



Report of the Chief Auditor

Governance & Audit Committee – 14 December 2022

Fundamental Audits 2021/22 Recommendation Tracker

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|------------------------------------|---|
| Purpose: | This report provides a summary of the recommendations made following the fundamental audits in 2021/22 and identifies whether the agreed recommendations have been implemented. |
| Policy Framework: | None |
| Consultation: | Legal, Finance, Access to Services |
| Report Author: | Simon Cockings |
| Finance Officer: | Ben Smith |
| Legal Officer: | Debbie Smith |
| Access to Services Officer: | Rhian Millar |
| 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 30 September 2022 on the implementation of the recommendations made following the 2021/22 fundamental audits.

2. Recommendations Tracker 2021/22

- 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) (1)
- 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 2021/22 fundamental audits, 10 out of the 14 audits have received a High Assurance rating, three audits have a substantial assurance rating (NNDR, Accounts Payable and Employee Services) 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 2021/22 audits and whether they have been implemented, partly implemented, not implemented or are not yet due.

2.4 The position as at the 30 September of the 61 recommendations made is summarised in the following table:

| Recommendations | Number | % |
|------------------------|---------------|------------|
| Implemented | 36 | 59 |
| Partly Implemented | 8 | 13 |
| Not Implemented | 10 | 16 |
| Not Yet Due | 7 | 12 |
| Total | 61 | 100 |

2.5 Ignoring the recommendations which are not yet due for implementation, the percentage of recommendations implemented by 30 September 2022 is 67%.

2.6 An analysis of classification of the recommendations noted as partly or not implemented is attached in Appendix 2 and further details of the recommendations can be found in Appendix 3.

2.7 Appendix 2 and 3 show that the majority of the recommendations that have either been partly implemented or have not been implemented relate to the Accounts Receivable and Accounts Payable audits. These audits continue to be completed on an annual basis and as a result the implementation of the outstanding recommendations will be reviewed as part of the 2022/23 audits. Note that the remaining outstanding recommendations relating to Employee Services, Business Rates and Housing Rents are all classed as either low risk or good practice recommendations. These will be followed up when the audits are next completed.

3. Conclusion

3.1 Overall the results of the Recommendations Tracker exercise to the 30th September 2022 are positive with 36 (67%) 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. However, it should be noted as shown in Appendix 3, the implementation of a number of the recommendations is dependent on the implementation of the Oracle Fusion Project which is due to be completed in April 2023.

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 2021/22

Appendices: Appendix 1 – Implementation of Recommendations
Appendix 2 – Classification of Recommendations
Appendix 3 – Not or Partly Implemented Recommendations
Appendix 4 – Integrated Impact Assessment