



Report of the Chief Auditor

Governance & Audit Committee – 9 November 2021

Fundamental Audits 2020/21 Recommendation Tracker

Purpose:	This report provides a summary of the recommendations made following the fundamental audits in 2020/21 and identifies whether the agreed recommendations have been implemented.
Policy Framework:	None
Consultation:	Legal, Finance, Access to Services
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For Information	

1. Introduction

- 1.1 The Internal Audit Section has defined follow up procedures which are designed to provide assurance that agreed recommendations have been implemented by management within the agreed timescales. For fundamental audits, a Recommendations Tracker exercise is completed each year where the auditor will review the actions taken to implement the agreed recommendations.
- 1.2 The fundamental audits are the systems which are so significant to the achievement of the Council's objectives that they are audited either annually or every two years.

- 1.3 The Recommendations Tracker identifies the actions agreed by management at the end of each fundamental audit and confirms whether the accepted recommendations have been implemented by the agreed date.
- 1.4 This report summarises the position as at 30th September 2021 on the implementation of the recommendations made following the 2020/21 fundamental audits.

2. Recommendations Tracker 2020/21

- 2.1 The following systems are considered to be fundamental and until 31 March 2014 were subject to an annual audit.

- Main Accounting System (2)
- Fixed Assets (2)
- Housing and Council Tax Benefit (2)
- Council Tax (2)
- NNDR (1)
- Cash (2)
- Accounts Payable (1)
- Accounts Receivable (1)
- External Investments and Borrowing (2)
- Pension Fund Investments (2)
- Employee Services (Payroll) (2)
- Pensions Administration (2)
- Teachers Pensions (2)
- Housing Rents (2)

- 2.2 From 2014/15, a risk based approach was taken to determine the required frequency of fundamental audits. Any audits which had received the highest level of assurance for 3 consecutive years were moved to a 2 year cycle. The number of years between each audit is shown in brackets above and is subject to an annual review as part of the audit planning process. It should also be noted that following the completion of the 2020/21 fundamental audits, 11 out of the 14 audits have received a High Assurance rating, two audits have a substantial assurance rating (NNDR and Accounts Payable) and one has a moderate assurance rating (Accounts Receivable) as at the time of the last audit.
- 2.3 Appendix 1 shows, for each fundamental audit, the number of recommendations made following the 2020/21 audits and whether they have been implemented, partly implemented, not implemented or are not yet due.
- 2.4 The latest position on the 36 recommendations made is summarised in the following table:

Recommendations	Number	%
Implemented	25	70
Partly Implemented	3	8
Not Implemented	5	14
Not Yet Due	3	8
Total	36	100

- 2.5 Ignoring the recommendations which are not yet due for implementation, the percentage of recommendations implemented by 30th September 2021 is 76%.
- 2.5 An analysis of the 8 recommendations, which have been partly or not implemented over the classification of audit recommendations used by the Internal Audit Section, is attached in Appendix 2.
- 2.6 The Appendix shows that of the three recommendations that had been partly implemented, one was classed as high risk, one was classed as medium risk and one was classed as low risk. All of these recommendations are in relation to the Accounts Receivable audit. This audit continues to be completed on an annual basis and as a result the implementation of the outstanding recommendations will be reviewed as part of the 2021/22 audit. Note that the remaining five recommendations that had not been implemented were all classed as low risk and related to the Council Tax and Accounts Payable audits.
- 2.7 Further details on the recommendations which have been partly or not implemented can be found in Appendix 3.

3. Conclusion

- 3.1 Overall the results of the Recommendations Tracker exercise to the 30th September 2021 are positive with 25 (76%) of agreed recommendations due for implementation being implemented.
- 3.2 A small number of recommendations still require work to implement or are due for implementation prior to the end of the financial year. Progress on the implementation of these recommendations will be reviewed during the completion of the next audit.
- 3.3 The Accounts Receivable and the Accounts Payable fundamental audits are completed on an annual basis and the results of the current year audits will be reported to Committee in due course.

4. Integrated Assessment Implications

- 4.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socio-economic disadvantage
- Consider opportunities for people to use the Welsh language
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

4.2 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.

4.3 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

4.4 The completion of the Integrated Impact Assessment Screening revealed that:

- The Fundamental Audit Recommendation Tracker Report has a low positive impact across all groups.
- It has been subject to consultation with the Chief Finance & S151 Officer, Legal and Access to Services.
- All Well-being of Future Generations Act considerations are positive and any risks identified are low.
- The overall impact of the Fundamental Audit Recommendation Tracker Report is positive as it will support the Authority in its requirement to protect public funds.

5. Financial Implications

5.1 There are no financial implications associated with this report.

6. Legal Implications

6.1 There are no legal implications associated with this report.

Background Papers: Fundamental Audit Reports 2020/21

Appendices: Appendix 1 – Implementation of Recommendations

Appendix 2 – Classification of Recommendations

Appendix 3 – Not or Partly Implemented Recommendations