



GOVERNANCE AND AUDIT COMMITTEE

- 21st JANUARY 2025

**SUBJECT: UPDATE ON INTERNAL AUDIT REPORT
RECOMMENDATIONS**

REPORT BY: ACTING INTERNAL AUDIT MANAGER

1. PURPOSE OF REPORT

- 1.1 To provide members of the Governance and Audit Committee with an update on progress against Internal Audit Report recommendations.

2. SUMMARY

- 2.1 The Governance and Audit Committee has requested that regular reports are provided in relation to the work of the Internal Audit Team.
- 2.2 This report provides an update on the number of recommendations arising from Internal Audit reviews and their current status.

3. RECOMMENDATIONS

- 3.1 Members note the information contained in this report.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure that the Governance and Audit Committee is aware of the number of Internal Audit recommendations and associated risk ratings.
- 4.2 To ensure that the Governance and Audit Committee is aware of progress made in implementing recommendations by service areas / locations in receipt of

Internal Audit reports and to ensure that reported risks are being addressed appropriately and within adequate timeframes.

5. THE REPORT

- 5.1. The Institute of Internal Auditors (IIA) has published guidance that states that the follow-up and tracking of agreed recommendations by management is important as it ensures that management have implemented the agreed actions, and this has addressed the risks identified.
- 5.2 Management are responsible for addressing the risks highlighted in Internal Audit reports and implementing control processes to reduce or eliminate the risks identified. Recommendations that are not addressed may expose the authority to unnecessary risks. Therefore, it is key to ensure that high risk findings are adequately dealt with and mitigated or eliminated by appropriate management actions.
- 5.3 The Pentana MK computer system in use by the Internal Audit Team has the facility to risk rate all recommendations and to track these so that once a recommendation has been agreed and a planned implementation date set, the risk owner or service manager can be reminded to provide updates on progress that is being made to implement the agreed actions.
- 5.4 This process enables Directors and Heads of Service and ultimately the Governance and Audit Committee to assess if adequate progress is being made to manage risks and implement agreed actions, or to make further enquiries as necessary.
- 5.5 The system also allows recommendations to be attributed to “themes” such as GDPR, governance, or internal control where appropriate, and this can then also enable review of recommendations across different service areas and operations. Large numbers of high risk recommendations in relation to a common risk aspect across different audits would alert Internal Audit to potential areas of concern.
- 5.6 The system enables the individual auditor to risk rate recommendations in line with internal guidance procedures which were agreed by the Audit Committee in 2018. As the auditor creates each finding they also detail the suggested actions that would mitigate or remove the risk identified.
- 5.7 Each audit goes through a process where the testing is undertaken, recommendations are created, they are then reviewed, a draft report is issued and then the final report. Prior to finalising the audit report Managers can disagree with the findings, indicate that they do not intent to adopt any

mitigation or indicate an alternative action or actions that will mitigate the risks identified.

5.8 All accepted findings and associated recommendations are agreed with the Service Manager together with appropriate timescales on issue of the final report.

5.9 As of 31st December 2024 there were 2523 recommendations that had been raised within the Pentana MK system since the date of implementation in May 2019.

5.10 Of these, 64 are outstanding as the balance of these have been completed, with a small number having been identified as no longer applicable or have no action proposed by the management (as shown in the table below). Tables in 5.11 and 5.12 provide further details.

5.11 **Table showing recommendations completed, archived or no action proposed .**

Recommendation Status	Number
Previously completed	2023
No longer Applicable	3
No action proposed by management	158
Total	2184

5.12 **Table showing recommendations in progress.**

Recommendation Status	Number
In draft (report reviewed not issued)	217
Draft report issued awaiting response	58
In progress (Final Audit report agreed)	64
Total	338

5.13 Details of recommendations in progress which relate to closed audits i.e. where the final report has been issued and managers have confirmed the actions to be taken, the year to which they relate, and the audit are shown in **APPENDIX 1**. A summary of these by year is shown in the table below.

All recommendations with in progress status showing risk ratings.

Year of Audit	High	Medium	Merits Attention	Grand Total
2022/23	0	2	1	3
2023/24	17	15	10	42
2024/25	7	7	5	19
	24	24	16	64

- 5.14 Recommendations are created and recorded in the system and the table below shows the summary of recommendations created in relation to incomplete 2023/24 and 2024/25 audit work.

Recommendations currently in draft

Year of Audit	Grand Total
2023/24 incomplete audits	6
2024/25 current work in progress	269
Total	275

- 5.15 Recommendations are created, and once the report is issued and they are agreed with Service managers, they are allocated to a responsible officer and a due date for completion of the agreed actions is agreed and recorded in the system. The system records the status of each recommendation from the initial creation through to completion by the Service Manager or responsible officer.
- 5.16 It should be borne in mind that the due date is a future date although there is an expectation that the higher the risk identified the more urgent the mitigating actions are required to be implemented. Therefore, a shorter due date would be expected so high risk findings should be seen to show good progress towards completion.
- 5.17 The Audit management system is able to produce regular automated reminders as the agreed due date approaches for recommendations once the audit report is agreed and issued as a final. The system also sends automated reminders once the recommendation becomes overdue and then sends regular reminders monthly thereafter. These notifications also advise managers that this Committee regularly receives data in respect of progress on completion of recommendations and those that remain overdue.

- 5.18 Results to date would indicate that the automated reminders are proving to be successful in prompting managers that they have outstanding recommendations, and this automated process is also reducing the administrative burden within the team in relation to the process of reminding managers of these recommendations. However, it must be noted that recommendations will show as overdue in the system unless / until the Audit Team is notified that they have been completed and supporting information is provided if required. This report is based on all responses received from managers or responsible officers regarding completion up to and including 31/12/24 when the data was extracted. Attention is drawn to the fact that the cut-off date of 31/12/24 fell within a period when offices and schools were closed so it is possible that there are some timing issues within the data.
- 5.19 However, it appears that there are a small number of locations where despite reminders having been issued by the system overdue recommendations have not been actioned.
- 5.20 Progress in completing agreed recommendations is regularly monitored by the Internal Audit Team and reminders are issued automatically by our system as due dates approach. The overdue recommendations are also subject to automatic reminders and follow-up by the team. There are currently 25 overdue recommendations as shown in the table below: -

Table showing overdue recommendations by risk ratings.

Risk Rating	0 – 1 Month	1 – 3 Months	3 -6 Months	6 Months +	Total
High	3	1	0	0	4
Medium	1	12	1	0	14
Merits Attention	0	6	1	0	7
Grand Total	4	19	2	0	25

- 5.21 The following table below shows further details of the overdue recommendations showing the service or establishment, the date of the audit and the number of months the recommendations are overdue.

Breakdown of Overdue Recommendations by location or establishment:

Audit Title	Audit Date	0 -1 Month	1 – 3 Months	3 – 6 Months	6 Months +	Total
Libanus Primary School ICQ	March 24	0	0	1	0	1
Maesycwmmmer Primary School ICQ	April 24	0	3	0	0	3
Pentwynmawr Primary School ICQ	April 24	0	4	0	0	4
Petty Cash SAQ Comps Islwyn High *	November 23	0	2	0	0	2
Risca ** Comprehensive School	May 24	0	0	1	0	1
St James Primary school **	October 2023	4	6	0	0	10
Pontllanfraith Primary School	April 2024	0	3	0	0	3
Fochriw Primary School	May 2024	0	1	0	0	1
Total		4	19	2	0	25

**There were some operational reasons that prevented these from being progressed which are now resolved.*

*** Management are working towards completion of the issues outstanding*

Conclusion

5.22 This report informs the Governance and Audit Committee of the number of Internal Audit findings, their risk ratings, recommendations issued, and progress towards completion. Further detail is also supplied of those recommendations that are overdue as of 31/12/24.

6. ASSUMPTIONS

6.1 There are no assumptions in this report.

7. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

7.1 An Integrated Impact Assessment is not required for this report.

8. FINANCIAL IMPLICATIONS

8.1 There are no direct financial implications arising from this report.

9. PERSONNEL IMPLICATIONS

9.1 There are no personnel implications arising from this report.

10. CONSULTATIONS

10.1 Any comments received from consultees have been included within the report.

11. STATUTORY POWER

11.1 Local Government and Elections (Wales) Act 2021

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Appendices:

Appendix 1 – Audits with outstanding recommendations