

ISLE OF ANGLESEY COUNTY COUNCIL	
<b>Report to:</b>	Governance and Audit Committee
<b>Date:</b>	16 July 2025
<b>Subject:</b>	Internal Audit Update
<b>Head of Service:</b>	Marc Jones Director of Function (Resources) and Section 151 Officer <a href="mailto:MarcJones@anglesey.gov.wales">MarcJones@anglesey.gov.wales</a>
<b>Report Author:</b>	Marion Pryor Head of Audit and Risk <a href="mailto:MarionPryor@anglesey.gov.wales">MarionPryor@anglesey.gov.wales</a>
<p><b>Nature and Reason for Reporting:</b></p> <p>The Governance and Audit Committee's Terms of Reference has an explicit requirement for the Committee to oversee the Council's internal audit arrangements as part of its legislative duties under the Local Government (Wales) Measure 2011. (3.4.8.10.1)</p> <p>The Committee is required to consider updates on the work of internal audit including key findings, issues of concern, management responses and action in hand as a result of internal audit work. It is required to consider summaries of specific internal audit reports as requested, including the effectiveness of internal controls and will monitor the implementation of agreed actions. (3.4.8.10.10)</p> <p>This report fulfils the requirements of the Global Internal Audit Standards (UK public sector) consisting of the <a href="#">Global Internal Audit Standards</a> (GIAS) of the IIA, the <a href="#">Application Note: Global Internal Audit Standards in the UK public sector</a> and the <a href="#">CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government</a>.</p> <p>It is also consistent with the recommended practices for the oversight of internal audit as determined in <a href="#">CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022</a>.</p>	

## 1. Introduction

- 1.1 Standard 11.3 of the Global Internal Audit Standards (GIAS) requires the chief audit executive to communicate the results of internal audit services to the board and senior management periodically and for each engagement. In addition, Standard 15.1 requires the chief audit executive to disseminate the final communication to parties who can ensure that the results are given due consideration.
- 1.2 This report updates the Committee, as at 30 June 2025, on the audits completed since the last update as at 31 March 2025, the current workload of internal audit and our priorities for the short to medium term going forward.

## 2. Recommendation

- 2.1 That the Governance and Audit Committee considers:
- the outcome of Internal Audit's engagements,
  - the assurance provided and
  - our priorities going forward.

# Internal Audit Update

July 2025



Marion Pryor BA MA CMIIA CPFA ACFS

Head of Audit & Risk



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## Summary of Assurance Work Completed Since Last Update

- 1. This section provides an overview of assurance reports finalised since the meeting in May 2025, including the overall assurance rating and the number of issues/risks/opportunities raised.
- 2. We have finalised **four** pieces of work in the period, summarised below and discussed in more detail later in the report:

Title	Assurance Level	Critical	Major	Moderate
Adult Social Care Finance: Financial Assessments – Residential & Nursing Care	Limited	0	2	5
Council Tax Base	Reasonable	0	0	3
IT Audit: IT Service Desk Management	Reasonable	0	0	6
IT Audit: IT Supplier Management (First Follow Up)	Limited	0	0	7

## Adult Social Care Finance: Financial Assessments – Residential & Nursing Care

Limited Assurance	Issues/ Risks / Opportunities	
	0	Critical
	2	Major
	5	Moderate

- Our review sought to answer the following key question:  
**Does the Council have effective arrangements in place to charge and recover residential care homes fees where it is entitled to in line with the Council’s charging policy, legislation and code of practice?**
- Our review concluded that the Council has taken steps to improve the charging and recovery of residential care home fees. However, the benefits from these changes have yet to be fully realised and key challenges remain, particularly around case backlogs and process inefficiencies.
- Staffing constraints are the root cause of delays, and a fixed-term post has been approved to support progress. Operational enhancements introduced in 2024—including new digital dashboards and streamlined uploads—have improved oversight and efficiency, though some gaps in policy adherence persist.
- Delays in obtaining client financial evidence are hindering timely billing. Re-engaging directly with clients or next of kin will accelerate assessments. We also had concerns around improperly managed deferred charges and the treatment of certain high-risk cases, such as potential asset deprivation.
- The service is exploring a shift to gross payment arrangements with care providers, which would be consistent with many other councils and offers the Council greater control. This requires formal evaluation of risks, costs, and operational impact.
- Overall, due to the risks identified, only **limited assurance** can be provided at this stage. An action plan is in place, aiming for resolution by March 2026.

## Council Tax Base

Reasonable Assurance	Issues / Risks / Opportunities	
	0	Critical
	0	Major
	3	Moderate

- Our review sought to answer the following key question:  
**Does the Council have effective arrangements in place to ensure that its Council tax base is accurate and up to date?**
- We conducted this review at the request of the Director of Function (Resources) / Section 151 Officer, and we were able to provide him with assurance that the Council has well-established controls in place, with most processes operating effectively and in accordance with statutory guidance and internal policies.
- Key strengths include the accurate and timely processing of Valuation Office Agency (VOA) updates, consistent reconciliation between VOA data and the Council tax system, and correct application of council tax rates. Collaborative data-sharing among service areas also supports the monitoring of new developments. However, we identified several areas requiring management attention:
  - Monitoring of New Developments: Inconsistencies in inspection performance have led to delays in issuing completion notices. Some properties were occupied for extended periods before being added to the tax base, increasing the risk of lost revenue and billing complications, which are compounded by delays in VOA banding.
  - Verification of Exemptions: A significant number of property inspections linked to exemptions and discounts are overdue. Delays in verifying these statuses may result in erroneous or prolonged exemptions and associated revenue loss.
  - Management Oversight: Gaps in oversight and workload planning have contributed to the delays noted.
- Despite these risks—classified as moderate to low impact—the Council’s overall tax base management remains robust, and we were able to provide **reasonable assurance**. An action plan has been agreed with management to address the identified issues.

IT Audit: IT Service Desk Management

Reasonable Assurance	Issues/ Risks / Opportunities	
	0	Critical
	0	Major
	6	Moderate

13. Our review sought to answer the following key question:  
**Does the Council have appropriate arrangements in place to minimise key risks associated with the operation of the service desk?**
14. The Council has a solid foundation for its IT Service Desk, supported by the Freshservice platform, which offers structured ticketing, clear escalation paths, and accessible self-help resources. These features contribute to a clear and accountable support framework strong operational visibility and user confidence.
15. However, several areas require improvement to enhance effectiveness:
  - Ticket Handling: Delays in resolving high-priority tickets and inconsistent updates highlight gaps in lifecycle management.
  - Procedure Alignment: Discrepancies between documented procedures and actual practices—particularly around priority definitions—pose risks to service consistency.
  - Change Management: While change controls are in place, sample testing identified process and data quality issues.
  - Performance Monitoring: The absence of staff targets, satisfaction metrics, and trend analysis limits insight into service quality and improvement needs.
  - User Feedback: A more structured approach to capturing and using user input would support continuous improvement.
16. Despite these concerns, no high-risk issues were found, and we were able to provide **reasonable assurance**. An action plan has been agreed with management to address the identified issues.

IT Audit: IT Supplier Management (First Follow Up)

Limited Assurance	Issues/ Risks / Opportunities	
	0	Critical
	0	Major
	7	Moderate

17. Our review sought to answer the following key question:  
**Has the Council addressed the weaknesses identified in our report issued in July 2024?**
18. While notable improvements have been implemented, most actions remain in progress under the wider Procurement Improvement Programme, and it is too early to evaluate their full impact. Key developments since the initial audit include:
  - Strategic Planning: The Council has adopted a comprehensive Procurement Strategic Plan (2024–2029) to guide its improvement.
  - Policy and Training Enhancements: Updated Contract Procedure Rules (CPRs), refreshed procurement guidance, and targeted staff training have been delivered.
  - Supplier Controls: The IT team has completed its supplier register and established consistent processes to remove network access when contracts end.
  - Governance Strengthening: The newly appointed Interim Procurement Manager, supported by STAR procurement, has introduced revised workflows and templates to improve procurement planning, due diligence, and cross-service coordination—especially critical for IT-related procurements.
  - Future Oversight Mechanisms: Plans to establish a Procurement Review Board to ensure robust scrutiny of procurement requests.
19. Some actions are yet to reach their completion dates, and further work is needed to embed strengthened contract monitoring practices across the Council. While progress is clear, we are unable to upgrade the assurance rating from '**limited**' at this time. A further follow-up review is scheduled for December 2025 to assess ongoing progress and the effectiveness of the measures implemented

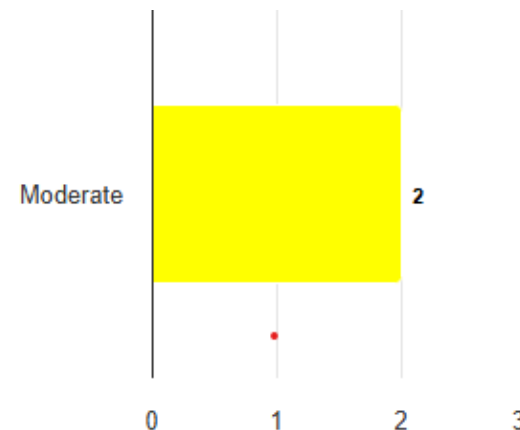
## Work in Progress

20. The following pieces of work are currently in progress:

Area	Reason for Audit	Stage
National Fraud Initiative	Counter Fraud, Bribery and Corruption Strategy 2025-2028	Match reports received end of December 2024. Currently reviewing high-risk matches.
IT Audit: Cyber Security in Schools	Strategic Risk Register (YM3)	Draft Report
Strategic Risk: Poverty	Strategic Risk Register (YM11)	Fieldwork
Performance Management	Internal Audit Strategy 2025-26	Fieldwork
Continuous Monitoring - Creditors	Counter Fraud, Bribery and Corruption Strategy 2025-2028	Fieldwork
Continuous Monitoring - Creditors	Counter Fraud, Bribery and Corruption Strategy 2025-2028	Fieldwork
Regulation and Economic	Investigation	Fieldwork

## Outstanding Actions

21. Work is progressing to support services with addressing all 'Issues / Risks / Opportunities' raised and implementing all outstanding actions.
22. As at 30 June 2025, there are currently two actions that have reached their target date for completion which have become 'overdue' and are rated as 'moderate'.



23. These relate to two separate IT audits. The first issue was highlighted during an audit of Corporate Access Management, conducted in March 2024, and which resolution is dependent on the completion of a planned self-service project, which is still in progress.
24. The second relates to an issue highlighted during an audit of the Cyber Assessment Framework, conducted in November 2024, which relates to re-validating a third-party service provider's certification.

# Priorities

## Short/Medium Term Priorities

25. Our current workload can be seen in [Work in Progress](#) detailed earlier in this report.

### Counter fraud activities

26. Work continues on the Counter Fraud, Bribery and Corruption Strategy 2025-2028 and a report will be brought to the Committee on progress with this strategy to its meeting in September 2025.
27. In particular, an assessment of the preparedness of the Council for the new offence included in the Economic Crime and Corporate Transparency Act 2023 of 'failure to prevent fraud' will be undertaken, along with the rollout of the Council's fraud awareness eLearning package.

### Lay member recruitment

28. Following the recent sad loss of Mrs Sharon Warnes and the resignation of Mr Michael Wilson, the process is underway to recruit two replacements. The application form will shortly be going live on the Council's website with a closing date of 29 August 2025. Interviews will be held week commencing 8 September 2025.
29. The new recruits will be supported with an appropriate induction once appointed.

## Longer Term Priorities

30. Implementation of the requirements of the new Global Internal Audit Standards in the UK Public Sector will continue over the next 18 months. A separate report is submitted to this meeting detailing the work required and progress to date.