

ISLE OF ANGLESEY COUNTY COUNCIL	
<b>Report to:</b>	Audit and Governance Committee
<b>Date:</b>	13 February 2018
<b>Subject:</b>	Outstanding Internal Audit Recommendations / Issues & Risks
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<b>Nature and Reason for Reporting:</b> This report provides an update on the status and detail of the outstanding risks that Internal Audit has raised.	

## 1. Introduction

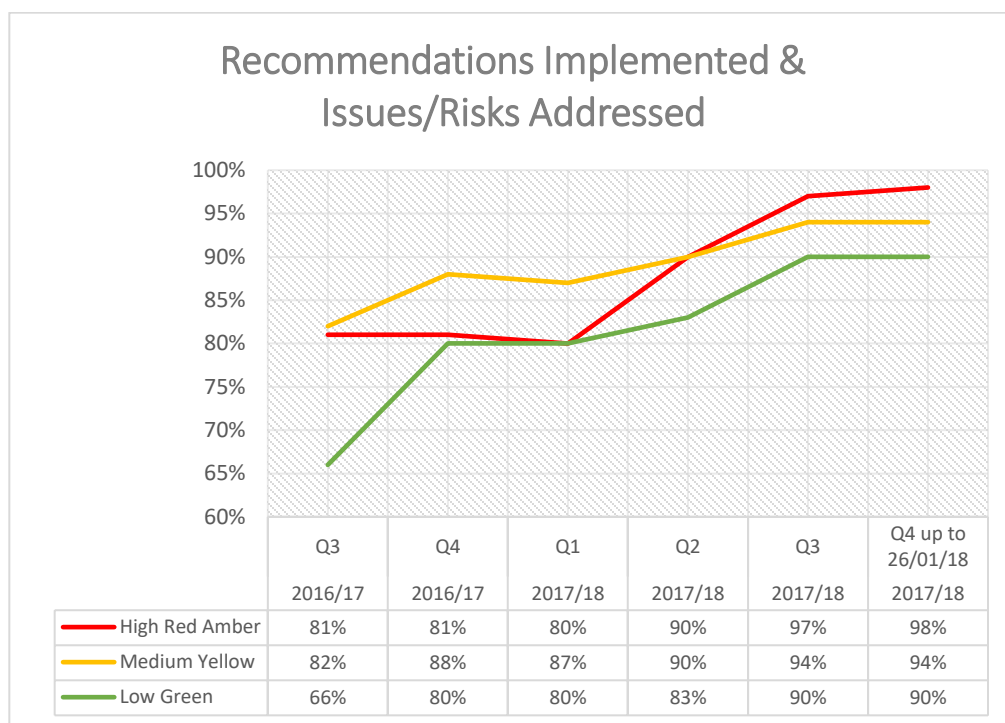
- 1.1. The Audit and Governance Committee requested details of all the outstanding recommendations twice a year. I last submitted a report to the meeting of 21 September 2018.

## 2. Recommendation

- 2.1. That the Audit and Governance Committee notes the Council's progress in addressing the outstanding internal audit risks raised since 1 April 2014.

### 3. Performance of Implementing Outstanding Internal Audit Recommendations

- 3.1. As part of the new internal audit approach, we have moved away from making recommendations to raising 'Issues' and 'Risks'. Previously, the recommendations were graded High, Medium and Low. Issues / Risks are now graded in accordance with the Council's risk management framework so that internal audit work is aligned to the Council's risk appetite.
- 3.2. To encourage management to have ownership for the risks, we place the responsibility on them to develop the action to address the issues / risks we have identified.
- 3.3. The process for following up is similar to the previous approach; we monitor the addressing of the risks in the same way as we would monitor the implementation of recommendations. However, we will not clear the risk until we are satisfied that the risk no longer remains.
- 3.4. To provide the Committee with trend information, the graph below highlights the performance in implementing the recommendations / addressing the risks:



- 3.5. As can be seen, the Council has steadily improved its performance over the last 13 months.

## 4. Current Outstanding Recommendations / Risks

- 4.1. As at the 26 January 2018, the Council has the following outstanding recommendations / risks and issues with a target implementation date of 31 December 2017 (detailed in [Appendix A](#)):

Up to 31/12/2017	High	Red	Amber	Medium	Yellow	Low	Green	Totals
Total Implemented	75	6	35	314	47	195	23	695
Total Not implemented	1	0	1	8	17	22	1	50
Total	76	6	36	322	64	217	24	745
% Implemented	99%	100%	97%	98%	73%	90%	96%	93%
% High & Red/Amber Implemented	98%							
% Medium & Yellow Implemented				94%				
% Low & Green Implemented							90%	

## Appendix A – Outstanding Recommendations / Risks

All High, Red and Amber Rated Internal Audit Recommendations Outstanding with target date up to 31/12/2017

Ref	Report	Recommendation / Issue/Risk	Date Raised	Agreed Target Date	Responsible Officer	Comments
<b>Children Services</b>						
1	Partnerships – Governance Arrangements Follow Up 077 2016/17	3.2b Service Risk Registers, as appropriate should reflect risks in relation to partnership working.	21/12/16	30/06/17	Head of Children Services	Re-iterated from Partnerships – Governance Arrangements 003 2015/16.  Original target date: 31/05/16
<b>Housing Services</b>						
2	Housing Maintenance Unit 084 2016/17	2.1.1 A handbook outlining the HMU's operations and permission rights should be drawn up. The handbook should be communicated to every employee who should sign to confirm that they understand and will comply with the policies and practices implemented by the Unit.	11/05/17	31/10/17 changed from 31/05/17	Performance Assets Team Leader	First Follow Up 161784f1 – In progress. Information is being gathered to map team activities and staff responsibilities and roles to establish a comprehensive handbook.

## Medium and Yellow Rated Internal Audit Recommendations Outstanding with target date up to 31/12/2017

Ref	Report	Recommendation / Issue/Risk	Date Raised	Agreed Target Date	Responsible Officer	Comments
<b>Corporate</b>						
3	Risk Management Framework & Top 5 Risks Follow Up 062 2016/17	6.1 Heads of Services should ensure that Service Delivery Plans are submitted promptly and within deadline with all sections completed including links to Risk Registers.	27/07/16	31/03/17	Business Planning & Programme Manager	<p>Re-iterated from Risk Management Framework &amp; Top 5 Risks 011 2015/16.</p> <p>Original target date: 31/03/16</p> <p>The SLT have agreed to instruct adherence to corporate timelines for Service Delivery Plan. Business Planning &amp; Programme Manager to remind Service of timelines Autumn 2016.</p> <p>Update 31/08/17 – 89% of SDPs submitted with all sections completed. Translation of SDPs required prior to publication to Monitor. To be completed during Q2. Continual annual efforts undertaken to improve adherence to business planning timescales.</p>
<b>Finance</b>						
4	Housing Benefit & Council Tax Reduction Scheme 092 2016/17	2 Testing highlighted that officers do not always maintain evidence to support claims on file. This results in a risk of not being able to verify that officers have assessed claims accurately and in accordance with policy and regulation.	31/08/17	31/12/17	Housing Benefit Manager	<p>This has been an on-going issue for a number of years and attention and procedures to improve on this has been implemented over the years. With the department looking to move to a Document Image System during the year this should eradicate this issue with all documents being held electronically on the claimants' electronic file. Accuracy check have recently been developed and extended to look at wider issues relating to the claim, which also looks at whether the claim has been correctly verified. Due to the impending move to Document Image System this will be used as the assurance method to establish a control over this. Staff are also filing their own work on a weekly basis now which should also assist with ensuring that all paper work is filed. Control checks over whether this is being done are in place through regular 1-2-1 meetings with staff.</p>

Ref	Report	Recommendation / Issue/Risk	Date Raised	Agreed Target Date	Responsible Officer	Comments
5	Housing Benefit & Council Tax Reduction Scheme 092 2016/17	3 Testing highlighted errors in the calculation of benefit including errors in copying information regarding dates and sums from information received, incorrect calculation of shares and the input of follow up information.	31/08/17	31/12/17	Housing Benefit Manager	The revised Accuracy Checking process has identified the level of accuracy / error within the team. This has identified a number of 'trends' in terms of error. These will then be focussed on with a view of driving improvement. Monthly report on accuracy checks are completed and reported on to keep focus on this issue to drive improvement. The project to integrate Victoria forms and Northgate is being worked on – this will populate Northgate with information from Victoria forms, which should also reduce errors.
6	Housing Benefit & Council Tax Reduction Scheme 092 2016/17	4 Testing highlighted that the Revenues Team were not always informed when changes were required relating to Single Person Discount leading to discounts incorrectly applied.	31/08/17	31/10/17	Housing Benefit Manager	This has been identified within the Accuracy Checks and discussed with staff. A random sample of checks relating to this issue will be undertaken to establish a further control over this. Staff will also be frequently reminded about this issue.  Update 19/09/17 – Checks in progress. The accuracy checks does provide a control check on this. Recent checks show an improvement on cases where the Council Tax Liability was incorrect on the benefit system. Sample checks will be undertaken in Quarter 3 to further analyse this.
7	Housing Benefit & Council Tax Reduction Scheme 092 2016/17	6 The Housing Benefits Team does not promptly undertake a reconciliation of overpayments written off in the Benefits System. There is a risk that financial information will be inaccurate and cannot be relied upon.	31/08/17	31/12/17	Housing Benefit Manager	Work undertaken by the Subsidy Officer concluded that the System Reports available on Northgate cannot correctly reconcile write-offs. A revised process to do this is therefore needed.
8	Housing Benefit & Council Tax Reduction Scheme 092 2016/17	7 An issue with the reporting facility within the Northgate Benefit system and that write-off amounts are sometimes returned onto the account automatically is causing data to inaccurate. This causes problems when reconciling write-offs and there is a	31/08/17	31/12/17	Housing Benefit Manager	Work undertaken by the Subsidy Officer concluded that the System Reports available on Northgate cannot correctly reconcile write-offs. A revised process to do this is therefore needed. Guidance will also be given to staff in terms of identifying when a write-off amount is returned to the claim.

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		risk the financial information will be inaccurate and cannot be relied upon.				
9	Housing Benefit & Council Tax Reduction Scheme 092 2016/17	8 Although physical security to the section's information is recently improved, being a paper based system, information is vulnerable to being misplaced and there is a risk of lost information.	31/08/17	31/12/17	Housing Benefit Manager	As highlighted in 2, efforts to keep the filing up to date are in place. In relation to physical security, the control over access to the files and to the benefit room is secure and effective. The issue is in relation to documents and files being located. The Document Image System will eradicate this issue.
10	Ethical Culture 067 2016/17	1.1.4c The Corporate Procurement Unit does not publish the forward contract programme and contract register. There is a risk that competition and transparency will be limited.	06/09/17	31/12/17	Corporate Procurement Manager	The contract register will be revised to ensure that it contains all of the relevant information. This revision will also address the information that is commercially sensitive.
11	Ethical Culture 067 2016/17	1.1.5b The Procurement Handbook does not clarify officers' duty to declare an interest in any procurement exercise, which might, directly or indirectly, benefit the individual, their family members or friends.  There is a risk officers may overlook this requirement and result in a conflict of interest.	06/09/17	31/12/17	Corporate Procurement Manager	This is to be addressed and included in the Procurement Handbook.
12	Sundry Debtors 171804	15 Testing highlighted that the Debtors system does not account for balances paid through the payroll system. This affects the data integrity of the system and as a result, the Section has undertaken recovery action on debts that have already been paid (through payroll). In addition system reconciliations to the general ledger have not been undertaken since April 2017.  There is a risk that not all balances will be identified, wasting the Council's resources	22/11/17	31/12/17	Revenues Manager	This has previously been raised in Sundry Debtors Follow Up 051 and Sundry Debtors 1982 2014/15.  The Team Leader will undertake the reconciliations up to date. The Income Section will make the correct adjustments to the Sundry Debtors system to the general ledger.

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		and negatively affecting the Council's reputation.				
<b>Housing</b>						
13	Business Continuity Follow Up 081 2016/17	1.3 Services should ensure that Business Continuity and Emergency Planning arrangements are up to date and operational; the Service Delivery Plans should contain Business Continuity and Emergency Planning arrangements.	17/01/17	30/04/17 changed from 01/04/17	Head of Housing	Re-iterated from Business Continuity Management 007 2015/16  Original target date 31/12/15  Update 28/03/17 – The Service Business Team is currently working on this recommendation. They envisage that this recommendation will have been actioned by the 30 <sup>th</sup> of April 2017.
<b>Children's Services</b>						
14	Business Continuity Follow Up 081 2016/17	1.3 Services should ensure that Business Continuity and Emergency Planning arrangements are up to date and operational; the Service Delivery Plans should contain Business Continuity and Emergency Planning arrangements.	17/01/17	01/04/17	Head of Children Services	Re-iterated from Business Continuity Management 007 2015/16  Original Target Date 31/12/15
<b>Learning</b>						
15	Business Continuity Follow Up 081 2016/17	1.3 Services should ensure that Business Continuity and Emergency Planning arrangements are up to date and operational; the Service Delivery Plans should contain Business Continuity and Emergency Planning arrangements.	17/01/17	01/04/17	Head of Learning	Re-iterated from Business Continuity Management 007 2015/16  Original target date 31/12/15
16	Council's Preparedness for General Data Protection Regulation (GDPR) 171801	No corporate guidance / awareness relating to GDPR compliance has been communicated to schools / Head Teachers.  There is a risk that schools are unaware and do not prepare for GDPR.	27/11/17	31/12/17	Head of Learning	Learning Service to inform Head Teachers of the new regulation.  Learning Service to decide with Head Teachers on whether schools seek a regional or externalised solution for the implementation and compliance of GDPR.



Ref	Report	Recommendation / Issue/Risk	Date Raised	Agreed Target Date	Responsible Officer	Comments
<b>Education</b>						
17	Ysgol Gynradd Bodedern 029 2015/16	5.6.1 The Governing Body Institution should formally appoint the auditor of the School Fund and this should be documented in the minutes of the meeting.	29/02/16	31/10/16	Head Teacher	
18	Ysgol Gynradd Bodedern 029 2015/16	5.7.1 The school should register with the Information Commissioner in accordance with the Data Protection Act 1988.	29/02/16	31/03/16	Head Teacher	
19	Ysgol Talwrn 030 2015/16	4.6.1 A risk assessment should be undertaken to identify risks associated with responding to the security alarm.	15/03/16	31/03/16	Head Teacher	
20	Ysgol Llanfair PG 057 2016/17	4.5.1 Driver records should be updated annually and every member of staff required to complete a form – Declaration for Drivers of Council or Private vehicles.	15/06/16	30/06/16	Head Teacher	