

ISLE OF ANGLESEY COUNTY COUNCIL		
Report to:	Governance and Audit Committee	
Date:	30 September 2025	
Subject:	Outstanding Internal Audit Issues, Risks and Opportunities	
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<p>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 (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 Global Internal Audit Standards (GIAS) in the UK Public Sector, 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.

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

September 2025



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Introduction

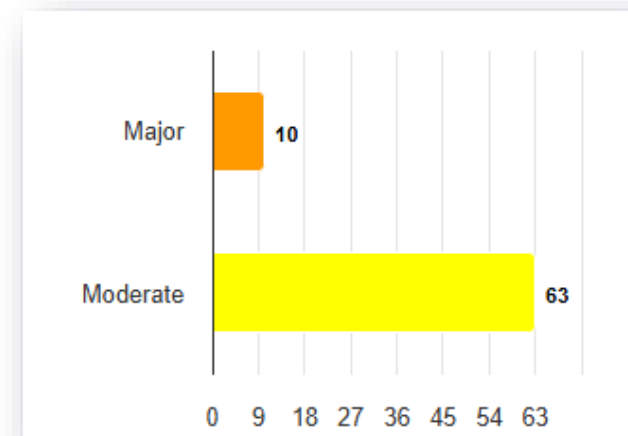
1. The Governance and Audit Committee’s terms of reference include a responsibility for it to monitor the implementation of actions taken by management to address issues, risks and opportunities raised by Internal Audit during the course of its work.
2. To discharge this duty, the committee requested 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. In addition, standard 15.2 of the Global Internal Audit Standards (GIAS) requires Internal Audit to “confirm that management has implemented internal auditors’ recommendations or management’s action plans following an established methodology, including inquiring about progress on the implementation, performing risk-based follow-up assessments and updating the status of actions in a tracking system.”
4. 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.

5. 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).
6. 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.
7. We continuously monitor 'overdue' actions to enable us to promptly obtain progress updates from management.

Current Performance

8. The following five graphs show the outstanding actions across the council as of 31 August 2025. A detailed status update of the 10 outstanding 'major' rated issues / risks / opportunities is also shown at [Appendix 1](#).
9. 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.
10. As of 31 August 2025, we are tracking 73 outstanding actions. Of these, 10 are assessed as 'major' (amber) and 63 'moderate' (yellow) risks, as shown in graph 1.

Graph 1 – Total Outstanding Actions



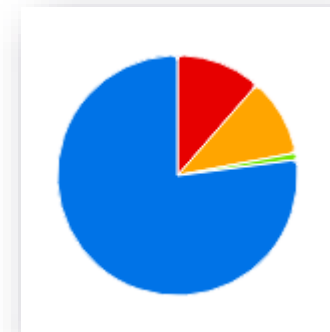
Graph 2 – Overdue Actions



11. 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 complete implementation, and is now 'overdue', as shown in the graph above.
12. This action relates to an issue assessed as 'moderate' which was raised during an audit of Direct Debit Processes. It relates to introducing paperless direct debit set-up processes across the council, so that customers making regular payments for council services via direct debit can be signed up for this facility over the telephone or via the internet.

13. We are advised that good progress has been made in introducing this process within the leisure service, however further work is required to progress this work for non-domestic rate payments and social services' home care collections.

Graph 3 – Total Issues / Risks / Opportunities by status



14. Graph 3 shows the status of all outstanding actions (irrespective of the date by when management agreed to address them). Management has now addressed 78% of their agreed actions and Internal Audit has verified 77%¹.

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

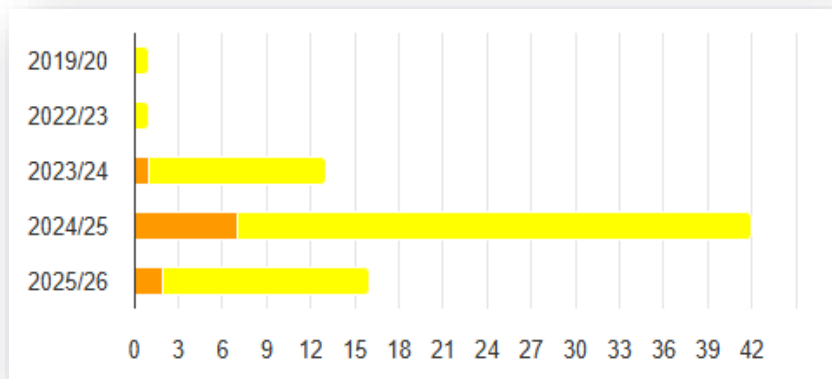
15. The remaining 1% yet to be formally verified relates to actions from two audits: 'Maritime Income Processes' and 'Housing Allocations'. At the time of writing, we are in the process of verifying completion of these actions with management.
16. The actions showing as 'not started' relate to several recently completed audits where the actions identified have not yet reached their anticipated completion dates. These include:
- Early Education and Childcare Grant Programme
 - Payment Card Industry Data Security Standards (PCI DSS)
 - Cybersecurity Assessment Framework Review
 - Asset Management (YM 14)
 - Adult Social Care Finance
17. When these dates approach, we will actively pursue updates from management to determine progress.

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



18. 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.
19. Of these, Internal Audit have verified virtually all, however as detailed above, those actions that have yet to be verified relate to audits of 'Housing Allocations' and 'Maritime Income Processes'. The action showing here as 'in progress' is the one that is overdue, as detailed in paragraph 12 above, regarding direct debit processes.
20. 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 target 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

21. Of the 73 outstanding actions we are tracking, 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.

22. There are two older 'moderate' rated 'issues / risks / opportunities' yet to be fully addressed, which relate to finalising the council's assurance mapping arrangements and reviewing the council's counter fraud policies, which are being addressed.

23. We are assured by management that:

- Following the publication by the Chartered Institute of Public Finance and Accountancy (CIPFA) of an Addendum to the CIPFA Delivering Good Governance in Local Government, a governance group is being established to support the assurance mapping process. A further detailed publication on assurance mapping in local government is also expected to be published shortly by CIPFA. In addition, the strategic risk register will be the basis for the assurance map and the Leadership Team, in consultation with Zurich Risk Engineering, is currently undertaking a comprehensive review of the strategic risk register.
- A comprehensive review of the council's counter fraud policies is currently underway and will be complete in the Autumn.

24. To ensure that services are successfully addressing their issues / risks / opportunities promptly, where a 'major' rated issue / risk / opportunity is 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 is currently one 'major' rated issue / risk / opportunity to which this applies, relating to an audit of Disabled Facilities Grants (DFGs), and in particular key performance indicators (KPIs) used by the council to measure performance in this area.

26. The council has reviewed the corporate scorecard and updated its definitions and indicators for medium and large DFG adaptations, for service level performance monitoring. However, KPIs do not yet measure the council's performance as a whole in this area, as they do not capture the client's first point of contact due to challenges in accurately obtaining this information from the social care system.
27. We will be carrying out a formal follow up review of Disabled Facilities Grants in October 2025 and will provide a more detailed update to the committee on progress in addressing this and all other outstanding 'issues / risks / opportunities' identified in our original Disabled Facilities Grants (DFGs) audit report.
28. A detailed status update of all 10 outstanding 'major' rated issues / risks / opportunities currently being tracked in 4action follows at [Appendix 1](#).
29. 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
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>In progress.</p> <p>The council's corporate scorecard has been updated to include two DFG related KPIs linked to the council's Housing objective. The housing service has updated its definitions and indicators for medium and large DFG adaptations, for service level performance monitoring. However, these KPIs do not yet measure the council's performance as a whole as they do not capture the first point of contact / housing adaption confirmed, due to challenges in obtaining the required information from the social care system.</p> <p>We will carry out a formal follow up review to determine progress with addressing the 'issues / risks / opportunities' raised in our original report in October 2025.</p>
Early Education and Childcare Grant Programmes	2024/25	March 2025	31/10/25	Reasonable	The council does not make the Childcare Offer – Education element (10 hours) accessible to all private childcare providers and childminders, contrary to WG guidance.	<p>Action not yet due for completion.</p> <p>We will carry out a follow up review to determine progress with addressing the 'issues / risks' raised in our original report in October 2025.</p>
Early Education and Childcare Grant Programmes	2024/25	March 2025	31/10/25	Reasonable	A lack of effective communication and engagement with key stakeholders is affecting the relationship between the Council and the non-maintained childcare sector and potentially causing an impact to the Council's reputation.	<p>Action not yet due for completion.</p> <p>We will carry out a follow up review to determine progress with addressing the 'issues / risks' raised in our original report in October 2025.</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	The council has yet to complete a PCI DSS self-assessment questionnaire (SAQ) for all of its payment channels.	In progress. A PCI DSS consultant was commissioned in May 2025 to assess the council's CDE (card data environment) and each income stream. Work is now in progress to implement recommendations so that all relevant SAQs can be completed successfully.
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.	In progress. Work is underway to implement a PCI DSS compliant solution, 'Call Secure', for call centre staff (payments taken through Paye.net.). Some technical issues have delayed progress; however, the service expects completion by the end of September. PCI DSS compliant solutions are currently being reviewed for telephone card payments taken by the Leisure Service to ensure effective integration with the XN leisure system. Where no PCI DSS compliant solution is currently available e.g. for telephone card payments taken at Oriel Môn, we are advised that these telephone card payments will cease.
Asset Management (YM 14)	2024/25	March 2025	01/10/25	Reasonable	The governance and accountability arrangements for the Asset Management Strategic Plan have not been clearly articulated.	In progress. Terms of reference for the new Leadership Team – Capital and Digital group have been developed. This group will be tasked with oversight of key strategic plans including the asset management strategic plan and the highways asset management strategy. The draft TORs are due to be taken to Leadership Team for review and approval during September 2025.

Audit Title	Audit Year	Report Issue Date	Current Target Date	Report Assurance Rating*	'Issue / Risk / Opportunity' Summary	Current Status
Asset Management (YM 14)	2024/25	March 2025	01/10/25	Reasonable	A key governance mechanism outlined within the Asset Management Strategic Plan is the Council's Land and Assets Group. However, the council has yet to update the terms of reference for the group to reflect this. Nor has the group undertaken any oversight of the Asset Management Strategic Plan since its adoption last year.	As above.
Asset Management (YM 14)	2024/25	March 2025	01/10/25	Reasonable	Governance, accountability and monitoring arrangements for the Council's Highways Asset Management Strategy have not been clearly established.	As above.
Adult Social Care Finance	2025/26	June 2025	31/03/26	Limited	Backlog of financial assessment cases awaiting processing.	Action not yet due for completion. 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 4 December 2025.
Adult Social Care Finance	2025/26	June 2025	30/09/25	Limited	The council has several aged debtor cases relating to financial assessments / deferred charges where the client is deceased.	As above. 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 4 December 2025.

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