

SUBJECT:	INTERNAL AUDIT Monitoring Implementation of Previous Recommendations 2022/23
DIRECTORATE:	Resources
MEETING:	Governance & Audit Committee
DATE:	April 2024
DIVISION/WARDS AFFECTED:	All

1. PURPOSE

To provide the Governance & Audit Committee with an update on the progress operational managers have made against implementing Internal Audit recommendations issued during the 2022/23 financial year.

2. RECOMMENDATION(S)

That the Governance & Audit Committee note this report and the actions taken by operational managers.

3. KEY ISSUES

- 3.1 A requirement of the Public Sector Internal Audit Standards (PSIAS) is to monitor and ensure that management actions (recommendations) have been effectively implemented or that senior management have accepted the risk of not taking action (2500.A1).
- 3.2 As part of the Internal Audit Plan for 2023/24, follow-up work was undertaken to ensure that all audit reports issued during the 2022/23 year were revisited and the status of each recommendation confirmed.
- 3.3 The follow-up work was conducted in January 2024 and excluded one report which was issued with a limited audit opinion (Our Lady and St Michaels Primary School). Due to the unfavourable opinion, the school was subject to a follow-up audit visit, which took place during March 2024. The results from this follow-up audit will be separately reported to the School, Chief Officer and to the Governance & Audit Committee in due course.
- 3.4 Our approach to completing this follow up exercise was based around the fact that all audit recommendations and the associated action plans are for managers to implement within the agreed timescales. The most effective use of internal audit resource was to contact managers to complete a self-assessment, providing detail with regards to the progress made. Internal Audit reviewed the responses received to provide assurance to both senior management and the Governance &

Audit Committee that appropriate action had been taken. No specific audit testing has been undertaken and reliance was placed on operational managers in providing a true and fair appraisal of the progress made to date in the implementation of recommendations.

- 3.5 The Internal Audit team issued 82 recommendations during the 2022/23 financial year. Table 1 below provides an overall summary of results of this exercise while Appendix 1, provides further detail of the responses for each area. Overall, 84% of recommendations had either been fully or partially implemented.

Table 1

Measure	Number	Percentage
Recommendations fully implemented	58	71%
Recommendations partially implemented	11	13%
Recommendations fully or partially implemented	69	84%
Recommendations not implemented	8	10%
Recommendation where managers have accepted the risk	3	4%
Recommendations considered no longer relevant	2	2%
Responses not received by deadline	0	0%
Total number of recommendations.	82	100%

- 3.6 Where audit recommendations were stated as being partially implemented, details of the actions taken to date, along with revised implementation dates were provided by the manager and reviewed by the Internal Audit Team. The responses received have provided a good level of assurance that the risks identified have been mitigated by the progress made to date, and that full implementation will take place within a reasonable timeframe.
- 3.7 Where audit recommendations were stated as not implemented, the reasons for the delay were reviewed by Internal Audit and new target dates for implementation were confirmed by managers. The table below (Table 2) outlines the expected timescales involved.

Table 2

Revised implementation dates	Number of recommendations
By 31 st March 2024	5
By 30 th June 2024	1
By 31 st October 2024	1
By 30 th December 2024	1
Total number of recommendations not implemented	8

- 3.8 As of 31st March 2022, 5 of the 82 recommendations due to be implemented, were considered to be a high-risk. It was found that 3 were confirmed as being fully implemented. One was not implemented but was expected to be actioned by 29th February 2024. The remaining high-risk

recommendation was considered no longer relevant given advice subsequently received.

- 3.9 There were 2 recommendations (2%) noted as being no longer relevant. The reasons for these were reviewed and were considered appropriate given the change in control environment.
- 3.10 For 3 recommendations (4%), managers have effectively decided to accept the risk associated with the original audit findings. Although it is disappointing to note that the recommendations will not be fully implemented, we are of the opinion that the acceptance of these risks by managers will not result in an unacceptable level of risk being borne by the Authority. These areas will need to continue to be monitored. Further details regarding these specific instances are located within Appendix 2.
- 3.11 A report on the implementation of Internal Audit recommendations was presented to a meeting of the Council's Strategic Leadership Team in February 2024 to ensure Chief Officers were aware of recommendations which may be outstanding within their respective portfolios. The Chief Executive has asked all Chief Officers to review the report and to satisfy themselves that appropriate action is being taken by management. They are to ensure that any risks arising from recommendations not yet implemented have been reduced to an acceptable level.

4. RESOURCE IMPLICATIONS

None.

5 CONSULTEES

Strategic Leadership Team
Deputy Chief Executive / Chief Officer – Resources

Results of Consultation:

N/A

6. BACKGROUND PAPERS

None

7. AUTHORS AND CONTACT DETAILS

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Appendix 1

Directorate	Service	Job Name	Opinion given	No' of Recs made by Auditor	No' of Recs accepted by Client	Stated as no longer relevant:	Stated as risk accepted	Stated as fully implemented by 12/1/24	Stated as partially implemented by 12/1/24	Stated as not implemented at 12/1/24	% of recommendations fully implemented
Children & Young People	Secondary Schools	King Henry V111	Substantial	6	6	0	0	3	1	2	50%
Children & Young People	Primary Schools	Overmonnow Primary School	Substantial	6	6	0	0	5	0	1	83%
Children & Young People	Primary Schools	Dewstow Primary School	Substantial	5	5	0	0	5	0	0	100%
Children & Young People	Primary Schools	Llanvihangel Crucorney Primary School	Substantial	3	3	0	0	3	0	0	100%
Children & Young People	Primary Schools	Llandogo Primary School Follow Up	Considerable	3	3	0	0	3	0	0	100%
Communities & Place	Strategic Projects	Concessionary Travel Follow-Up	Reasonable	5	5	0	1	4	0	0	80%
Communities & Place	Neighbourhood Services	Street Cleansing	Considerable	6	6	0	0	5	0	1	83%
Communities & Place	Enterprise and Community Animation	Food Procurement Follow Up	Considerable	2	2	0	0	2	0	0	100%
Communities & Place	Commercial, Property, Fleet, Facilities	Fleet / Vehicle H&S follow up	Considerable	2	2	0	0	1	0	1	50%
Communities & Place	Passenger Transport Unit	PTU Maintenance follow up	Substantial	1	1	0	0	1	0	0	100%
Customer, Culture and Wellbeing - MonLife	Heritage	Caldicot Castle Follow Up	Considerable	5	5	0	0	5	0	0	100%
People, Performance and Partnerships	Payroll & Systems	Payroll	Substantial	4	4	0	0	1	2	1	25%
Law & Governance	Legal	Land Charges	Considerable	3	3	0	1	2	0	0	67%
Resources	Finance - Revenues, Systems & Exchequer	NNDR	Considerable	6	6	0	1	0	5	0	0%
Resources	Digital	Freedom of Information	Considerable	5	5	0	0	4	1	0	80%
Resources	Commercial, Property, Fleet, Facilities	H&S Buildings follow up	Considerable	3	3	0	0	3	0	0	100%
Social Care, Health & Safeguarding	Managed Care/Looked After Children	Children with Disabilities	Considerable	5	5	0	0	1	2	2	20%
Social Care, Health & Safeguarding	Adult Services	Carers	Reasonable	10	10	2	0	8	0	0	80%
Social Care, Health & Safeguarding	Wellbeing	Fostering	Considerable	2	2	0	0	2	0	0	100%

Directorate	Service	Job Name	Opinion given	No' of Recs made by Auditor	No' of Recs accepted by Client	Stated as no longer relevant:	Stated as risk accepted	Stated as fully implemented by 12/1/24	Stated as partially implemented by 12/1/24	Stated as not implemented at 12/1/24	% of recommendations fully implemented
TOTALS				82	82	2	3	58	11	8	

Detail of the recommendations classed as risk accepted by management.

Area	Original Weakness & Risk	Recommendation	Management Comments	Audit Comment
Concessionary Travel Follow-Up	<p>The Authority did not have a programme in place for inspectors to board vehicles which were used to carry concessionary passengers for spot checks on processes and the number of passengers carried.</p> <p><i>Risk - Operators could potentially be manipulating the data, exaggerating the numbers of journeys taken to increase their income at a cost to the Authority/Welsh Government.</i></p>	<p>The Authority should establish a random programme of inspections on vehicles which are used to carry concessionary passengers.</p>	<p>Following discussions about an additional post within the team, there will be no additional resources to undertake concessionary fares spot checks. Because fraudulent activity can be detected through the monthly reports, and issuing of cards & hotlisting of withdrawn cards is now a TfW-operator activity, this additional work cannot be justified. Officers continue to undertake ad-hoc checks when they travel on public service vehicles.</p>	<p>Fraudulent activity and use of concessionary passes may not be promptly identified. A spot check could also be used to ensure the safety of the vehicle and to ensure the driver is operating in accordance with standard operating procedures.</p>
Land Charges	<p>M3 has no built-in reporting functionality, instead any reports need to be run using Crystal Reporting. No one in the department has the necessary skills to do this.</p> <p>The absence in the reporting function has meant that management information and</p>	<p>A member of the Land Charges team should seek to upskill in Crystal Reporting or internal resources within the Authority (or SRS) be sought to assist in setting up reports.</p> <p>Reporting functionality should be used to help produce statistics to monitor performance.</p>	<p>Monthly income reports are of more use when comparing performance with the same month / period in previous years.</p> <p>The Crystal report did not differentiate between a £4 search and a £4,000 search, both are counted as one search.</p>	<p>This was marked as 'No Longer Relevant' by the manager, however, their comments about using monthly income reports were not any different to what was in place during the original audit review. This does not allow for a meaningful review / trend analysis etc. Therefore, this has</p>

Area	Original Weakness & Risk	Recommendation	Management Comments	Audit Comment
	<p>performance statistics have not been reported, therefore no scrutiny on the section's performance.</p> <p><i>Risk - Management and performance information are not available to assist in decision making.</i></p>			<p>been reclassified as "Risk Accepted".</p>
<p>NNDR</p>	<p>Empty property exemptions were not consistently supported by written notification from the ratepayer. The opportunity to independently verify empty property period dates could not be undertaken where reliefs were awarded retrospectively.</p> <p><i>Risk – loss of income, transactions not initiated and recorded promptly, empty properties are not regularly inspected.</i></p>	<p>Written notification of vacating the property should be obtained from the ratepayer.</p> <p>Review the process of granting retrospective empty property reliefs. Establish whether an alternative practice would allow more opportunity for independent inspection/verification e.g. visiting a property to confirm it is empty before granting relief.</p> <p>Consider introducing a requirement for all applicants to provide evidence such as utility and water bills showing no or reduced consumption, removal fees etc.</p>	<p>Risk Accepted</p>	<p>The original recommendation was only partially accepted at the time of issuing the previous report.</p>

