ISLE OF ANGLESEY COUNTY COUNCIL		
Report to:	Governance and Audit Committee	
Date:	18 April 2023	
Subject:	Outstanding 'Issues/Risks'	
Head of Service:	Marc Jones Director of Resources / Section 151 Officer MarcJones@anglesey.gov.wales	
Report Authors:	Marion Pryor Head of Audit and Risk MarionPryor@anglesey.gov.wales	Nanette Williams Principal Auditor NanetteWilliams@anglesey.gov.wales
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 allows 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'.

OUTSTANDING ISSUES / RISKS
April 2023

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

Nanette Williams MSc CMIIA CIA, Principal Auditor

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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 receives 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 reporting '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, and we monitor how these risks have been addressed.

3. 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 wholescale system upgrade of 4action in 2020, the 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 enables effective tracking and reporting of this information. We continuously monitor 'overdue' actions and so we can 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 have recently rolled this out for the Corporate Transformation service, and it is proving very successful, with the service monitoring and providing updates on its outstanding actions effectively.

CURRENT PERFORMANCE

7. The following five graphs show the outstanding actions across the Council as at 31 March 2023. A detailed status update of the 12 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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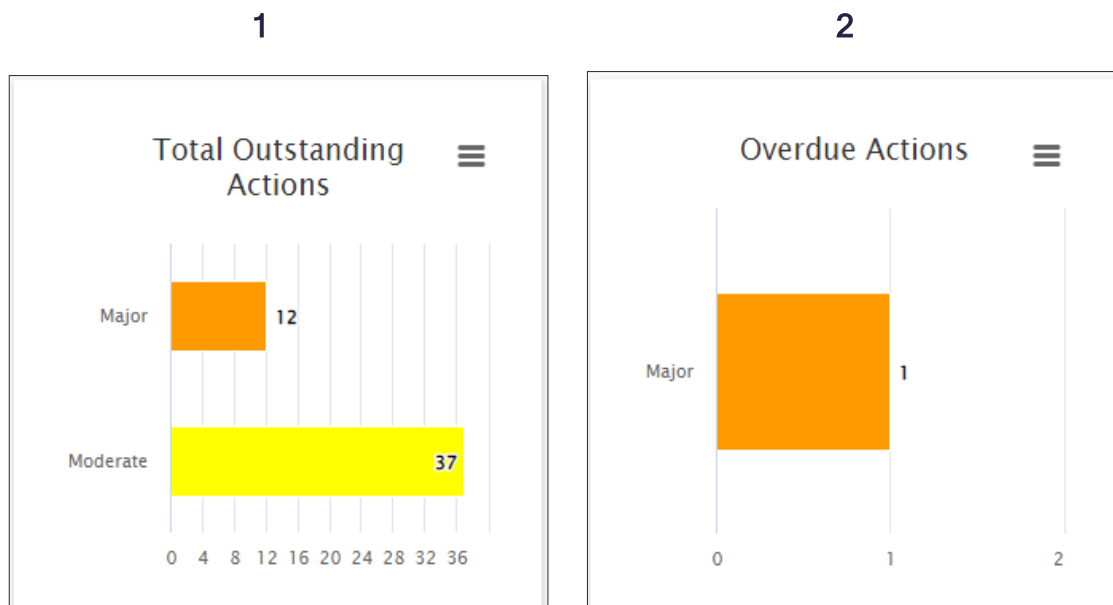
9. As at 31 March 2023, we are tracking 49 outstanding actions in 4action. Of these 12 are rated 'major' (amber) and 37 'moderate' (yellow) in risk priority, as shown in graph 1.

10. We actively monitor all actions and pursue them with management when they become due to ensure they are addressed. There is currently one action that has reached the date management were due to finish implementing it, and it is now 'overdue', as shown in graph 2.

11. It is a 'major' rated issue/risk and relates to an audit of Housing Allocations and more specifically to developing and improving the Housing application process. We provide further information on this later in this report.
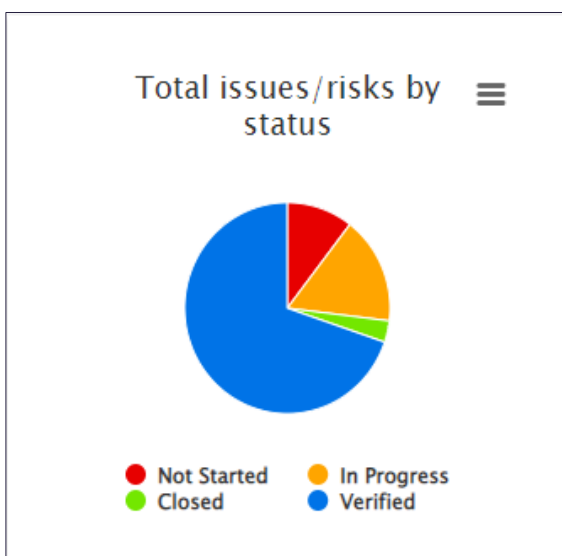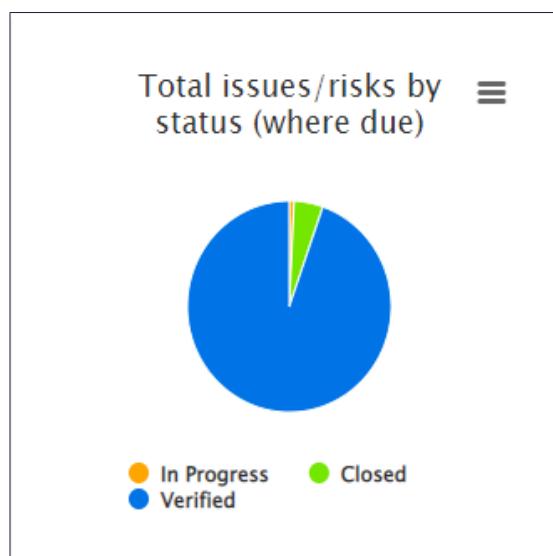
12. The graphs above show the status of all actions, i.e., whether they are 'in progress'; 'not started' or 'closed' if the action has been addressed. Internal audit verifies all 'closed' actions to ensure we are satisfied that the action taken by management has addressed the risk originally identified.

13. 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 73% and Internal Audit has verified 70%. The remaining 3% relate to an audit of 'Software Licence Management', which we will be formally following up in April 2023. We will verify that management has successfully implemented these actions during this piece of work.

14. The majority of actions showing as 'not started' relate to several audits recently finalised namely, 'Managing the risk of Fraud and Corruption in Procurement', 'Direct Payments', 'Financial Resilience' and 'Cash Handling – Cyswllt Mon'. 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.

15. In contrast, Graph 4 shows the status of all actions that have reached their target date. It shows that where due, 99% 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 Software Licence Management which will shortly be followed up.

16. We will occasionally extend completion 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 date is unachievable, as significantly more work is needed to address the issue/risk.

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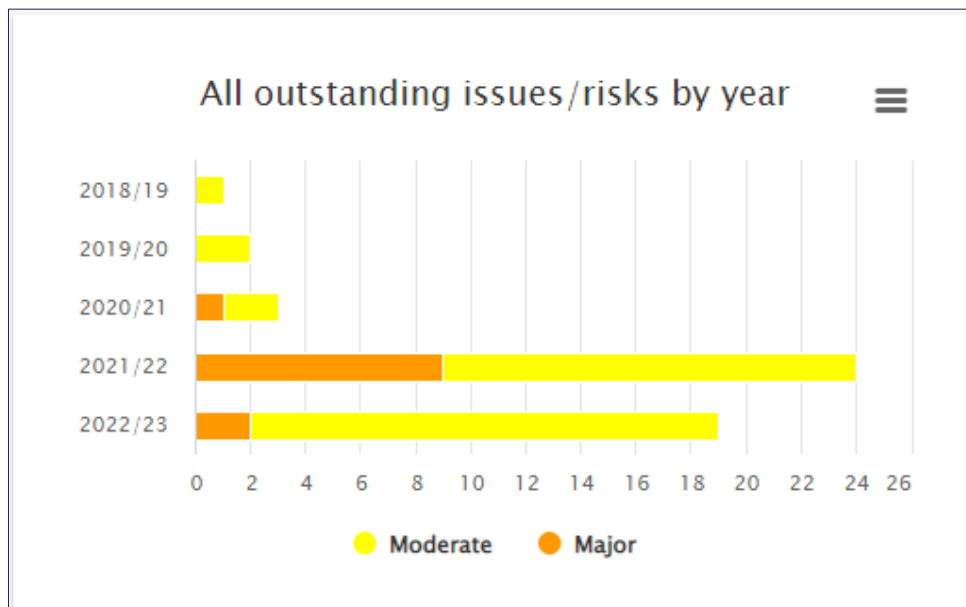
17. As detailed above, 49 outstanding actions have yet to be fully completed.

18. These are spread between 2018/19 and 2022/23. While graph 5 indicates the majority relate to the last two financial years, there is one issue/risk dating back to 2018/19 that management has yet to fully address. This relates to improving the password complexity settings for the Council's externally facing Leisure booking system.

19. It is rated as 'moderate' or 'yellow' in risk priority, and work to address it forms part of the implementation and launch of the new Leisure Hub system. At the time of writing, there were delays with agreeing a go-live date with the software supplier due to technical issues. The IT team are currently liaising with the software provider to resolve this.

20. It should be noted that there are no 'major' rated issues/risks dating back further than 2020/21, as shown above. This demonstrates that management are prioritising addressing risks of higher priority.

21. In addition, to ensure that services are successfully addressing their issues/risks promptly, where a 'major' rated issue/risk is still not resolved 12 months after the original completion date has passed, action owners are asked to attend Governance and Audit Committee to update the Committee on the reasons for the delay in addressing the issue/risk.

22. There is currently one 'major' or rated issue/risk that this applies to relating to an audit of Housing Allocations and improvements to the Housing applications process. More detail is provided at Appendix 1 below and the Service Manager - Community Housing will attend the meeting of the Committee on 18 April 2023 to provide a further update.

23. A detailed status update of all 12 outstanding 'major' 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
ICT Service Continuity (Phishing)	2020/21	May 2021	01/07/23	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.	Action 50% complete. Much of the work to address this issue/risk was completed as part of the Cyber Security and ICO recommendations working group action plan, which we reviewed during our recent follow up review. The remaining element relates to ensuring the Council conducts regular phishing tests for staff. The IT team Manager is currently considering the options for procuring phishing software for this purpose.
Housing Allocations	2021/22	September 2021	01/02/23	Reasonable	The housing application process is inefficient and contributing to delays in the voids process. Following an enquiry, paper application forms are sent to prospective applicants. On return, these are scanned to the Council's Electronic Document Management (EDM) system, and then manually input by the Housing Options team to the Orchard Housing Management System. The process is time consuming, inefficient and diverts resources away from other housing allocation tasks.	Action 50% complete. The Housing service originally planned to develop an electronic application process using the Digital Tenants' Portal. However, it was concluded that the Council's newly launched CRM system would work better for this purpose. The service is currently working with the IT team to progress this. The original target date for this action was March 2022. As it is now 12 months beyond that date, the Service Manager – Community Housing will attend the Governance and Audit Committee meeting to provide a further update.
Recovering Council Sundry Debts	2021/22	November 2021	01/06/23	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.	Action 50% complete. We recently carried out a formal follow up review of Recovering Council Debts. We provide the Committee with a more detailed update in our final follow up report, included as part of the Head of Audit and Risk's update report.

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	01/06/23	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.
Information Governance	2021/22	January 2022	30/09/23	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 50% complete. Addressing this issue/risk is dependent on the roll out of the Microsoft Intune device management application. Progress with this work has developed significantly recently, with completion of the full rollout expected by September 2023.
Software Licence Management	2021/22	January 2022	01/04/23	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.)	The draft strategy was paused due to changes in senior leadership and the Council elections. In its absence a Cloud Policy has been developed which outlines the strategic direction for cloud software procurement. The IT team will engage with the Leadership Team to prepare a revised strategy in line with the business direction. We plan to carry out a formal follow up review in April 2023 to determine progress with addressing the issues/risks raised in our original report.
Recruitment and Retention	2021/22	June 2022	01/07/23	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 75% complete. The draft Workforce Planning Strategy 2022-25 is complete, however cannot be finalised until the objectives of the new Council Plan are agreed. Once finalised, these will be included in the document.

Audit Title	Audit Year	Report Issue Date	Current Target Date	Assurance Rating*	Issue /Risk Summary	Current Status
Recruitment and Retention	2021/22	June 2022	01/04/23	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 50% complete. The Council is in the process of procuring a new recruitment system, which needs to be compatible with its HR solution, Zellis. The IT team is currently leading on this. The new system will include better data analysis and reporting functionality which can be presented to Leadership Team.
Teachers Pensions	2021/22	June 2022	01/05/23	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 is complete or accurate.	Action not yet due for completion.\n\nWe will carry out a formal follow up review in May 2023 to determine progress with addressing the issues/risks raised in our original report.
Teachers Pensions	2021/22	June 2022	01/05/23	Limited	The Payroll and Payments Manager did not provide evidence of error reports being investigated or actioned.	As above.
IT Vulnerability Management	2022/23	August 2022	30/09/23	Reasonable	There is currently no assurance available regarding patching when devices connect remotely via Citrix as opposed to connection directly via Microsoft Endpoint/Azure, and on site.	Action 50% complete. Addressing this issue/risk is dependent on the roll out of the Microsoft Intune device management application. Progress with this work has developed significantly recently, with completion of the full rollout expected by September 2023.
Galw Gofal	2022/23	January 2023	01/05/23	Limited	Data protection arrangements are not sufficiently robust for the Isle of Anglesey County Council to meet its obligations as one of the data controllers for Galw Gofal.	Action not yet due for completion.

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