

<b>Llangoedmor Community Council</b>	
Meeting Date:	February 2025
Report Title:	Progress on the Implementation of Internal Audit Recommendations
Agenda Item Number	6.2.1
Paper Reference	Feb 2025-1
Presented By	Clerk

## **Introduction**

This paper updates Councillors on the progress made in implementing Internal Audit recommendations since the meeting on 2<sup>nd</sup> September 2024.

## **Background**

The September 2024 meeting was presented with the recommendations made by the Council's Internal Auditors for 2023-24 Financial Year. Some of the recommendations to be implemented were carried forward from the 2022-23 Financial Year.

## **Actions and Outstanding Recommendations**

The items set out in Table 1 below relating to Risk Management within the Council remain to be implemented. These are items 6 and 7 of the Auditor's 2022-23 recommendations.

## **Recommendations to the Council**

It is recommended that the Council notes the outstanding items.

**Table 1**

**ACTION PLAN**

	ISSUE	RECOMMENDATION	FOLLOW UP
<b>2022/23 Internal Audit</b>			
6	<p>The risk assessment document could be improved as follows:</p> <ul style="list-style-type: none"><li>- There is no clear evidenced rationale for classification of individual risks as High, Medium or Low, such as an ‘impact vs ‘likelihood’ risk matrix with definitions of scoring weightings. Therefore, ‘impact’ and ‘likelihood’ risk scores are not multiplied to show total risk which should then be plotted on a risk matrix using a traffic light system.</li><li>- The risk assessment does not contain an important part of risk management which is to show the</li></ul>	<p><i>The risk assessment should be further developed as noted and council should ensure it covers the entire scope of the council operations, governance and finances.</i></p>	<p><i>Recommendation Outstanding</i></p>

	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>movement in risks (Direction of Travel) since the last risk assessment. Risk management is a dynamic process ensuring that new risks are addressed as they arise. It should also be cyclical to establish how previously identified risks may have changed.</p>		
7	<p>The risk assessment does not address the risks of supplier fraud. The supplier fraud risks can be managed via appropriately robust policies and procedures. Examples of prevention actions include:</p> <ul style="list-style-type: none"> <li>- training for staff to alert them to the potential risks of providing sensitive company information, by phone or other means, especially contract and account information.</li> <li>- establish a rigorous change of supplier details procedure - where a supplier has purported to have changed their bank details always call the supplier to check the veracity of a request, using details in your system, rather than those on any associated letter or email. A person should be authorised to approve a supplier bank</li> </ul>	<p><i>The risk assessment should be updated to include supplier fraud including the adequacy of supplier onboarding controls.</i></p>	<p><i>Recommendation Outstanding</i></p>

	ISSUE	RECOMMENDATION	FOLLOW UP
	<p>account change after having reviewed the process undertaken to verify the supplier details change</p> <ul style="list-style-type: none"> <li>- periodic review of supplier accounts should also be undertaken to remove any dormant accounts. This reduces the likelihood of any old supplier information being used to secure fraudulent payments.</li> <li>- checking address and financial health details with Companies House</li> <li>- checking samples of online payments to supplier invoices to ensure the payment has been made to the supplier bank account</li> </ul>		