
Priority 3	Complete				5
	Incomplete	5		3	10
	Deferred	1			
Total	Complete	-	-	-	7
	Incomplete	8	-	4	14
	Deferred	1	-	-	-

9. Between April 2023 and September 2023, a further 34 recommendations were due for completion. The table below provides an update status for these recommendations, split by priority and directorate.

		CWB	C&YP	E&E	Corp. Centre
Priority 1	Complete				
	Incomplete				
Priority 2	Complete	6			5
	Incomplete	4			1
Priority 3	Complete	6			4
	Incomplete	8			
Total	Complete	12	-	-	9
	Incomplete	12	-	-	1

10. Of the audit recommendations which became due for completion since the last committee, 62% have been completed (47% when last reported). Further details on the recommendations, and the update provided can be found in appendix A.
11. In addition to recommendations due for completion before this meeting, an update is provided below giving an indication of progress being made against recommendations due in the future.

	Priority 1	Priority 2	Priority 3	Total
Complete		1	1	2
On track		1		1
Delays possible				-
Delays likely				-

12. Of the future recommendations, all are on track to be completed within planned timescales, or have already been completed (75% when last reported). A further narrative on these recommendations can be found in appendix A.

Community impact

13. In accordance with the principles of the council's adopted code of corporate governance, the council must ensure that it has an effective performance management system that facilitates effective and efficient delivery of planned services. Effective service planning, financial management, risk management and internal controls are important components of this performance management system. By monitoring the implementation of audit recommendations, assurance is given that risks are being effectively managed and that the council is taking action to meet its corporate plan priorities to secure better services, quality of life and value for money.

Environmental Impact

14. This report is based on internal audit and the response of the council to its recommendation, as such there are minimal environmental impacts.

Equality duty

15. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:
- A public authority must, in the exercise of its functions, have due regard to the need to –
- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
16. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision on back office functions, we do not believe that it will have an impact on our equality duty.

Resource implications

17. There are no resource implications arising from this report.

Legal implications

18. There are no legal implications arising directly from the recommendations in this report..

Risk management

19. There are no risks associated with the recommendations of this paper and visibility of the progress being made against audit recommendations promotes good governance. However, internal audit recommendations are raised as a result of gaps in our controls or deficiencies identified within processes reviewed, therefore incomplete and overdue items inherently increase the council's exposure to risk.

Consultees

20. None.

Appendices

Appendix A Update on Internal Audit Recommendations

Background papers

None identified.

Report Reviewers Used for appraising this report:

Governance	Jen Preece	Date 04/12/2023

Finance	Karen Morris	Date 04/12/2023
Legal	Emma-Jane Brewerton	Date 04/12/2023
Communications	Luenne Featherstone	Date 04/12/2023
Equality Duty	Harriet Yellin	Date 04/12/2023
Procurement	Lee Robertson	Date 04/12/2023
Risk	Kevin Lloyd	Date 02/11/2023

Approved by Amy Pitt Date 04/12/2023