ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Audit and Governance Committee
Date:	3 September 2019
Subject:	Outstanding 'Issues/Risks'
Head of Service:	Marc Jones Director of Resources / Section 151 Officer 01248 752601 MarcJones@ynysmon.gov.uk

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Nature and Reason for Reporting:
The Audit and Governance Committee's terms of reference provide a responsibility for it to monitor the implementation of agreed actions. 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 High/Red/Amber recommendations and 'Issues/Risks' twice a year. We presented the last report to the Committee at their meeting on 12 February 2019.

2. RECOMMENDATION

2.1. That the Audit and Governance Committee:

- notes the Council's progress in addressing the outstanding Internal Audit recommendations and Issues/Risks, and

- considers the detail and level of information it requires in future once we implement the 4action system upgrade.

OUTSTANDING ISSUES / RISKS
SEPTEMBER 2019

Marion Pryor BA MA CMIIA CPFA, Head of Audit & Risk

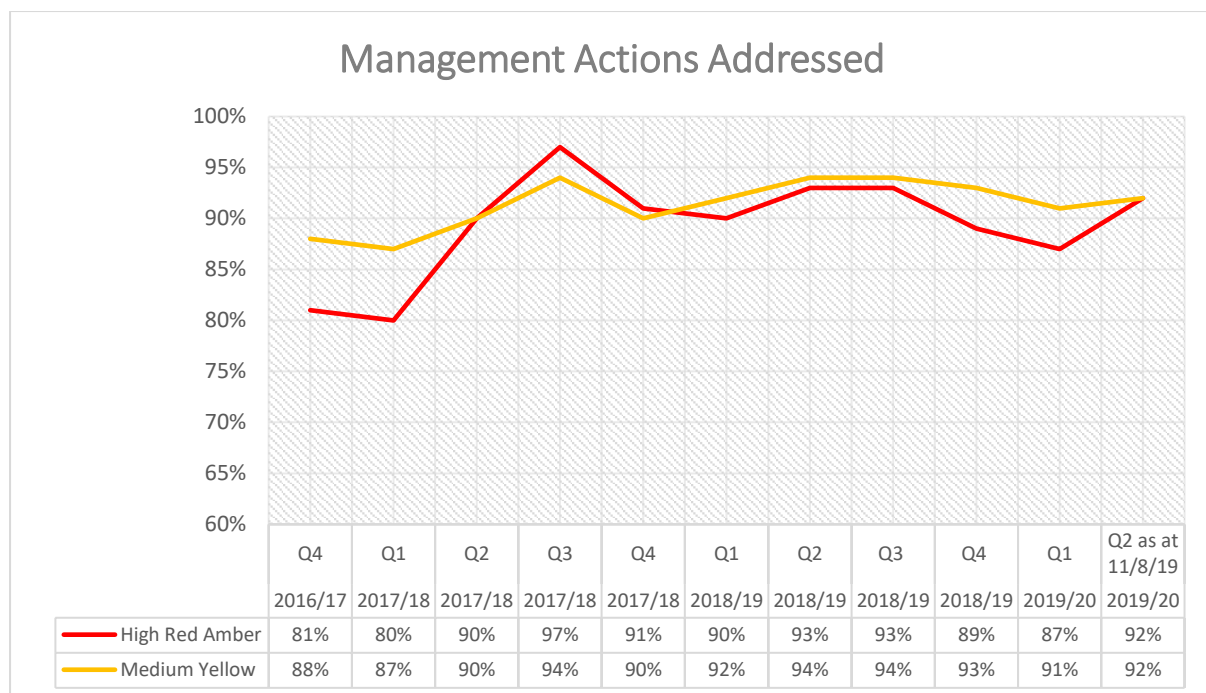**Nanette Williams BA (Hons) CMIIA, Principal Auditor**

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INTRODUCTION

1. In order to monitor the implementation of agreed actions following an audit review, the Audit and Governance Committee receive details of all the outstanding recommendations and 'Issues/Risks' twice a year. We presented the last report to the Committee at their meeting on the 12 February 2019.

2. As well as providing an update on the Council's current performance in implementing agreed actions following an audit, we will also provide the Audit and Governance Committee with the opportunity to consider the reporting framework for outstanding issues / risks and consider what members require in future once the new action tracking system upgrade is operational.

CURRENT PERFORMANCE

3. As previously reported, we have now moved away from making recommendations to raising 'Issues' and 'Risks'. To encourage management to have ownership for the risks, it is their responsibility to develop an action plan to address the issues / risks identified.

4. We monitor how managers have addressed the risks in two ways. Reports which receive 'Limited' or 'No' Assurance will follow a formal follow up process where we will not close risks until we have evidence that sufficient action has been taken to address or mitigate the risks. We monitor all other issues / risks through the self-administered corporate action tracking system (4action).

5. Due to flaws in some of the historical data in the system and in anticipation of the system upgrade, we have switched off the automatically generated system email reminders. However, we continue to target managers with responsibility for addressing the highest priority issues/risks.

6. The graph and table below highlight the performance trend in addressing the recommendations and Issues/Risks raised since 1 April 2014:

Management Actions Addressed

	Q4 2016/17	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18	Q1 2018/19	Q2 2018/19	Q3 2018/19	Q4 2018/19	Q1 2019/20	Q2 as at 11/8/19 2019/20
High Red Amber	81%	80%	90%	97%	91%	90%	93%	93%	89%	87%	92%
Medium Yellow	88%	87%	90%	94%	90%	92%	94%	94%	93%	91%	92%

Performance Trend	High	Red	Amber	Medium	Yellow
Total outstanding at 30/06/2019	0	0	22	9	35
Total outstanding at 11/08/2019	0	0	13	9	30
Difference	0	0	-9	0	-5
Trend	↔	↔	↑	↔	↑
Difference in High Red Amber o/s		-9			
Difference in Medium Yellow actions o/s				-5	

7. There are no High or Red issues/risks currently outstanding, and performance in addressing Amber rated issues/risks has improved since our last update to the Committee on 23 July, with the overall implementation percentage for High/Red/Amber issues/risks at 92%.

8. There has also been a small improvement in performance for the Medium/Yellow risks with an overall reduction in the number of outstanding actions by five, spread across services.

9. As at 11 August 2019, the Council has the following outstanding recommendations and Issues/Risks (High/Red/Amber issues/risks detailed in Appendix A, along with progress updates from managers with responsibility for addressing the Issues/Risks):

Up to 11/08/2019	High	Red	Amber	Medium	Yellow	Totals
Total Implemented	76	10	64	322	118	590
Total Not implemented	0	0	13	9	30	52
Total	76	10	77	331	148	642
% Implemented	100%	100%	83%	97%	80%	92%
% High Red Amber Implemented		92%				
% Medium Yellow Implemented				92%		

FUTURE REPORTING

10. As reported at our last internal audit update, we have had notice from our software providers that the new and upgraded version of the action tracking system is now available, which provides extra functionality and reduces the burden of administering the system.

11. IT are currently in consultation with the software suppliers to agree an implementation date. Following which, we will undertake an exercise to cleanse the historical data and review the system configuration.

12. We therefore wanted to take the opportunity to review our reporting framework to ensure that the information provided to senior management and the Audit and Governance Committee is in line with the new audit approach and is useful, concise, relevant and timely.

13. As it will be easier to configure the new system's reporting parameters from the outset, rather than make changes once operational, it is prudent to consult with the Committee prior to the upgrade so that we build in their reporting requirements.

14. We anticipate that we will be able to configure the new system to more easily report on performance areas that currently require significant manual intervention, for example:

- Performance trends of red and amber issues/risks

- Age analysis of outstanding issues/risks

- Outstanding issues/risks categorised by Department and/or Service area

- Detailed breakdown of individual actions and completion percentage

- Total number of outstanding actions irrespective of date due for completion

APPENDIX A – OUTSTANDING ISSUES/RISKS

Ref	Report	Issues / Risk	Date Raised	Agreed Target Date	Responsible Officer	Update from Managers
RESOURCES						
1	Sundry Debtors 2017/18	Testing confirmed that services are not undertaking credit checks in accordance with the Sundry Debtor Recovery policy. This increases the risk of the Council not recovering its debts.	November 2017	30 June 2019	Revenues & Benefits Manager	**First Follow Up Review** - The new draft Sundry Debtor policy no longer contains specific guidelines to undertake credit checks. The subject of credit checks was previously discussed and the difficulties of obtaining payment up front prior to providing a service and also that the Council could not refuse a service based on a poor credit rating as well as limited resources to conduct credit checks frequently. The Revenues and Benefits Service Manager previously agreed that the policy might have to be changed to reflect this. The Revenues and Benefits Service Manager has therefore reviewed the policy and amended accordingly so that there is no specific requirement to undertake credit checks, but that Services should consider checking the debtors' payment record prior to agreeing credit terms. The Revenues and Benefits Service Manager has not issued the draft policy for consultation and until such time of approval, we are unable to confirm if this issue/risk has been addressed. **Second Follow Up Review** currently being undertaken by Internal Audit - update to be provided to the Audit and Governance Committee at its next meeting.

Ref	Report	Issues / Risk	Date Raised	Agreed Target Date	Responsible Officer	Update from Managers
2	Sundry Debtors 2017/18	The Council is not recovering its debts promptly in line with its Sundry Debtor Billing, Collection and Recovery Policy (June 2014). In addition, the current recovery processes set within the system do not conform to the policy; recovery action takes place 21 days following the Sunday from the invoice authorisation date, whereas the policy states recovery action will commence 21 days after the invoice raised date. This increases the risk that the Council does not recover all monies owed.	November 2017	31 March 2019	Revenues & Benefits Manager	**First Follow Up Review** - Recovery action still takes place 21 days from the first Sunday following the invoice authorisation date, not 21 days following the date of invoice, as per the policy. The recovery processes set within the system do not conform to the policy. The Revenues and Benefits Service Manager will amend Section 12.8 of the new Sundry Debtors policy (draft format) to reflect the fact that recovery begins 21 days plus the days in between as the recovery process only commences on a Sunday. Recovery timescales will then conform to the policy. Although not strictly in accordance with the policy, recovery times have reduced significantly from the original testing. This can also be attributed to the fact that pre-legal letters have reverted to the Income Section. **Second Follow Up Review** currently being undertaken by Internal Audit - update to be provided to the Audit and Governance Committee at its next meeting.
3	Sundry Debtors 2017/18	The Debtors Section is not reconciling income in the system suspense account on a daily basis to ensure that all payments have been promptly receipted to the correct accounts and/or system. There is a risk that the Council may waste resources due to unnecessary recovery; in addition, wrongful recovery may cause reputational damage to the Council.	November 2017	31 March 2019	Revenues & Benefits Manager	**First Follow Up Review** - At the time of our follow up, there were 616 invoices requiring matching on the system and £20k of income/payments awaiting identification and allocation to the correct system and/or account. The Income Officer is working hard at these and this is evidenced by the reduction in the earlier invoices (previous testing found 456 invoices relating to 2016 and earlier whereas our updated testing identified there are 349 invoices relating to 2016 and earlier). Progress on this matter is dependent on time and resources within the Income Section. **Second Follow Up Review** currently being undertaken by Internal Audit - update to be provided to the Audit and Governance Committee at its next meeting.

Ref	Report	Issues / Risk	Date Raised	Agreed Target Date	Responsible Officer	Update from Managers
4	Sundry Debtors 2017/18	Senior management within the Debtors Section do not regularly review suppressed accounts, including the length of suppression. In addition, there is no policy written for the suppression of accounts. As a result, suppression on debtor invoices maybe inaccurately and/or inconsistently applied. There is a risk that suppressed accounts are not valid, not recovered and no action is taken to remove the debt on the system, inflating the provision for bad debts.	November 2017	31 March 2019	Revenues & Benefits Manager	**First Follow Up Review**- Section 13 of the draft Sundry Debtors Policy covers the area of suspending debtors. Through our follow-up review, the Revenues and Benefits Service Manager agreed that the wording would be strengthened to clearly reflect the current procedures. Going forward, the Income Team will only suppress debtors for 30 days (following a query or dispute) and the query/dispute must be resolved within that timeframe. If not resolved, the Income Section will notify the Head of Service and the invoice consequently cancelled. The Revenues Manager must review and approve any suppression greater than 30 days. The overall numbers of suspended invoices have reduced from the original audit. The Income Officer is reviewing the current suspended records to determine whether the debts can be recovered, unsuspended or written off and this is evidenced in the reduction of invoices, however, this is also dependent on time and resources within the Income section. **Second Follow Up Review** currently being undertaken by Internal Audit - update to be provided to the Audit and Governance Committee at its next meeting.
LEARNING						
5	Primary Schools Themed Audit - Income Collection 2018/19	The Learning Service has not provided updated guidance relating to the collection and recording of income, chasing debt and the security of cash onsite to schools or made schools fully aware of their responsibilities. There is a risk of schools administering income inefficiently and being exposed to fraudulent behaviour and theft, leading to a loss of income and possible negative media attention. _Note_: the management response for this issue / risk included several management actions which are recorded separately on 4action.	November 2018	28 February 2019	Senior Manager Standards and Inclusion	**First Follow Up Review** currently being undertaken by Internal Audit - update to be provided to the Audit and Governance Committee at its next meeting.

Ref	Report	Issues / Risk	Date Raised	Agreed Target Date	Responsible Officer	Update from Managers
6	Primary Schools Themed Audit – Income Collection 2018/19	There is no central compliance monitoring to ensure policies and guidance are followed. There is a risk that school funds will not be properly administered and independently audited annually, school meals income forms will not be returned by all schools every month, forms will not be completed correctly and all income will not be accounted for, also increasing the risk of misappropriation and reputational damage to the school and the Council.	November 2018	30 November 2018	Senior Manager Standards and Inclusion	**First Follow Up Review** currently being undertaken by Internal Audit - update to be provided to the Audit and Governance Committee at its next meeting.
CHILDREN'S SERVICES						
7	Child Care Court Orders under the Public Law Outline 2016/17	Testing highlighted that the Letters Before Proceedings and Letters of Intent / Notice of Intention to Issue and pre-proceedings meetings did not always comply with the Care, Proceedings, Public Law Outline and Legal Matter 2016 Protocol. Further, the letters were not always sent to all persons with parental responsibility. Parents are therefore not properly informed of the process followed or decision made and what is expected of them in order to improve matters which may result in continuing emotional and / or physical harm to the child and distress to those involved.	January 2017	31 January 2018	Service Manager Corporate and Partnership	**First Follow Up Review**- All Support Worker visits do comply with all care plans. Failure to comply could lead to disciplinary proceedings being followed against the member of staff. **Second Follow Up Review** - Risk rating reduced to D2 to reflect progress made in addressing this issue. However testing confirmed further work is required to fully address the risk.

Ref	Report	Issues / Risk	Date Raised	Agreed Target Date	Responsible Officer	Update from Managers
8	Fostering Service - Recruitment and Retention 2018/19	The Child Placement Team is struggling to meet the 'Invest to Save' targets established in 2013/14 and foster carer recruitment figures are generally declining. As a result, appropriate placement options are falling. In addition, fostering and recruitment figures reported by the NFF on the performance of north Wales authorities also suggest that the Isle of Anglesey Council had the lowest conversion rate from initial enquiry to approvals in comparison to other authorities in 2016/17. The Service has identified some causes that may have contributed to the service failing to recruit the target number of foster carers within the expected timeframe. Contributing factors have been highlighted to the Corporate Parenting Panel. Overall, there is a risk that demand will increase for external placements, increasing costs to the Council.	May 2018	30 September 2018	Service Manager Intensive Intervention, Children's Services	
TRANSFORMATION						
9	PCI DSS Compliance 2016/17	There is no process to assess and record the impact of change to ICT infrastructure on PCI DSS components. There is a risk that any changes could compromise the security of cardholder data.	September 2016	31 June 2019	IT Service and Performance Management Manager	The Project Team are capturing the existing set up of the PCI DSS components and will support the assessment of any impacts that changes to the IT infrastructure could have.