

ISLE OF ANGLESEY COUNTY COUNCIL		
<b>Report to:</b>	Governance and Audit Committee	
<b>Date:</b>	8 May 2025	
<b>Subject:</b>	Outstanding Internal Audit Issues, Risks and Opportunities	
<b>Head of Service:</b>	Marc Jones Director of Function (Resources) / Section 151 Officer <a href="mailto:MarcJones@anglesey.gov.wales">MarcJones@anglesey.gov.wales</a>	
<b>Report Authors:</b>	Marion Pryor Head of Audit and Risk <a href="mailto:MarionPryor@anglesey.gov.wales">MarionPryor@anglesey.gov.wales</a>	Nanette Williams Principal Auditor <a href="mailto:NanetteWilliams@anglesey.gov.wales">NanetteWilliams@anglesey.gov.wales</a>
<p><b>Nature and Reason for Reporting:</b></p> <p>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 issues, risks and opportunities that Internal Audit has raised.</p> <p>This report also fulfils the requirements of the new <a href="#">Global Internal Audit Standards (GIAS) in the UK Public Sector</a>, which require the chief audit executive to establish a methodology to confirm that management has implemented internal audit recommendations or management action plans. This includes enquiring about progress on implementation, performing follow-up assessments using a risk-based approach and updating the status of management's actions in a tracking system (Standard 15.2). Internal audit's existing follow up arrangements fully conform with the new GIAS in the UK Public Sector.</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 Internal Audit Issues / Risks / Opportunities

May 2025



Marion Pryor BA MA CMIIA CPFA ACFS

Nanette Williams MSc CMIIA CIA



# Contents

Introduction _____	1
Current Performance _____	2
Graph 1 – Total Outstanding Actions _____	2
Graph 2 – Overdue Actions _____	2
Graph 3 – Total Issues / Risks / Opportunities by status _____	2
Graph 4 – Total Issues / Risks / Opportunities by status (where due) ____	3
Graph 5 – All outstanding Issues / Risks / Opportunities by year _____	4
Appendix 1: Detailed Status of Outstanding ‘Major’ Rated Issues / Risks / Opportunities _____	6

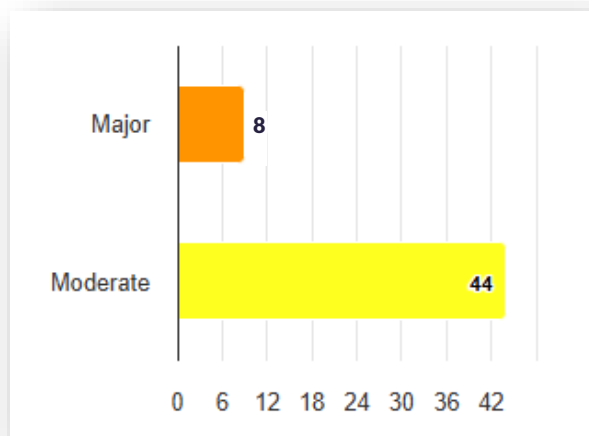
## Introduction

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, risks and opportunities 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

7. The following five graphs show the outstanding actions across the Council as of 31 March 2025. A detailed status update of the 8 outstanding 'major' rated issues / risks / opportunities is also shown at [Appendix 1](#).
8. 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.
9. As of 31 March 2025, we are tracking 52 outstanding actions. Of these, 8 are assessed as 'major' (amber) and 44 'moderate' (yellow) risks, as shown in graph 1.

### Graph 1 – Total Outstanding Actions

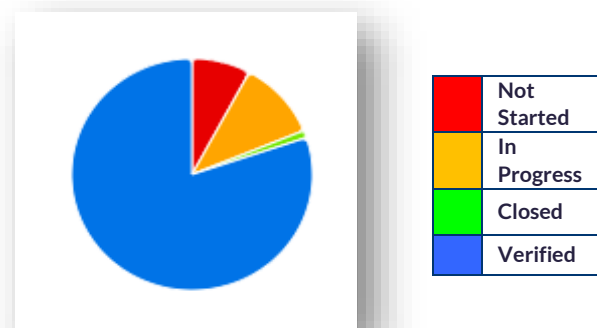


10. We actively monitor all actions and pursue them with management when they become due to ensure they are addressed.

### Graph 2 – Overdue Actions

11. At the time of writing, there are currently no actions that have reached their target date for completion which have become 'overdue'.

### Graph 3 – Total Issues / Risks / Opportunities by status



12. 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 82% of their agreed actions and Internal Audit has verified 81%<sup>1</sup>.

13. The remaining 1% yet to be formally verified relates to an audit of 'IT Supplier Management'. We will be conducting a follow up audit of this area in June 2025 and will verify that management has successfully implemented these actions during this piece of work.
14. 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:
  - Recruitment and Retention
  - Counter Fraud controls within Revenues refunds
  - Electrical Contractor Expenditure
  - Payment Card Industry Data Security Standards (PCI DSS)
15. When these dates approach, we will actively pursue updates from management to determine progress.

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

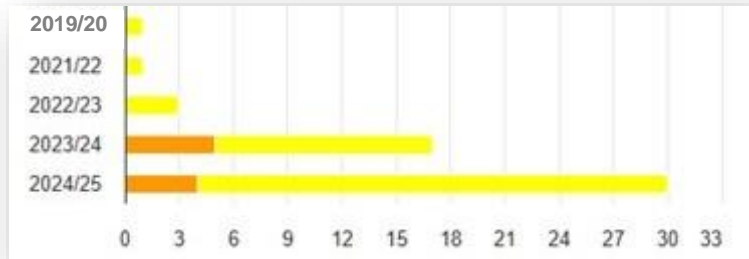


In Progress	
Closed	
Verified	

16. In contrast, Graph 4 shows the status of all actions that have reached their target date. It shows that where due, 98% have been addressed.
17. Of these, Internal Audit has verified virtually all, however as detailed above, those that have yet to be verified relate to an audit of 'IT Supplier Management'.
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/opportunity.

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

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



	Critical
	Major
	Moderate

19. As detailed above, 52 outstanding actions have yet to be fully completed.
20. 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 some older issues/risks/opportunities dating back to 2019/20 and 2021/22 that management has yet to fully address.
21. These relate to finalising the Council's assurance mapping arrangements and work to digitise the Council's housing application process, which are all in the process of being addressed.

22. 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 routinely populates third line assurances following relevant audit work. However, as the Chartered Institute of Public Finance and Accountancy (CIPFA) will shortly be publishing guidance for local authorities on assurance mapping, the Council has paused developing its assurance map further until this guidance is available.
  - Final testing of the Council's housing application process through its Customer Relationship Management (CRM) system is underway. The Housing service expects online applications to go live in the next 2-3 months.
23. 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.
24. 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 it being addressed.
25. There are currently two 'major' or 'amber' rated issues / risks / opportunities that this applies to relating to the audit of Recovery of Council Tax, Non-Domestic Rates and Sundry Debts, in particular recovery of aged sundry debts and

processes for pursuing outstanding sundry debts via the County Court.

26. We include more detail on progress with addressing these issues/risks/opportunities in our final follow up report, included as part of the Head of Audit and Risk's update report to this meeting. The Director of Function (Resources) and Section 151 Officer will be in attendance at the meeting of the Committee on 8 May 2025 to provide a further update.
27. A detailed status update of all eight 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	Report Assurance Rating*	Issue /Risk/Opportunity Summary	Current Status
Recovery of Council Tax, Non-Domestic Rates and Sundry Debts	2023/24	Sept 2023	2025/26	Limited	<p>Many aged <b>sundry debts</b> 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>We recently carried out a formal follow up review of Recovery of Council Tax, Non-Domestic Rates and Sundry Debts.</p> <p>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.</p>
Recovery of Council Tax, Non-Domestic Rates and Sundry Debts	2023/24	Sept 2023	2025/26	Limited	The Council has not attempted to recover unpaid sundry debts via the County Court since 2019-20.	As above.
Disabled Facilities Grants (DFGs)	2023/24	March 2024	01/10/25	Limited	The Council's current Disabled Facilities Grant (DFG) key performance indicators (KPIs) do not align with the Welsh Government’s Housing Adaptations Service Standards’ expected timeframes.	<p>We recently carried out a formal follow up review of Disabled Facilities Grants (DFGs).</p> <p>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.</p>
Maritime Income Processes	2023/24	June 2024	30/04/25	Reasonable	The service’s reliance on cash-based transactions poses financial, fraud and health and safety risks.	<p>We recently carried out a formal follow up review of Maritime Income Processes.</p> <p>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.</p>

Audit Title	Audit Year	Report Issue Date	Current Target Date	Report Assurance Rating*	Issue /Risk/Opportunity Summary	Current Status
Housing Development	2024/25	December 2024	30/04/25	Reasonable	Significant delays in renovating and consequently re-letting 'buy-back' properties are preventing the Council from promptly increasing social / affordable housing availability.	<p>Work to address this issue/risk/opportunity is underway. The Housing Service has:</p> <ul style="list-style-type: none"> <li>Created and commenced recruitment of a Clerk of Works post, whose role once appointed will be to monitor progress against development contracts.</li> <li>Identified relevant 'buy-back' properties that can be utilised temporarily as temporary / emergency accommodation for individuals at risk of homelessness. A pilot to let these for this purpose will commence once required works are completed.</li> <li>Expanded voids reporting structure to now include 'buy-backs'.</li> </ul>
Housing Development	2024/25	December 2024	01/06/25	Reasonable	The Housing Service's procurement approach in respect of 'buy-back' properties i.e. grouping together multiple buy-back properties in need of renovation into single tenders, is contributing to significant delays in re-letting these properties, as detailed in issue/risk/opportunity above.	The Housing Service is considering the suitability of the Housing Services Contractor Framework Agreement for use with 'buy-backs' to reduce renovation time. As detailed above, the Service is also commencing a pilot to use these properties as temporary or emergency accommodation, which will allow tendering processes to be arranged whilst the property is occupied.
IT Audit – Payment Card Industry Data Security Standards (PCI DSS)	2024/25	March 2025	30/09/25	Reasonable	The Council has yet to complete a PCI DSS self-assessment questionnaire (SAQ) for all of its payment channels.	<p><b>Action not yet due for completion.</b></p> <p>We provide the Committee with more information in our final report, included as part of the Head of Audit and Risk's update report.</p>

Audit Title	Audit Year	Report Issue Date	Current Target Date	Report Assurance Rating*	Issue /Risk/Opportunity Summary	Current Status
IT Audit – Payment Card Industry Data Security Standards (PCI DSS)	2024/25	March 2025	30/09/25	Reasonable	Current processes for accepting telephone card payments are not PCI DSS compliant.	Action not yet due for completion. As above.

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