

ISLE OF ANGLESEY COUNTY COUNCIL		
Report to:	Governance and Audit Committee	
Date:	19 April 2022	
Subject:	Outstanding 'Issues/Risks'	
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Nature and Reason for Reporting: The Governance and Audit 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. Internal Audit, on behalf of the Council, monitors issues and risks identified during audit work via its action tracking system, 4action.
- 1.2. A dashboard displays a real-time snapshot of current performance in addressing outstanding actions and facilitates effective tracking and reporting of this information. The Head of Audit and Risk regularly shares this dashboard with the Governance and Audit Committee as part of her internal audit update reports.
- 1.3. In addition, the Governance and Audit Committee has requested that it receives a separate, detailed report outlining overall performance in addressing audit actions, twice a year. At its meeting on 21 September 2021, the Committee considered and determined the level of detail to be included in the report, to meet its assurance needs in this area.

2. RECOMMENDATION

- 2.1. That the Governance and Audit Committee:
 - notes the Council's progress in addressing the outstanding Internal Audit 'Issues/Risks'.



OUTSTANDING ISSUES / RISKS

APRIL 2022

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TABLE OF CONTENTS

INTRODUCTION	1
CURRENT PERFORMANCE	2
APPENDIX 1: OUTSTANDING 'MAJOR' RATED ISSUES/RISKS DETAILED STATUS	5

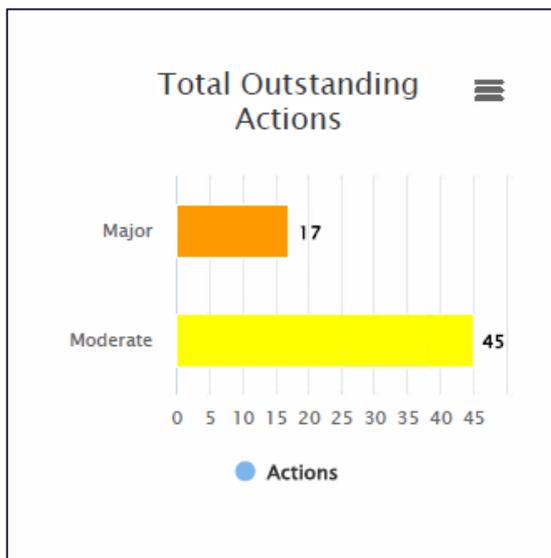
INTRODUCTION

1. The Governance and Audit Committee's terms of reference provide a responsibility for it to monitor the implementation of agreed actions as a result of the work of Internal Audit. To discharge this duty, the Committee requested that it receive a detailed report showing the Council's performance in addressing outstanding actions twice a year, at its meetings in April and September.
2. We have now been using the new and upgraded version of the Council's action tracking system 4action, for two years. We are pleased to report that the upgraded system continues to be very successful in enabling our internal audit follow up and action tracking processes.
3. We continue to develop and refine our dashboard, which displays a real-time snapshot of current performance in addressing outstanding actions and facilitates effective tracking and reporting of this information. We continuously monitor 'overdue' actions and so are able to promptly obtain updates from management as to progress with addressing them.
4. We have also developed a bespoke service dashboard to assist Heads of Service and their management teams in monitoring and providing updates on their actions. We are currently piloting this with the Resources service and if successful will continue to roll out further across the Council during 2022-23. Unfortunately, the COVID-19 emergency has limited our ability to roll out the new 4action system to services and provide training etc. so that management are able to fully utilise its functionalities. As the pandemic continues to subside, we will resume this work.

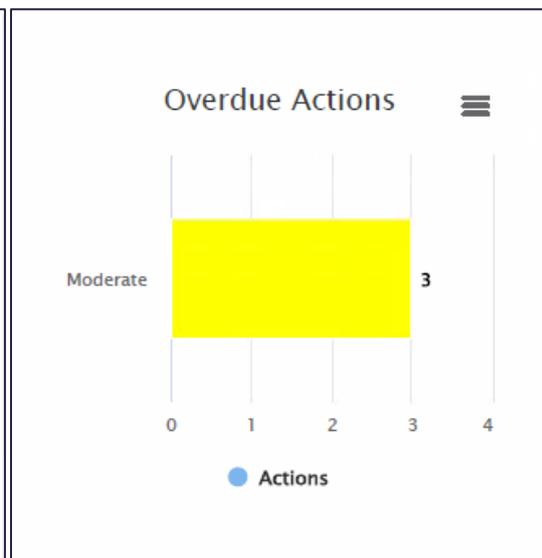
CURRENT PERFORMANCE

5. The following five graphs show the outstanding actions across the Council as at 31 March 2022. A detailed status update of the 17 outstanding 'major' rated issues/risks is also shown at [Appendix 1](#). Inevitably, the impact of the ongoing COVID-19 emergency and recovery phase on some services has affected their ability to address their outstanding actions over the past year.
6. It should be noted that no 'Red' issues/risks were raised during the year and there are no Red 'issues/risks' currently outstanding.

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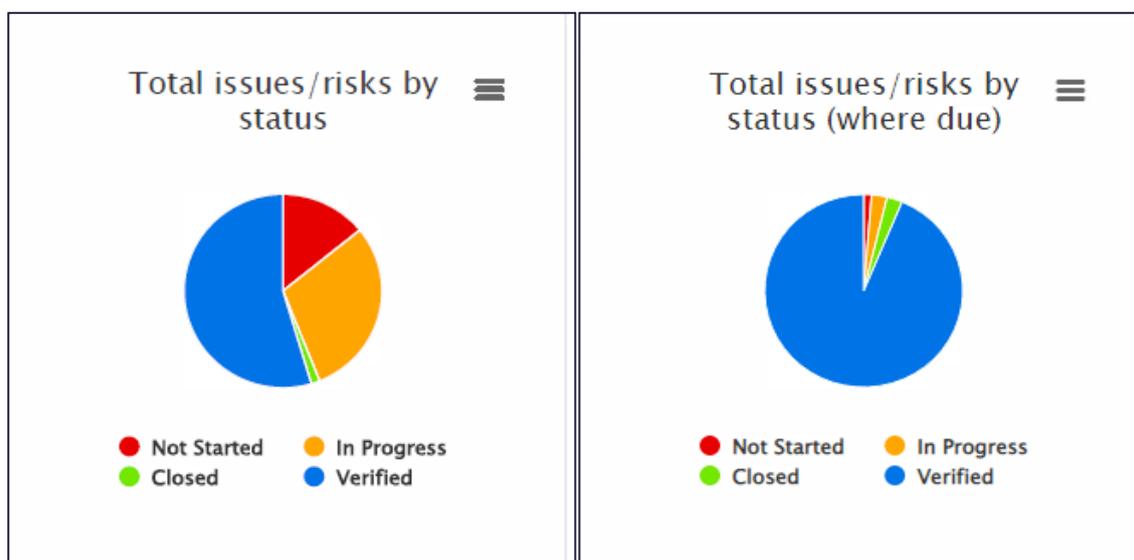
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7. As at 31 March 2022, we are tracking 62 outstanding actions in 4action. Of these 17 are rated 'major' (amber) and 45 'moderate' (yellow) in risk priority, as shown in graph 1.
8. We actively monitor all actions and pursue them with management when they become due to ensure they are addressed. There are currently three actions that have reached their target date for completion and have now become 'overdue', as shown in graph 2.
9. They are all of 'moderate' impact and relate to Payroll in respect of processing records for staff leaving the Council's employment; namely monitoring of overpayments of salary and subsequent recovery processes, verification procedures for payments to relatives of deceased employees, and general improvements to leavers processes to reduce errors.
10. We are aware of on-going staffing and recruitment issues within the Payments team, which has made the additional work required to address these issues/risks challenging. The team are also currently experiencing additional pressures due to financial year-end processes, and administration of back pay in respect of the recent nationally agreed staff pay award. We will continue to work with the service to ensure the issues/risks are successfully addressed.

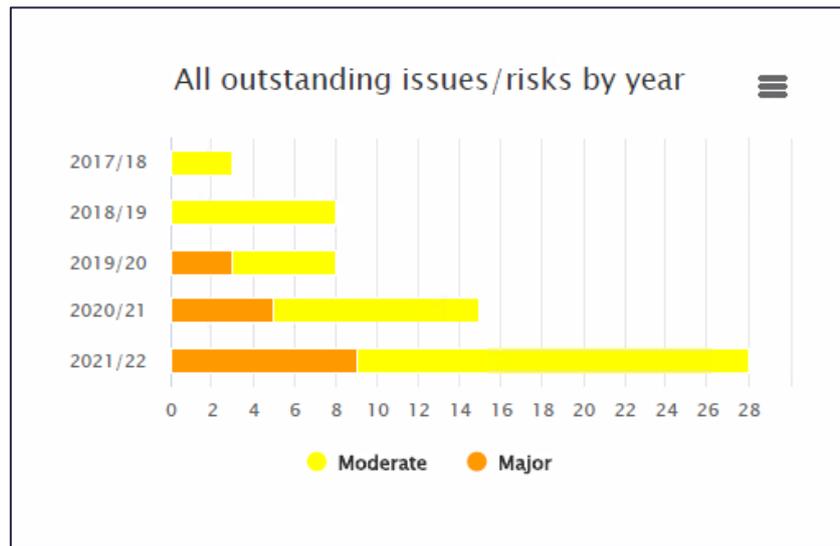
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11. The graphs above show the status of all actions i.e. whether they are 'in progress'; 'not started' or 'closed' if the action has been addressed. Internal audit verifies all 'closed' actions to ensure we are satisfied that the action taken by management has addressed the risk originally identified.
12. Graph 3 shows the status of all outstanding actions (irrespective of the date management agreed to address them by). It shows that management have now addressed 56%. Internal audit has verified 55% of these. The remaining 1% relate to an audit of ICT Service Continuity (Phishing), which we will be formally following up in May 2022. We will verify completion of these actions during this piece of work.
13. The majority of the actions 'not started' relate to two audits recently finalised namely, 'Information Governance' and 'Software Licence Management'. The actions identified during these audits have not yet reached their anticipated completion dates. When these dates approach, we will actively pursue updates from management to determine progress.
14. In contrast, Graph 4 shows the status of all actions that have reached their target date. It shows that where due, 96% have been addressed. Of these, Internal Audit have verified virtually all, however as detailed above, those that have yet to be verified relate to an audit of ICT Service Continuity (Phishing) which will shortly be followed up formally. The small percentage showing as 'not started' and 'in progress' relate to the overdue Payroll actions in respect of Leavers processes, as detailed earlier in this report.
15. As previously reported, we will occasionally extend target dates for some actions, but only if the service can demonstrate a legitimate reason for the extension e.g. it becomes clear that the original target date is unachievable, as significantly more work is needed to address the issue/risk. This has been particularly pertinent due to the COVID-19 emergency and ongoing recovery phase, where service priorities have clearly been focussed on responding to and recovering from the pandemic.

5



16. As detailed above, 62 outstanding actions have yet to be fully completed.
17. These are spread between 2017/18 and 2021/22. While graph 5 indicates the majority relate to the last two financial years, there are three issues/risks dating back to 2017/18 that management have yet to fully address. These relate to general improvements and efficiencies within the Council's Sundry Debtors processes.
18. These are rated as 'moderate' or 'yellow' in risk priority, and work to address them forms part of the consultancy project work currently underway within the Income Team, and the planned restructure of the wider Revenues and Benefits section. The Head of Internal Audit and Risk provides further detail regarding this work in her Internal Audit Update report.
19. It should be noted that there are no 'major' or 'amber' rated issues/risks dating back further than 2019/20, as shown above. This demonstrates that management are prioritising addressing risks of higher risk priority.
20. A detailed status update of the 17 outstanding 'major' or 'amber' rated issues/risks currently being tracked in 4action follows at [Appendix 1](#).
21. We will endeavour to pursue all outstanding actions to ensure completion.

APPENDIX 1: OUTSTANDING 'MAJOR' RATED ISSUES/RISKS DETAILED STATUS

Audit Title	Audit Year	Report Issue Date	Current Target Date	Assurance Rating*	Issue /Risk Summary	Current Status
Business Continuity	2019/20	January 2020	30/06/22	Reasonable	Our testing identified a lack of quality assurance activity over corporate and service business continuity plans and key documents.	Action 50% complete. Much of the work associated with addressing this issue/risk is dependent on the work outlined below regarding aligning service Business Continuity Plans with IT disaster recovery arrangements. This work is ongoing. The Executive Manager (Senior Leadership Team) has assumed responsibility for this action following the retirement of the Head of Democratic Services. Additional work by the regional emergency planning service to revise Business Continuity Planning template documents and deliver training on their use is underway.
IT Resilience	2019/20	February 2020	30/06/22	Reasonable	There is a lack of continuity and co-ordination between the Council's corporate business continuity plans and the IT disaster recovery plan.	Action 80% complete. Work to align Corporate Business Continuity plans with IT Disaster Recovery plan is ongoing with services. As detailed above the Executive Manager (Senior Leadership Team) has requested training by the regional emergency planning service on use of the revised business continuity planning templates.
Financial Resilience	2019/20	April 2020	31/10/22	Reasonable	Progress with undertaking an exercise to map sources of assurance to support the Council's governance framework and ensure it continues to receive adequate assurance provision across its services has been slow. This is particularly important in respect of services delivered via partnership, contract, and alternative service delivery models (ASDMs).	Action 50% complete. A review of assurance mapping across the local government sector in Wales has been completed and a series of recommendations made as a result of its findings. The Council has created and established membership of a Performance Review, with several meetings held to date. Recent focus of the group has been on the Performance Challenge process, however work on assurance mapping will resume now that this work is complete.

Audit Title	Audit Year	Report Issue Date	Current Target Date	Assurance Rating*	Issue /Risk Summary	Current Status
Supplier Maintenance and Duplicate Payments	2020/21	January 2021	30/11/22	Limited	The high volume of invoices raised without a supporting purchase order creates an unnecessary increase in the workload for the Payments team as well as being contrary to the Financial Procedure Rules, which requires a purchase order to be raised for all invoices other than recurring or utility invoices, before or at the time of ordering. Testing highlighted that a number of purchase orders were also raised retrospectively, i.e. after the invoice date.	<p>We carried out a formal follow up review of Supplier Maintenance and Duplicate Payments between January and March 2022. Our review found that Services continue to raise invoices without appropriate supporting purchase orders, causing significant additional work for the Payments team.</p> <p>We provide the Committee with a more detailed update on this action as part of our final Follow Up Report in this area.</p>
Supplier Maintenance and Duplicate Payments	2020/21	January 2021	30/11/22	Limited	Staff in services are not raising purchase orders properly, i.e. inserting a separate line for each goods or services ordered which would enable each item to be marked as received individually. This would enable an invoice that arrives for only part of the order to be automatically matched and paid without the need for any intervention from the service or Payments team.	<p>As detailed above, we carried out a formal follow up review of Supplier Maintenance and Duplicate Payments between January and March 2022. Our review found that Services still do not raise purchase orders correctly and the number of invoices rejected by the Payments system as a result is high.</p> <p>We provide the Committee with a more detailed update on this action as part of our final Follow Up Report in this area.</p>
Corporate Parenting Panel	2020/21	January 2021	30/04/22	Reasonable	Despite being identified in 2017 as the necessary framework to enable and ensure the Council fulfils its corporate parenting responsibilities, the Council has not yet finalised and published its 'Looked After Children and Care Leavers Strategy'. Similarly, nor has the Council articulated its commitment or 'pledge' to its looked after children and young people, as also determined as a priority in 2017.	<p>Action 50% complete.</p> <p>A presentation on the new Corporate Parenting Strategy was given to the Corporate Parenting Panel in March 2022. The Council will provide training in this area to all members following the local government elections in May 2022. The final version of the Corporate Parenting Strategy will be formally presented for approval to the Corporate Parenting Panel following the elections.</p>
ICT Service Continuity (Phishing)	2020/21	May 2021	30/04/22	Limited	Results of the recent phishing test commissioned by ICT showed that too many users would fall for a phishing email, despite having completed the cyber awareness training.	Formal follow up by Internal Audit scheduled for May 2022

Audit Title	Audit Year	Report Issue Date	Current Target Date	Assurance Rating*	Issue /Risk Summary	Current Status
ICT Service Continuity (Phishing)	2020/21	May 2021	30/04/22	Limited	There is no formal escalation process for users who continue not to comply with cyber secure practices, where it is clear cyber and information security training and awareness is not having an effect.	Formal follow up by Internal Audit scheduled for May 2022
Housing Allocations	2021/22	September 2021	30/04/22	Reasonable	There is a lack of alignment between recent changes to Housing allocations policies in respect of community cohesion and sustainability initiatives and the measures and indicators of performance in this area.	Action 50% complete. The Housing Service has set up an internal Voids Group to address the risks raised by the audit. A discussion paper considering the best way to measure performance in this area was recently presented to the group for consideration. Once the group has finalised the new performance indicator, it will be included and tracked as part of the Service's quarterly performance reporting.
Housing Allocations	2021/22	September 2021	30/04/22	Reasonable	The Council does not report on its performance for letting newly built and 'buy-back' properties, i.e. former council housing stock that the Council buys back from private ownership.	Action 50% complete. The Housing Service advised that a performance measure for monitoring the process of getting buy-back properties to a lettable standard and let will be included as part of the Service's quarterly performance reporting from April 2022 onwards.
Housing Allocations	2021/22	September 2021	30/04/22	Reasonable	The housing application process is inefficient and contributing to delays in the voids process.	Action not yet due for completion. As detailed above, the Housing Service has set up an internal Voids group to co-ordinate and address the risks raised by the audit. The group consists of the Housing Service's management team and meets monthly. The issue associated with the Housing application process will be considered and remedial action taken as part of the group's work.

Audit Title	Audit Year	Report Issue Date	Current Target Date	Assurance Rating*	Issue /Risk Summary	Current Status
Recovering Council Sundry Debts	2021/22	November 2021	31/10/22	Limited	Despite the debtor system showing a reduction in the number and total value of invoices in 'recovery-suppressed' status since our last review, our testing found that the Income Team is circumventing the normal process. The Income Team is delaying recovery action via manual intervention rather than applying the system 'suspend' function that would automatically restart the recovery process after 30 days.	The Director of Function (Resources) / Section 151 Officer commissioned consultancy firm, CIWB, to work with the Income Team to address the risks identified by the audit. At the request of the Governance and Audit Committee, we reviewed progress with the consultancy project, and the further work planned by the Service to make improvements in this area. The Head of Internal Audit and Risk provides a more detailed update to the Committee on the consultancy project work as part of her Internal Audit Update report.
Recovering Council Sundry Debts	2021/22	November 2021	31/10/22	Limited	The combination of a failure to take a proactive approach to recovering Council debts and escalating debt recovery where appropriate, along with the redeployment of Recovery Officers and the suspension of all debt recovery for six months during the pandemic, has all contributed to the level of outstanding debt increasing significantly from March 2020.	As above.
Recovering Council Sundry Debts	2021/22	November 2021	31/10/22	Limited	The Covid-19 pandemic and technical issues have affected monitoring of service performance and collection rates both at service level and corporately. In addition, there has been limited review and reporting of performance for sundry debtors since 2019/20.	As above.
Information Governance	2021/22	January 2022	31/03/23	Reasonable	Staff are able to access the Council's Microsoft Office 365 applications, including Teams and SharePoint and therefore potential personal and sensitive data held by the Council, using unencrypted personal mobile devices.	Action not yet due for completion.
Information Governance	2021/22	January 2022	31/05/22	Reasonable	The Council's Procurement guidance and support documents and templates, do not include sufficient guidance regarding data protection considerations for officers awarding contracts.	Action not yet due for completion.

Audit Title	Audit Year	Report Issue Date	Current Target Date	Assurance Rating*	Issue /Risk Summary	Current Status
Software Licence Management	2021/22	January 2022	31/12/22	Limited	The Council has not yet produced a business systems roadmap or strategy, which underpins how the Council will deliver its digital services. Such a roadmap should include items such as details of approved software vendors and suppliers, vendor selection criteria as well as hosting and support requirements (in-house versus cloud services etc.)	Action not yet due for completion.

*Current assurance rating - either as at time of original audit or following follow up review.