

ISLE OF ANGLESEY COUNTY COUNCIL		
Report to:	Governance and Audit Committee	
Date:	28 September 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 former 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'.
- supports the proposal that action owners of 'major' or 'amber' rated issues/risks that are still not resolved 12 months after the original target date has passed, are asked to attend the Committee to provide information on the reason for any delay in addressing the issue/risk.



OUTSTANDING ISSUES / RISKS

September 2022

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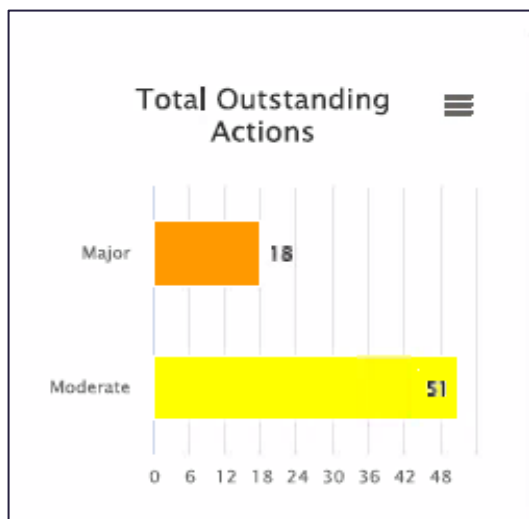
INTRODUCTION

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. As previously reported, Internal Audit has moved away from making recommendations to raising 'Issues' and 'Risks'. To encourage management to have ownership for these risks, it is their responsibility to develop an action plan to address the issues / risks identified.
3. Issues / risks are followed up by monitoring how the risks have been addressed. Reports which have received 'Limited' or 'No' Assurance are subject to a formal follow up review by Internal Audit, with an audit report produced and assurance rating given. We monitor all other issues / risks using the Council's corporate action tracking system (4action).
4. Following a wholesale system upgrade of 4action in 2020, we are pleased to report that the new system continues to prove very successful in improving our internal audit follow up and action tracking processes.
5. We have developed and refined a user dashboard on 4action, 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.
6. 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.

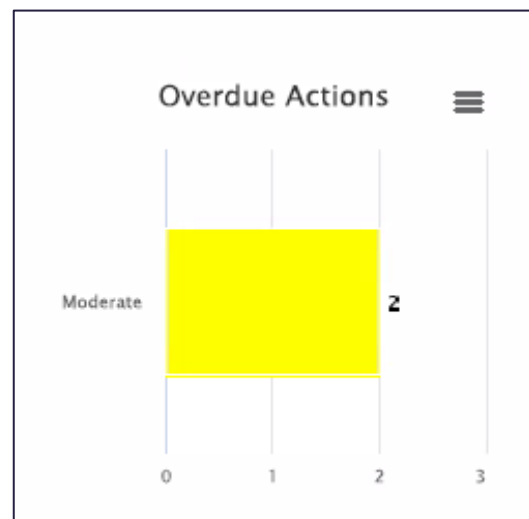
CURRENT PERFORMANCE

7. The following five graphs show the outstanding actions across the Council as at 31 August 2022. A detailed status update of the 18 outstanding 'major' rated issues/risks is also shown at [Appendix 1](#).
8. 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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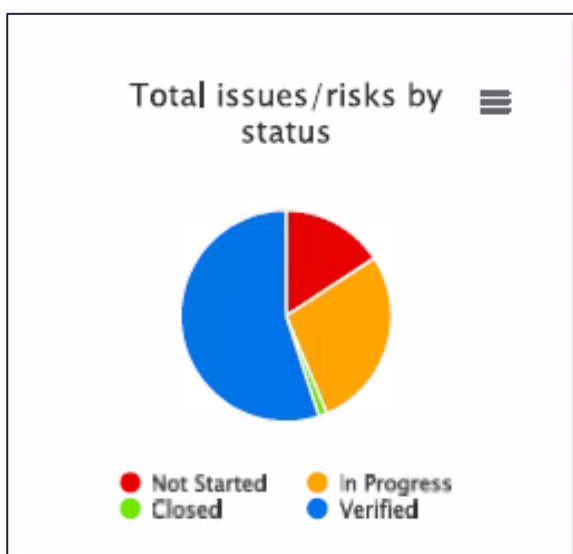


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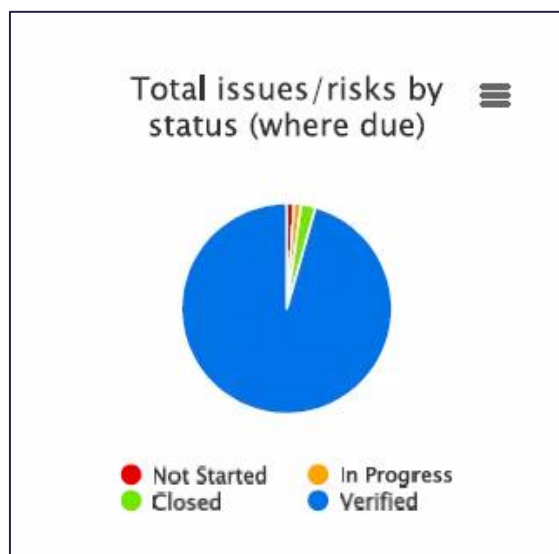


9. As at 31 August 2022, we are tracking 69 outstanding actions in 4action. Of these 18 are rated 'major' (amber) and 51 'moderate' (yellow) in risk priority, as shown in graph 1.
10. We actively monitor all actions and pursue them with management when they become due to ensure they are addressed. There are currently two actions that have reached their target date for completion, and are now 'overdue', as shown in graph 2.
11. They are both of 'moderate' impact and relate to Payroll in respect of processing records for staff leaving the Council's employment; namely verification procedures for payments to relatives of deceased employees, and general improvements to leavers processes to reduce errors.
12. The HR Unit is currently working with the Payments team to develop guidance for services regarding verification of payments where an employee has died in service. In addition, the Resources Service has recently appointed a Business Manager, who will be supporting teams within the service, such as the Payments team to address their outstanding issues/risks.

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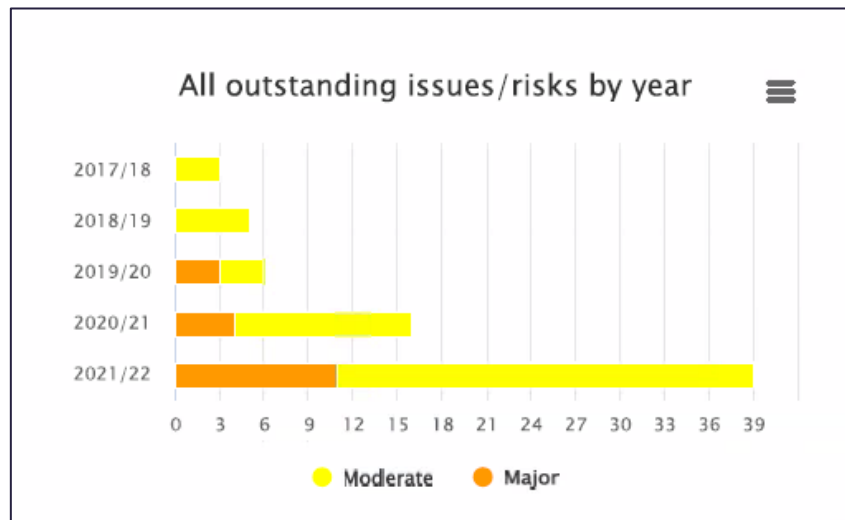


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13. The graphs above show the status of all actions, i.e. whether they are 'in progress'; 'not started' or 'closed' if the action has been addressed. Internal audit verifies all 'closed' actions to ensure we are satisfied that the action taken by management has addressed the risk originally identified.
14. 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 52% and Internal Audit has verified 51%. The remaining 1% relates to actions from two audits; 'Financial Resilience' and 'Information Governance', which management have recently confirmed as complete, and we are in the process of verifying.
15. The majority of actions showing as 'not started' relate to several audits recently finalised namely, 'Software Licence Management', 'Teachers' Pensions', 'Recruitment and Retention', 'Managing the risk of Fraud and Corruption in Procurement' and 'Suitable Local Housing Provision'. 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.
16. In contrast, Graph 4 shows the status of all actions that have reached their target date. It shows that where due, 97% have been addressed. Of these, Internal Audit has verified virtually all. 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.
17. 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.

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18. As detailed above, 69 outstanding actions have yet to be fully completed.
19. 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.
20. 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. We will shortly follow up progress with addressing these actions as part our planned follow up review of the project in October 2022.
21. 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.
22. However, to ensure that services are successfully addressing their issues/risks promptly, we plan to ask action owners to attend Governance and Audit Committee if a 'major' or 'amber' rated issue/risk is still not resolved 12 months after the original target date has passed. This will give the officer the opportunity to explain to the Committee the reasons for the delay in addressing the issue/risk.
23. A detailed status update of the 18 outstanding 'major' or 'amber' rated issues/risks currently being tracked in 4action follows at [Appendix 1](#).
24. 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	30/11/22	Reasonable	Our testing identified a lack of quality assurance activity over corporate and service business continuity plans and key documents.	Action 60% 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 (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	30/11/22	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 (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 Group, with several meetings held to date. Following agreement of the Council's Local Code of Governance 2022-27, the next meeting of the group, scheduled for September 2022, will focus on assurance mapping.

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 earlier this year, and issued the final follow up report in April 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 have agreed with the Director of Resources / S151 Officer to carry out a further follow up review to ascertain progress with addressing the issues/risks outstanding in this area in October 2022.</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 earlier this year. 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 will carry out a further follow up review in this area in October 2022.</p>
Corporate Parenting Panel	2020/21	January 2021	31/12/22	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 75% complete.</p> <p>A presentation on the new Corporate Parenting Strategy was given to the Corporate Parenting Panel in March 2022. The Council provided training in this area to all members in July 2022. The Corporate Parenting Strategy will be formally presented for input and development from the newly formed Panel at its meeting in December 2022.</p>

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	28/02/23	Reasonable	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.	<p>Action 50% complete. We recently carried out a formal follow up review of ICT Service Continuity (Phishing). Our review found that the Council has made several technical and procedural improvements, which help to mitigate the risk of a successful phishing attack. The most recent phishing test results also show an overall improvement in staff cyber-awareness since our original review. However, further work to maintain and improve staff awareness of phishing and cyber security is needed.</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>
Housing Allocations	2021/22	September 2021	31/01/23	Reasonable	The housing application process is inefficient and contributing to delays in the voids process.	<p>Action 50% complete. The Housing Service has recruited a Housing Service Apprentice, which will help to support the application process in the interim. Work to digitalise the application process is ongoing, and forms part of the wider digital tenants' portal project.</p>
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.	<p>Action 50% complete. The Director of Function (Resources) / Section 151 Officer commissioned consultancy firm, CIWB, to work with the Income Team to improve their processes and address the risks identified by the audit. Progress with the project is ongoing and following an interim progress update in March 2022 at the request Governance and Audit Committee, we will carry out a formal follow up review to ensure the all the issues/risks identified during our original review are addressed in October 2022.</p>

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	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.
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.

Audit Title	Audit Year	Report Issue Date	Current Target Date	Assurance Rating*	Issue /Risk Summary	Current Status
Recruitment and Retention	2021/22	June 2022	31/12/22	Reasonable	The Council's Workforce Planning Strategy was originally developed by the Human Resources Unit in 2012 but has not been updated since 2019. As workforce development planning is now more established across the Council, the Workforce Development Strategy would benefit from revision to ensure it is up to date and in line with the Council's current and future strategic approach in this area.	Action not yet due for completion.
Recruitment and Retention	2021/22	June 2022	30/11/22	Reasonable	Some individual Service Workforce Development Plans would benefit from review and improvement.	Action not yet due for completion.
Recruitment and Retention	2021/22	June 2022	31/01/23	Reasonable	There is little formal, routine reporting to the Senior Leadership Team (SLT) of recruitment data analysis to ensure the SLT is well sighted on recruitment pressures and trends currently facing the Council. This is particularly important at present in light of national issues with staff recruitment affecting all sectors.	Action not yet due for completion.
Teachers Pensions	2021/22	June 2022	31/12/22	Limited	Testing highlighted that the reports extracted from the payroll system did not extract data consistently and some records are missed. In addition, the reports are not reconciled before submission to the TPS. We therefore cannot provide assurance that the information extracted and uploaded to the TP service complete or accurate.	Action not yet due for completion.

Audit Title	Audit Year	Report Issue Date	Current Target Date	Assurance Rating*	Issue /Risk Summary	Current Status
Teachers Pensions	2021/22	June 2022	31/12/22	Limited	The Payroll and Payments Manager did not provide evidence of error reports being investigated or actioned.	Action not yet due for completion.

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