| ISLE OF ANGLESEY COUNTY COUNCIL | | |
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| **Report to** | Governance and Audit Committee | |
| **Date** | 21 September 2023 | |
| **Subject** | Outstanding 'Issues/Risks' | |
| **Head of Service** | Marc Jones<br>Director of Resources / Section 151 Officer<br>MarcJones@anglesey.gov.wales | |
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| **Nature and Reason for Reporting:**<br><br>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

**September 2023**

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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' and 'risks' using the Council's corporate action tracking system (4action).

4. 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.

5. We continuously monitor overdue actions so we can promptly obtain updates from management as to progress with addressing them.

# Current Performance

6. The following five graphs show the outstanding actions across the Council as of 31 August 2023.

7. As of 31 August 2023, we are tracking 47 outstanding actions. Of these six are rated 'major' (amber) and 41 'moderate' (yellow) in risk priority, as shown in Graph 1 below.

8. A detailed status update of the six outstanding 'major' rated issues/risks is also shown at Appendix 1.

9. It should be noted that no 'Red' or 'Critical' issues/risks were raised during the year and there are no Red or 'Critical' 'issues/risks' currently outstanding.

## Graph 1 – Total Outstanding Actions
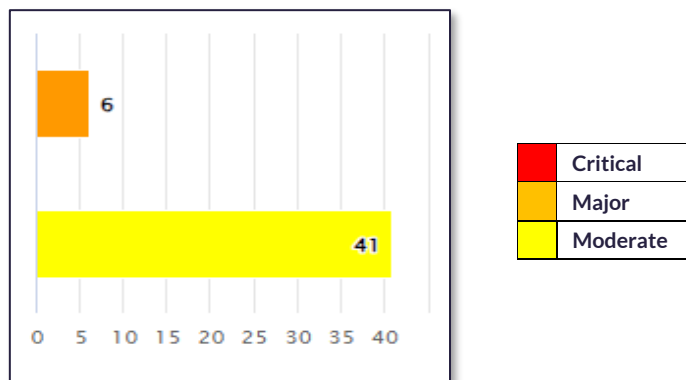


10. We actively monitor all actions and pursue them with management when they become due to ensure they are addressed. There are currently five actions that have reached the date management were due to finish implementing them, and are now 'overdue', as shown in Graph 2.

## Graph 2 – Overdue Actions
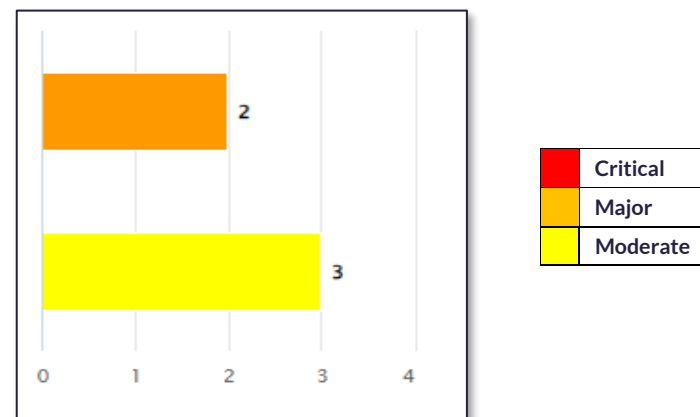


11. Four of these; two rated 'major' in risk priority and two rated 'moderate', relate to an audit of Teachers' Pensions. We are currently in the process of revisiting these actions as part of a formal follow up audit in this area. This work started in May 2023, however due to other priorities, the payroll section has been unable to provide some of the information needed for the audit. We aim to present the outcome of this follow up to the Governance and Audit Committee at its meeting on the 7 December 2023.

12. The other action is rated 'moderate' in risk priority and relates to an audit of 'Supplier Maintenance and Duplicate Payments' and the recovery of a small number of duplicate creditor payments identified during the original audit. We are advised that the Trainee Accountant has completed work to investigate and confirm these payments as true duplicates and will now commence recovery action. We will continue to monitor progress with the service to ensure this work is completed as soon as possible.

13. Graphs 3 and 4 below show the status of all actions, i.e., whether they are 'not started'; 'in progress' or 'closed' if the action has been addressed.

14. Internal Audit verifies all 'closed' actions to ensure we are satisfied that the action taken by management has addressed the risk originally identified.
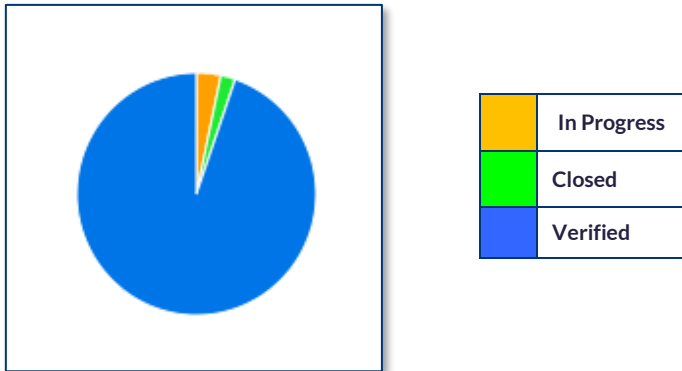
## Graph 3 – Total issues/risks by status
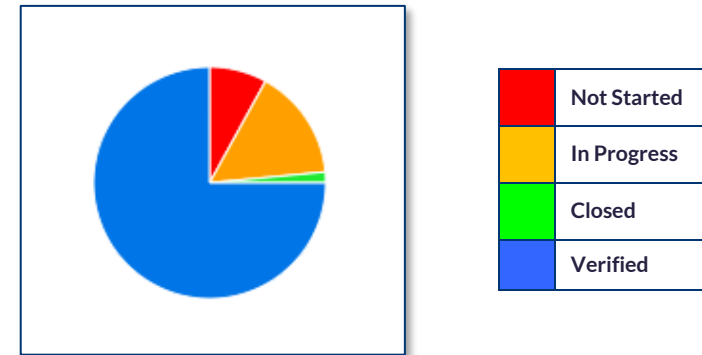


15. Graph 3 shows the status of all outstanding actions (irrespective of the date management agreed to address them by). It shows that management have now addressed 77% and Internal Audit has verified 75%. The remaining 2% relate to an audit of 'Galw Gofal', which we will be formally following up in December 2023. We will verify that management has successfully implemented these actions during this piece of work.
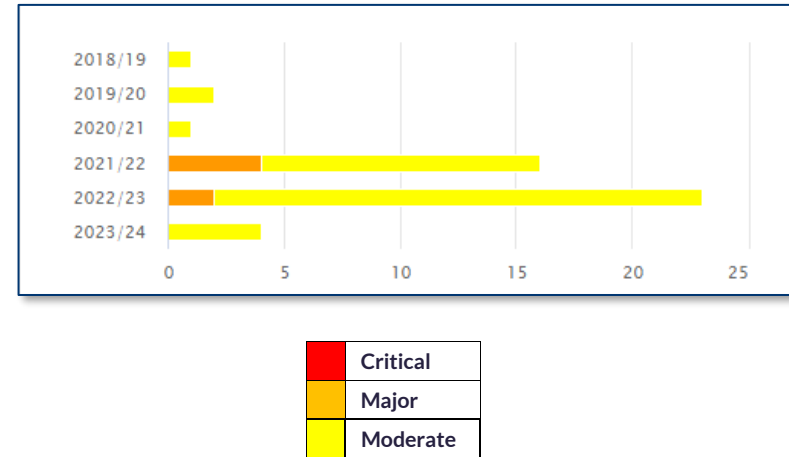
16. The actions showing as 'not started' relate to several audits where the actions identified have not yet reached their anticipated completion dates. These include 'Direct Payments', 'Financial Resilience', 'Council Tax and NNDR Refunds', 'Galw Gofal', 'Gas Safety' and 'Poverty'. When these dates approach, we will actively pursue updates from management to determine progress.

## Graph 4 – Total issues/risks by status (where due)



| | |
|---|---|
| 🟧 | **In Progress** |
| 🟩 | **Closed** |
| 🟦 | **Verified** |

## Graph 5 – All outstanding issues/risks by year



| | |
|---|---|
| 🟥 | **Critical** |
| 🟧 | **Major** |
| 🟨 | **Moderate** |

17. 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 have verified virtually all, however as detailed above, those that have yet to be verified relate to an audit of 'Galw Gofal' which will be formally followed up shortly. The actions showing here as 'in progress' are those that are now overdue, as detailed in paragraphs 10 and 11 above.

18. 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.

19. As detailed above, 47 outstanding actions have yet to be fully completed.

20. These are spread between financial years 2018/19 and 2023/24. While graph 5 indicates the majority relate to the current and last two financial years, there are three issue/risks dating back to 2018/19 and 2019/20 that management has yet to fully address.

21. These relate to improving the password complexity settings for the Council's externally facing Leisure booking system, finalising the Council's assurance mapping arrangements and promoting the Council's Prevention of Fraud and Corruption Policy.

22. They are all rated as 'moderate' or 'yellow' in risk priority, and we are assured by management that:

- The new Leisure Hub system is due to go live at the end of September 2023, with the new system incorporating improved password complexity settings.

- The Council is in the process of upgrading its Risk Management system, 4Risk. Once the upgrade is complete, work to populate the assurance map will continue. The Risk and Insurance Manager will work with Service Business Managers and the Performance team to populate first- and second-line assurances.

- Promotion of the Council's Prevention of Fraud and Corruption Policy will form part of the Council's Counter Fraud, Bribery and Corruption Strategy 2023-26. The Head of Audit and Risk is currently in discussions with a trainer to provide fraud awareness sessions for relevant staff during the Autumn of 2023.

23. It should be noted that there are no 'major' rated issues/risks dating back further than 2021/22, as shown above. This demonstrates that management are prioritising addressing risks of higher priority.

24. 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.

25. There are currently no 'major' rated issues/risks to which this applies.

26. A detailed status update of all six outstanding 'major' rated issues/risks currently being tracked follows at Appendix 1.

27. 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 | Report Assurance Rating* | Issue /Risk Summary | Current Status |
|---|---|---|---|---|---|---|
| **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 75% complete.** Addressing this issue/risk is dependent on the roll out of the Microsoft Intune device management application. Except for users with non-compatible apps, most eligible staff have now been migrated to MS Intune. A small number of eligible staff remain that have failed to engage with IT and as a result the IT team has removed their VASCO access. This means that they can no longer work remotely until they are migrated to MS Intune. The IT team is working to address the compatibility issues that exist between Intune and some Council systems e.g., Orchard Housing. Completion of the full rollout expected by end September 2023. |
| **Recruitment and Retention** | 2021/22 | June 2022 | 31/12/23 | Reasonable | There is little formal, routine reporting to the Leadership Team (LT) of recruitment data analysis to ensure the LT 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 has procured a new recruitment system. The new system will include better data analysis and reporting functionality which can be presented to the Leadership Team.

The Transformation service has recently recruited a project officer, who on commencement in post in September, will be responsible for implementing the new system. The current timescale for completion of December 2023 is still considered achievable. |

| Audit Title | Audit Year | Report Issue Date | Current Target Date | Report Assurance Rating* | Issue /Risk Summary | Current Status |
|---|---|---|---|---|---|---|
| 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 Teachers' Pension Service (TPS). We therefore cannot provide assurance that the information extracted and uploaded to the TPS is complete or accurate. | We are currently undertaking a formal follow up review to determine progress with addressing the issues/risks raised in our original report. A follow up report will be presented to the Governance and Audit Committee at its meeting on 7 December 2023. |
| 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 75% complete.** Addressing this issue/risk is dependent on the roll out of the Microsoft Intune device management application. As detailed above, progress with this work has developed significantly recently, with completion of the full rollout expected by end September 2023. |
| Galw Gofal | 2022/23 | January 2023 | 30/09/23 | 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 75% complete.** Galw Gofal have developed and updated their data protection document framework. To complete this work, legal advice was sought about their data protection status for all activities e.g., data controller or processor. Once this has been confirmed the DP framework will be finalised. |

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