

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to:	Governance and Audit Committee
Date:	28 September 2026
Subject:	Internal Audit Update
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Nature and Reason for Reporting: 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) 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) This report fulfils the requirements of the Global Internal Audit Standards (UK public sector) consisting of the Global Internal Audit Standards (GIAS) of the IIA, the Application Note: Global Internal Audit Standards in the UK public sector and the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government. It is also consistent with the recommended practices for the oversight of internal audit as determined in CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022.	

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 of 31 August 2026, on the audits completed since the last update as of 30 June 2026, 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

September 2026



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Head of Audit & Risk



Contents

Summary of Assurance Work Completed Since Last Update1

Continuous Monitoring – Duplicate Invoices2

Primary School Voluntary Fund2

Adult Social Care Finance: Financial Assessments – Residential and Nursing Care (First Follow Up)3

Work in Progress3

Outstanding Actions4

Priorities4

Short/Medium Term Priorities4

Longer Term Priorities4

Summary of Assurance Work Completed Since Last Update

This section provides an overview of assurance reports finalised since the meeting in July 2026, including the overall assurance rating and the number of issues, risks and opportunities raised.

We have finalised **three** pieces of work in the period, summarised below and discussed in more detail later in the report:

Title	Assurance Level	Critical	Major	Moderate
Continuous Monitoring – Duplicate Invoices	Reasonable	0	0	0
Primary School Voluntary Fund	n/a	0	0	7
Adult Social Care Finance: Financial Assessments – Residential and Nursing Care (First Follow Up)	Limited	0	2	3

Continuous Monitoring – Duplicate Invoices

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

Our review sought to answer the following key question:

Has the Council paid any invoices where a payment has previously already been made, whether by fraud or error?

Our review confirmed that controls are effective in reducing duplicate invoice payments.

Testing of 71,000 invoices worth £439 million identified 14 duplicates, totalling £8,836, including one undetected duplicate of £2,040, for which recovery is planned. The remaining duplicates had already been identified by the Payments Team and the suppliers. Further checks ruled out similar matches and confirmed the following key controls are operating effectively:

- Invoice validation checks by Payments Assistants at or after scanning.
- Greater scrutiny by the Senior Payroll and Payments Officer and Payroll and Payments Manager.
- Consistent pre-payment review of Duplicate Payment and Fuzzy Match reports.

A review of progress made with recovering the duplicate payments identified during previous data analytical testing identified that £94k of duplicate payments have been recovered and approximately £60k remains outstanding and requires further action. The Payments Team will continue to pursue the remaining duplicate payments as workloads allow.

Further data analysis in conjunction with the Payments Team will take place in 12 months.

Primary School Voluntary Fund

Investigation (Assurance rating not applicable)	Recommendations	
	0	Critical
	0	Major
	7	Moderate

Following a request from the Headteacher, we carried out a review of the administration of a primary school's voluntary school fund as some income could not be accounted for.

We found that cash income and expenditure had not been fully and properly accounted for during the period reviewed as no complete digital or alternative record existed to evidence cash received, cash spent, or cash held.

Based on reports provided to governors and available banking records a small amount of cash income has been unaccounted for. The absence of complete records means the actual shortfall cannot be confirmed. Although some cash may have been used for legitimate school expenditure, this could not be robustly verified because receipts, reconciliations, and supporting records were not consistently retained.

The weaknesses identified included inadequate segregation of duties, poor record-keeping, insufficient reconciliation, weak controls over cash held in the safe, use of personal debit cards for school purchases, and limited governor oversight. These weaknesses exposed the fund to a heightened risk of error, loss, unauthorised expenditure, and misappropriation.

The priority now is to ensure that lessons are learned and that the school implements robust controls over all voluntary fund income and expenditure. Our report makes seven recommendations for improvement in the voluntary fund's administration and support has been offered to the school going forward.

Adult Social Care Finance: Financial Assessments – Residential and Nursing Care (First Follow Up)

Original (June 2025)

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

First Follow Up (July 2026)

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

Our review sought to answer the following key question:

Has management addressed the ‘Issues, Risks and Opportunities’ raised in the ‘Limited Assurance’ report issued in June 2025?

Progress has been made through training, stronger review and authorisation, and improved property checks. Changing the method it pays residential care homes to gross instead of net of client contributions to gross payments for care homes should further strengthen control over assessments and income recovery.

Significant risks remain; assessment backlogs, incomplete cases, inconsistent escalation, capacity pressures and delayed debt recovery. Arrangements are not yet consistent enough to improve the assurance rating and the rating remains **Limited Assurance**.

A further follow-up is proposed for December 2026.

The Head of Service and relevant portfolio holders have been invited to attend the committee meeting to discuss the report and action plan.

Work in Progress

The following pieces of work are currently in progress:

Area	Reason for Audit	Stage
The Management of Council-owned Trees	IA Strategic Priority 2026-27	Draft report
Financial Management in Schools	IA Strategic Priority 2025-26	Fieldwork
IT Audit: Strategic IT Asset Management	Strategic Risk Register (YM3)	Delayed
Regulation and Economic	Investigation – requested by Director of Function (Resources) / Section 151 Officer	Fieldwork
Construction Industry Tax Scheme	IA Strategic Priority 2026-27	Fieldwork
Safeguarding in School Transportation	Requested by Service Manager (Safeguarding and Practice Quality)	Fieldwork
Homelessness and the use of temporary accommodation	IA Strategic Priority 2026-27	Fieldwork
Continuous monitoring - Payroll	IA Strategic Priority 2026-27	Fieldwork
Disabled Facilities Grants	Third Follow Up	Fieldwork
Corporate Purchasing Cards	IA Strategic Priority 2026-27	Scope agreed
Safeguarding in School Governing Bodies	Requested by Director of Function (Council Business) / Monitoring Officer	Scoping

Outstanding Actions

Work is progressing to support services with addressing all 'Issues, Risks and Opportunities' raised and implementing all outstanding actions.

A separate report, detailing all outstanding actions is submitted separately to this meeting.

Priorities

Short/Medium Term Priorities

Our current workload can be seen in [Work in Progress](#) detailed earlier in this report. Delivery of the Internal Audit Strategy for 2026-27 is progressing well.

Work continues with the Counter Fraud, Bribery and Corruption Strategy 2025-2028.

Longer Term Priorities

Implementation of the requirements of the new Global Internal Audit Standards in the UK Public Sector continues.