ISLE OF ANGLESEY COUNTY COUNCIL	
MEETING:	AUDIT COMMITTEE
DATE:	23 SEPTEMBER 2014
TITLE OF REPORT:	UPDATE ON OUTSTANDING AREAS OF CONCERN HIGHLIGHTED BY INTERNAL AUDIT
PURPOSE OF REPORT:	FOR INFORMATION
REPORT BY:	DEPUTY CHIEF EXECUTIVE
ACTION:	FOR INFORMATION.

1.   **INTRODUCTION**

1.1   At its meeting held on 22 July 2014 the Audit Committee resolved:

'To request the Deputy Chief Executive to attend the next meeting of the Audit Committee to report on the position with regard to those areas denoted as areas of ongoing audit concern, the actions planned to address them, the timescales involved and the responsible manager/officer.'

The following action arising was also agreed at this meeting:

'Deputy Chief Executive to provide the Audit Committee at its next meeting with a report in line with the resolution above along with information about senior managerial responsibilities.'

1.2   The Deputy Chief Executive has met with Internal Audit to discuss the areas of concern and this report sets out action/comments on each of these areas.

2   **CONTEXT: TRANSFORMATION PLAN AND GOVERNANCE ACTION PLAN**

2.1   Our aim is to ensure that there is a consistent corporate approach to addressing weaknesses in the council's governance and performance. Since last year significant work has been undertaken to draw together, prioritise and implement solutions to known weaknesses. Work is complete in a number of these areas but other areas still need addressing.

2.2   The Council's Transformation Plan, approved in early 2013, built on the improvements made in previous years and set the scene for updating and strengthening the basic building blocks of governance. That action plan was monitored by the Improvement Board and good progress was made across the plan.

2.3   Every year, there is a review of governance which has regard to the annual report by the Audit Manager. In 2013, following the review, an action plan was drawn up by management which focused on the most significant weaknesses, prioritised the work and identified where resources were required. Some of the larger items were treated as programmes, projects or tasks under the Council's Transformation arrangements.

2.4   The Governance and Assurance Action Plan was brought to the committee in December 2013. It was intended that this Plan should continue to be updated and monitored by Audit Committee but unfortunately that was not sustained during the year.

2.5   As part of the preparation for the forthcoming Corporate Assessment the Governance and Assurance Action Plan is being refreshed and updated. The planning process ensures that there is a responsible officer and a timetable for each action, with a link to the relevant Transformation Programme Board if appropriate. This plan already includes the six corporate matters raised by the Audit Manager.

2.6   An Officer Monitoring Group has been established across Transformation, Council Business and Resources.

3   PROGRESS UPDATE

3.1   The areas of concern reported by Internal Audit to the Audit Committee on 22 July 2014 and the current management actions/comments aimed at addressing these are provided below in the Progress Update section of this report.

3.2   It must be remembered that significant progress has been made in relation to the governance of the Council. 2013 was very much a transition year moving away from the management of the Council by Welsh Government appointed Commissioners back to the Executive and the Senior Leadership Team.

3.3   It is fair to comment that a number of areas may not have progressed as well as I would have liked during this period such as Procurement, however others such as Information Governance have been well led and managed. I am however now confident that there is a plan to address each of the concerns

3.4   Additionally there are now regular updates by the Audit Manager to SLT, to ensure that Management are aware of the concerns that Audit identify, enables them to put in place management solutions and also to allow the monitoring of progress. All RED Audit Reports are now reported to SLT. Previously there was a disjoint between the managerial leadership of the Council and audit conclusions.

2. PROGRESS UPDATE

2.1 Business Continuity

Ref	Current Concern	Management Action/Comment	Timescale: By	Responsible Manager
2.1.1	The Council a has duty* to prepare, maintain and exercise adequate Business Continuity Management (BCM) arrangements. BCM arrangements should ensure the maintenance of its own service provision during a crisis and support other Cat 1 & 2 responders if necessary. BCM should be embedded in the council's normal business activity and practise. Previous audit reports both from Internal Audit and other assurance providers have identified weaknesses in the Council's BCM arrangements including the lack of a formally documented and tested Business Continuity Plan and clear assignment of responsibility for embedding BCM within the Council. *Under the Civil Contingencies Act 2004*	**North Wales Council's Emergency Planning Service** - All six North Wales Local Authorities have signed up to this new service which is the first of its kind in Wales. Since 1st July 2014, the Emergency Planning function for the Council has been undertaken via the North Wales Emergency Planning Service. Each member Council has a dedicated liaison officer, along with regional officers, responsible for BCM across the region. The regionalised provision of Emergency Planning is aimed at providing increased resilience across North Wales. The North Wales Emergency Planning Service has a role to co-ordinate and support the production of a Business Continuity Plan for the Isle of Anglesey County Council. The Deputy Chief Executive has commissioned an internal review (SWOT) in order to understand the current position, service by service in relation to Business Continuity; and as to whether the service provided by the new Regional set up will provide the support needed to services to develop their Business Continuity Plans and thereby enable the Council to meet its duties in relation to BCM.	December 2014	Transformation – Business and Governance Manager (SWOT) Head of Democratic Services (Operationally)

2.2   Risk Management:

Ref	Current Concern	Management Action/Comment	Timescale: By	Responsible Manager
2.2.1	The Council is in the process of reviewing its Risk Management Framework to facilitate and embed risk management within the organisation. The Corporate Risk Register is still in development and an effective routine maintenance regime has not developed.	The Council has in place a Risk Management Strategy and Risk Management Guidance which were endorsed by the Executive on the 15th October 2012. However the process has not been fully embedded within the Council and it is considered that increased emphasis needs to be placed on progressing in this area. Therefore an external to review of the Council's current arrangements has been commissioned. This review will commence in September 2014 and will; i. Review the existing Risk Management Strategy and Guidance and propose improvements; ii. Engage with Members, Managers and Services to improve their understanding and approach to risk management; iii. Review the current Service Risk Registers, assist in identifying gaps in the risks identified, and suggesting a method for ensuring consistency in the language used to describe risks and the likelihood and impact scoring; iv. Review the arrangements for escalating Service, Project and Partnership risks to the Corporate Risk Register, recommending improvements into these arrangements; v. Review the Corporate Risk Register and assist in identifying gaps in the risks identified. It is envisaged that this review will facilitate risk management being fully embedded and aligned with	September/October 2014	Risk and Insurance Manager Business Planning and Project Manager

		other working practices.		

2.3 Information Governance / Management

Ref	Current Concern	Management Action/Comment	Timescale: By	Responsible Manager
2.3.1	The Information Commissioner's Office has undertaken a review of the Council's arrangements for Information Management and Governance and identified similar issues and control weaknesses to those identified by the WAO, PWC and Internal Audit in previous reports. A Programme Board has been established to implement the Action Plan from the Information Commission's report. A significant number of actions have been implemented since the ICO's report.	The Committee is to be presented with a separate report detailing the progress made in the area of Information Management and Governance under the agenda item 'Data Protection and Information Governance – Progress Update.' The Committee will see that significant progress has been made.	As per separate report	Head of Function - Council Business

2.4 Corporate Governance

Ref	Current Concern	Management Action/Comment	Timescale: By	Responsible Manager
2.4.1	**Policy and Procedure** - The Council's Policies and procedures are key elements of the governance framework of the Council. A number of Internal Audit reports and reports from other assurance agencies have reported instances of non-compliance with Council policy and procedure. Recent reports have also identified instances where relevant staff have not been aware of the Council's polices in, for example, the areas of Agency staffing, Fleet Management and Contract Procedure Rules (Procurement). An Internal Audit report concerning these issues was issued in 2011-12, however a number of key recommendations remained	The Council is in the process of compiling a Central Register of all key Council Policies. The register includes details of the version reference, author, contact name and the review dates of policies and by whom this should be undertaken by when. The Deputy Chief Executive has requested a report on the inclusion of this register into a comprehensive Policy Management system to include a policy compliance element. In the meantime the DCE has arranged a meeting of senior managers in September 2014 to further progress this issue.	December 2014	Head of Democratic Services

	unimplemented at the end of 2013-14. The Council stopped the use of its electronic policy compliance and sign off of policies system which recorded users as having read, understood and agreed to abide by policies. Without such record of sign off it is more difficult to show that the policies have been adequately disseminated to relevant staff.			
	External Assurance Reports- There is an expectation that all external assurance reports are shared with and held in the corporate centre. A corporate register of all such reports is however not currently maintained and monitored. There is a risk therefore that the outcomes from such external reports are not properly monitored and learning shared.	Discussions have taken place to determine the most appropriate method of bringing together and analysing recommendations and other outcomes from external assurance reports. Regular meetings are held with the Wales Audit Office and PWC, at an operational level with the Business Planning and Projects Manager, to ensure that the corporate centre is made aware of their forward work programmes and of the results of their work. All Terms of Reference and reports are shared with the Business Planning and Projects Manager. The Chief Executive and Deputy Chief Executive also meet regularly with the WAO and PWC, to discuss more strategic issues. The Council is currently working to procure a performance management system which it is proposed will be able to provide a central register of reports and outcomes.	Procurement Timetable by April 2015	Business Planning and Projects Manager Transformation – Business and Governance Manager

2.5 Corporate Procurement Framework

Ref	Current Concern	Management Action/Comment	Timescale: By	Responsible Manager
2.5.1	Internal Audit reported in December 2012 that Procurement practice needed improvement.	Work was carried out during 2012 to set in place improvements in procurement, under the leadership of the then Interim S151 Officer.	April 2015	Head of Function Resources -/ Procurement Officer

| | A KPMG Procurement Fitness Check for the Isle of Anglesey issued in 2014 reinforced Internal Audit findings and included a more in depth review of the weaknesses of the current arrangements.

A Project is being established to implement the recommendations made in this report to strengthen the Corporate Procurement Framework. | This progress was not continued during 2013. It is not clear why this was not the case.

A project has now gained approval from SLT and a request is being made to the Executive for resources to be released on a Spend to Save basis. In order to increase capacity within the Corporate Procurement Unit.

In addition the role of leading procurement will be more prominent in the Job Description for the Head of Function Financial Services (Previously Resources) when this post is advertised. | | |

2.6   Collaboration Framework

Ref	Current Concern	Management Action/Comment	Timescale: By	Responsible Manager
2.6.1	The Council does not have a formal Collaboration Framework in place to provide assurance that all partnerships have adequate governance, management and performance arrangements in place to meet their stated objectives and that they provide value for money in relation to the Council's financial and other resources invested in them.

The Council does have a register of partnerships detailing the purpose and the responsibilities or reporting lines of significant partnerships.

However current arrangements do not provide the necessary assurances that the stated benefits of partnership are being achieved or that the negative risks of partnership working identified by the Audit Commission and others are not being | A review of collaboration was carried out in November 2012.

The environment for Collaboration changed during 2013 and early 2014 with very few new collaborations being commenced.

It is however timely with the publication of the White Paper on Reforming Local Government that all current collaborations are reviewed and recorded in more detail and importantly that a statement/vision for collaboration is developed which will guide collaborative work going forward. | November 2014 for Register Update; and

March 2015 for Vision | Co-ordinated by the Transformation – Business and Governance Manager.

Chief Executive |

	realised within existing Council partnerships.			

2.7   Schools Recommendation Implementation

Ref	Current Concern	Management Action	Timescale: By	Responsible Manager
2.7.1	There is a continuing issue with regards to schools implementing internal audit recommendations. These recommendations relate to financial and governance issues within schools which should be of concern to Head Teachers and to the Education Department.	Internal Audit has liaised with Education concerning the implementation of recommendations relating to schools. Education have now introduced a new procedure which involves following up on recommendations after two terms from date of report and the provision of support where implementation of recommendations has not evidenced after that time period. Internal Audit will continue to monitor implementation rates of such recommendations to provide assurance over the effectiveness of these arrangements.	From 01 September 2014 (new academic year)	Head of Service Education