

ISLE OF ANGLESEY COUNTY COUNCIL		
Report to:	Governance and Audit Committee	
Date:	19 September 2024	
Subject:	Outstanding 'Issues / Risks / Opportunities'	
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<p>Nature and Reason for Reporting: This report meets the requirements of the Local Government (Wales) Measure 2011, which sets out the legislative duties to be performed by a council's audit committee, specifically, to oversee the authority's internal audit arrangements.</p> <p>The Governance and Audit Committee's terms of reference provide a responsibility for it to monitor the implementation of agreed actions (3.4.8.10.10). This report provides an update on the status of the outstanding risks that Internal Audit has raised.</p> <p>This report also fulfils the requirements of the Public Sector Internal Audit Standards, which require the chief audit executive to establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action. (Standard 2500)</p>		

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:
 - considers the Council's progress in addressing the outstanding Internal Audit 'Issues / Risks / Opportunities' and determines whether this is satisfactory.

Outstanding Issues / Risks / Opportunities

September 2024



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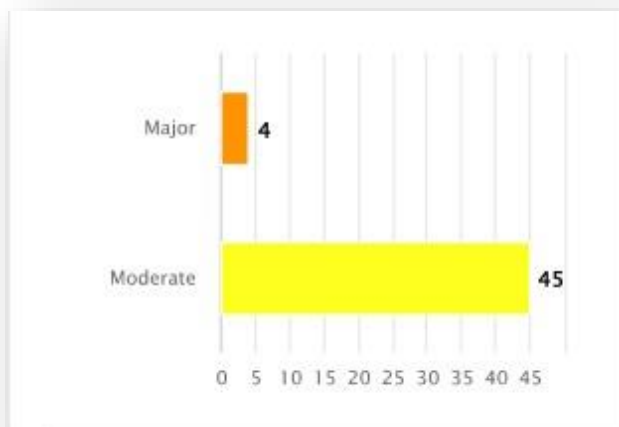
Introduction

1. The Governance and Audit Committee’s terms of reference provide a responsibility for it to monitor the implementation of actions taken by management to address issues and risks raised by Internal Audit during the course of its work.
2. 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.
3. As previously reported, Internal Audit has moved away from making recommendations to reporting ‘Issues’ and ‘Risks’ and more recently ‘Opportunities’. To encourage management to have ownership for these risks, it is their responsibility to develop an action plan to address the issues, risks and opportunities identified, and we monitor how these have been addressed.
4. 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 an assurance rating given. We monitor all other issues, risks and opportunities using the Council’s corporate action tracking system (4action).
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.
6. We continuously monitor ‘overdue’ actions to enable us to promptly obtain progress updates from management.

Current Performance

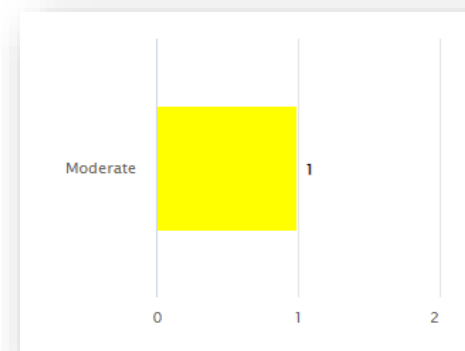
- The following five graphs show the outstanding actions across the Council as of 31 August 2024. A detailed status update of the 4 outstanding 'major' rated issues / risks / opportunities is also shown at [Appendix 1](#).
- It should be noted that no 'Red' or 'Critical' issues / risks / opportunities were raised during the year and there are no Red or 'Critical' 'issues / risks / opportunities' currently outstanding.
- As of 31 August 2024, we are tracking 49 outstanding actions. Of these, 4 are assessed as 'major' (amber) and 45 'moderate' (yellow) risks, as shown in graph 1.

Graph 1 – Total Outstanding Actions



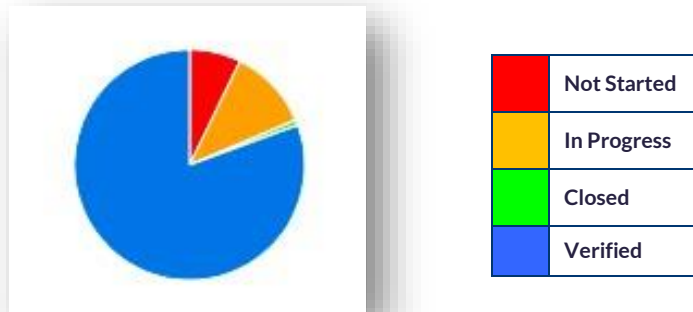
- We actively monitor all actions and pursue them with management when they become due to ensure they are addressed. There is currently one action that has reached the date management was due to finish implementation, and is now 'overdue', as shown in the graph below.

Graph 2 – Overdue Actions



- This action relates to an issue assessed as 'moderate' which was raised during an audit of 'Supplier Maintenance and Duplicate Payments' regarding the recovery of duplicate creditor payments identified during the original audit.
- We provide more detail on recovery of these payments in our report of Continuous Monitoring – Duplicate Payments included in the Head of Audit and Risk's update report.

Graph 3 – Total Issues / Risks / Opportunities by status



- Graph 3 shows the status of all outstanding actions (irrespective of the date by when management agreed to address them). It shows that management have now addressed 81% of their agreed actions and Internal Audit has verified 80%¹.
- The remaining 1% yet to be formally verified relates to an audit of 'Destination - Maritime Team: Income Processes'. We will be conducting a follow up audit of this area in January 2025 and will verify that management has successfully implemented these actions during this piece of work.

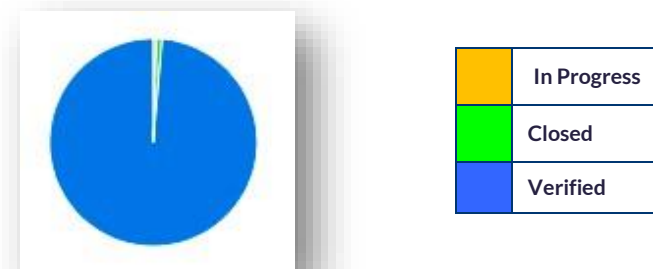
¹ Internal Audit verifies all 'closed' actions to ensure we are satisfied that the action taken by management has addressed the risk originally identified.

15. The actions showing as 'not started' relate to several recently completed audits where the actions identified have not yet reached their anticipated completion dates. These include:

- IT Audit: IT Corporate Access Management
- IT Audit: IT Supplier Management
- The Administration of Disabled Facilities Grants
- Destination - Maritime Team: Income Processes.

16. When these dates approach, we will actively pursue updates from management to determine progress.

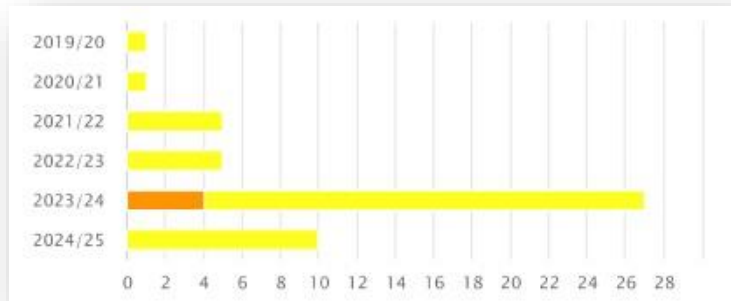
Graph 4 – Total Issues / Risks / Opportunities by status (where due)



17. 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.

18. Of these, Internal Audit have verified virtually all, however as detailed above, those that have yet to be verified relate to an audit of 'Destination - Maritime Team: Income Processes'. The action showing as 'in progress' is the one that is overdue, as detailed in paragraph 11 above.
19. 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/opportunity.

Graph 5 – All outstanding Issues / Risks / Opportunities by year



	Critical
	Major
	Moderate

20. As detailed above, 49 outstanding actions have yet to be fully completed.
21. These are spread between financial years 2019/20 and 2024/25. While graph 5 indicates the majority relate to the current and last financial year, there are two issue/risks dating back to 2019/20 and 2020/21 that management has yet to fully address.
22. These relate to finalising the Council's assurance mapping arrangements and the recovery of a small number of duplicate creditor payments, which are both in the progress of being addressed.
23. They are both rated as 'moderate' or 'yellow' in risk priority, and we are assured by management that:
 - The Council has completed the upgrade of its Risk Management system and Internal Audit has completed its population of the third line assurances. However, work to populate the first- and second-line assurances is ongoing.
 - As detailed at paragraph 11, work to recover the duplicate payments identified during the original audit is ongoing. We provide more information on this work in our report of Continuous Monitoring – Duplicate Payments included in the Head of Audit and Risk's update report.

24. It should be noted that there are no 'major' rated issues / risks / opportunities dating back further than 2023/24. This demonstrates that management are prioritising addressing risks of higher priority.
25. In addition, to ensure that services are successfully addressing their issues / risks / opportunities promptly, where a 'major' rated issue / risk / opportunity is still not resolved 12 months after the original completion date has passed, action owners are asked to provide an update to the Committee on the reasons for the delay in addressing it.
26. There are currently no 'major' rated issues /risks / opportunities to which this applies.
27. A detailed status update of all four outstanding 'major' rated issues /risks / opportunities currently being tracked in 4action follows at [Appendix 1](#).
28. We will endeavour to pursue all outstanding actions to ensure completion.

Appendix 1: Detailed Status of Outstanding 'Major' Rated Issues / Risks / Opportunities

Audit Title	Audit Year	Report Issue Date	Current Target Date	Assurance Rating*	Issue /Risk/Opportunity Summary	Current Status
Recovery of Council Tax, Non-Domestic Rates and Sundry Debts	2023/24	Sept 2023	01/10/24	Limited	<p>Many aged sundry debts have not been actively pursued for several years.</p> <p>There is a risk that by not implementing a regular, systematic process to review aged debts, outstanding amounts will both become and remain dormant, resulting in financial loss for the Council.</p>	<p>Action 75% complete Where possible, facilities for upfront payment of services are now in place e.g. through the CRM or card payment. Going forward, this will help to reduce the overall number of sundry debts raised.</p> <p>Work to analyse all aged debts has commenced and progress monitored by the Resources Business and Strategy Manager. At the time of writing, the service has reviewed and acted on circa £431k of Sundry Debts, £281k of Council Tax and £518k of NDR aged debts i.e. write off agreed / actioned, where appropriate debts cancelled, charging orders in place, liability dispute processes or enforcement action.</p> <p>Work in this area is ongoing. We will carry out a further formal follow up review in October 2024 to confirm that processes for ongoing review of aged debts are established and embedded.</p>
Recovery of Council Tax, Non-Domestic Rates and Sundry Debts	2023/24	Sept 2023	01/10/24	Limited	<p>Many aged Council Tax debts have not been actively pursued for several years.</p> <p>There is a risk that by not implementing a regular, systematic process to review aged council tax debts, outstanding amounts will both become and remain dormant, resulting in financial loss for the Council.</p>	<p>Action 75% complete</p> <p>As above.</p>

Audit Title	Audit Year	Report Issue Date	Current Target Date	Assurance Rating*	Issue /Risk/Opportunity Summary	Current Status
Recovery of Council Tax, Non-Domestic Rates and Sundry Debts	2023/24	Sept 2023	01/10/24	Limited	The Council has not attempted to recover unpaid sundry debts via the County Court since 2019-20.	<p>Action 50% complete. Due to concerns regarding the accuracy of the debtor system's historic case notes and therefore the ability to recover these debts, management are in the process of transferring responsibility of printing sundry debt invoices / reminders / final notices and pre-legal letters from the Income team to external printers. This will be included within an existing contractual arrangement currently in place for council tax and NDR correspondence, currently being renewed.</p> <p>As detailed above, we will carry out a further formal follow up review in October 2024.</p>
Managing the risk of housing tenancy fraud	2023/24	Sept 2023	01/01/25	Reasonable	The Housing Service does not undertake periodic/risk-based tenancy audits. From a counter-fraud perspective, tenancy audits are an effective tool to mitigate the risk of the Council's housing stock being unlawfully occupied/sub-let/abandoned/misused.	<p>Action 50% complete. The Housing Service has developed a draft tenancy fraud policy and procedures, which includes the provision for regular risk-based tenancy audits.</p> <p>Following staff consultation, the policy will be submitted for Executive approval. The Service intends to include tenancy fraud audits as part of a targeted programme of annual property inspections (approx. 10% per annum) that will be undertaken by Housing Maintenance Officers (Estates).</p>

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