

To: Members of the Governance and
Audit Committee

Date: 20 April 2023

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Dear Councillor

You are invited to attend a meeting of the **GOVERNANCE AND AUDIT COMMITTEE** to be held at **9.30 am** on **WEDNESDAY, 26 APRIL 2023** in **COUNTY CHAMBER, COUNTY HALL, RUTHIN AND BY VIDEO CONFERENCE**.

Yours sincerely

G. Williams
Monitoring Officer

AGENDA

1 APOLOGIES

2 DECLARATION OF INTERESTS (Pages 3 - 4)

Members to declare any personal or prejudicial interests in any business identified to be considered at this meeting.

3 URGENT MATTERS

Notice of items, which in the opinion of the Chair should be considered at the meeting as a matter of urgency pursuant to Section 100B(4) of the Local Government Act 1972.

4 MINUTES (Pages 5 - 12)

To receive the minutes of the Corporate Governance Committee meeting held on 8 March 2023 (copy enclosed).

5 INTERNAL AUDIT UPDATE (Pages 13 - 38)

To consider a report by the Chief Internal Auditor (copy enclosed) updating members on Internal Audit progress.

6 GOVERNANCE AND AUDIT COMMITTEE WORK PROGRAMME (Pages 39 - 44)

To consider the committee's forward work programme (copy enclosed).

FOR INFORMATION

7 INFORMATION REPORT - AUDIT WALES - OUTLINE AUDIT PLAN 2023
(Pages 45 - 56)

To receive for information a report by Audit Wales entitled Outline Audit Plan 2023 (copy enclosed).

MEMBERSHIP

Councillors

Ellie Chard
Justine Evans
Carol Holliday

Elfed Williams
Mark Young

Lay Member

Nigel Rudd
David Stewart

Paul Whitham

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LOCAL GOVERNMENT ACT 2000

Code of Conduct for Members

DISCLOSURE AND REGISTRATION OF INTERESTS

I, (<i>name</i>)	<input type="text"/>
a *member/co-opted member of <i>(*please delete as appropriate)</i>	Denbighshire County Council
CONFIRM that I have declared a *personal / personal and prejudicial interest not previously declared in accordance with the provisions of Part III of the Council's Code of Conduct for Members, in respect of the following:- <i>(*please delete as appropriate)</i>	
Date of Disclosure:	<input type="text"/>
Committee (<i>please specify</i>):	<input type="text"/>
Agenda Item No.	<input type="text"/>
Subject Matter:	<input type="text"/>
Nature of Interest: <i>(See the note below)*</i>	<input type="text"/>
Signed	<input type="text"/>
Date	<input type="text"/>

*Note: Please provide sufficient detail e.g. 'I am the owner of land adjacent to the application for planning permission made by Mr Jones', or 'My husband / wife is an employee of the company which has made an application for financial assistance'.

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GOVERNANCE AND AUDIT COMMITTEE

Minutes of a meeting of the Governance and Audit Committee held in COUNTY CHAMBER, COUNTY HALL, RUTHIN AND BY VIDEO CONFERENCE on Wednesday, 8 March 2023 at 9.30 am.

PRESENT

Councillors Ellie Chard, Justine Evans, Carol Holliday and Mark Young (Vice-Chair)

Lay Members Paul Whitham, Nigel Rudd and Dave Stewart

Cabinet Members – Councillor Gwyneth Ellis – Lead Member for Finance, Performance and Strategic Assets.

Councillor Barry Mellor – Lead Member for Environment and Transport.

ALSO PRESENT

Corporate Director: Governance and Business – Monitoring Officer (GW), Head of Finance and Property Services (Section 151 Officer) (SG), Chief Internal Auditor (BC), Interim Head of Business Improvement and Modernisation Services (NK), Climate Change Programme Manager (HVE), Committee Administrator (NH) (Zoom Host) and Committee Administrator (SJ).

Audit Wales representatives Mike Whiteley and Gwilym Bury was also in attendance.

1 APOLOGIES

Apologies for absence were received from Councillor Elfed Williams.

2 DECLARATION OF INTERESTS

The Chair, Lay Member David Stewart raised a personal interest in agenda item 6 – Progress Update on Statement of Accounts 2021/22 as it referenced Clwyd Pension Fund of which he was a recipient of. In addition, he informed the committee he also sat of Flintshire County Council's Governance and Audit Committee.

3 URGENT MATTERS

There were no urgent items raised.

4 MINUTES

The minutes of the Governance and Audit Committee meeting held on the 25 January 2023 were presented for consideration.

Matters of Accuracy – None

Matters Arising – Page 6 –Minutes – Paul Whitham asked for an update on training. The Chair confirmed a schedule training plan would be beneficial for members. It was his understanding dates were being sought to confirm dates. He confirmed a training session had been arranged for the 25 May 2023 on the new CIPFA guidance. It was thought that session would highlight areas for training and would populate the training plan.

The Chief Internal Auditor confirmed dates for June, July and September 2023 were being sought. He informed the committee a training session on the Statement of Accounts would be provided at the July or September training date.

Page 9 - Recruitment, Retention and Workforce Planning – The Chair confirmed he would raise the recommendations at the Scrutiny Chairs and Vice Chairs Group meeting. In addition, the Chief Internal Auditor confirmed the Internal Audit review of Workforce Planning was scheduled to commence on Monday 13 March. Members heard within the scope of the document the report did not look at older generation returning to work but addressed employees nearing retirement age remaining in posts up to their retirement.

Page 13 – Budget Process Update – Lay Member Nigel Rudd asked for an update on the communication plan that was to be presented to CET and Cabinet. The Monitoring Officer confirmed the consultation with trade union had taken place. He confirmed he would contact the member outside the committee to provide further information.

RESOLVED, subject to the above that the minutes of the Governance and Audit committee held on 25 January 2023 be received and approved as a correct record.

5 AUDIT WALES REPORT - PUBLIC SECTOR READINESS FOR NET ZERO CARBON BY 2030

The Chair welcomed Councillor Barry Mellor Lead Member for Environment and Transport along with the Climate Change Programme Manager to the meeting. The report had previously been presented for information to the committee. At that time the committee decided it wanted to receive a formal report for discussion.

The Lead Member for Environment and Transport introduced the report (previously circulated) to members. The report summarised the Audit Wales Report of Public Sector Readiness for Net Zero Carbon by 2030. It provided members with the Officers' responses to the five Calls for action (appendix2).

He stressed to members the reason for the report was to ensure Members were kept informed of and able to scrutinise observations and actions following an external audit relevant to Denbighshire County Council.

The Climate Change Programme Manager thanked members for the invitation to present the report to members. She reminded members that the Authority had a legislative duty within Wales to meet net zero omissions in Wales by 2050. A specific ambition from that was the Net Carbon Zero Welsh Public Sector by 2030.

Since 2021 Welsh Government had requested that all Public Sector Bodies in Wales to report on their carbon omissions annually.

Members heard that Audit Wales had undertaken an in depth review of Denbighshire County Council in December 2020 to June 2021 on this topic, specifically its ability to deliver on its environmental ambitions. The final report was issued in October 2021 and reached the conclusion that the Council was making excellent progress in embedding its environmental ambitions.

Although Audit Wales did not make specific recommendations in their Report of Public Sector Readiness for Net Zero Carbon by 2030 given the high-level nature of their review, the report offered five Calls for Actions for organisations to consider. Members were guided through each as detailed in the report.

She highlighted the usefulness of appendix 2 of the Audit Wales report in visualising the legislative and policy framework underpinning decarbonisation.

This report was concerned by decarbonisation only and the public sector readiness to meet that net zero goal.

Gwilym Bury, Audit Wales representative confirmed a piece of work had been conducted by Audit Wales and was a positive report. The key part of the report was the Management Responses and what the authority intended to do in line with the actions.

The Chair thanked the officers for the detailed introduction.

During the debate the following areas were discussed in more detail:

- There were no plans to include omissions from retained social housing stock that of other social housing providers, private rented sector housing and owner occupied housing within the Net Carbon Zero targets. Both for Welsh Government Public Sector targets and local Climate and Ecological Change Strategy Net Zero Council by 2030 target. There was legislative responsibility to reduce carbon from housing.
- Homeworking had started to be measured from 2021/22 data. It was thought, Denbighshire would include that carbon data within the local net zero measurement following the review of the strategy. For the year 2021/22 the omissions from staff homeworking equated to 3.68 tonnes, compared to the carbon omitted by staff commuting to work of 2141 tonnes. Asking employees to work from home did not increase the carbon as much as the saving made from not commuting.
- Audit Wales did a review of Council Housing Stock in 2018. Although the Welsh Housing Equality Standards did not specifically mention carbon targets, it did include energy efficiency targets. The Welsh Government was currently consulting on a new standard to replace the Welsh Housing Equality Standard.
- Each source of omission had a target for 2030, which had been divided by 9 to give an annual target. It was all recorded on Verto and reported annually.
- The budget associated with the Climate and Ecological Change programme it was money for staffing and resourcing. Money was also budget for capital, funded through prudential borrowing. That was currently at £8.38million, the Authority was committed for the first three years of the Strategy. Officers had been successful in drawing down external grants to reduce the borrowing burden on the council.

- Members asked if the Carbon literacy training could be made available for the Lay Members of the authority. There was an e-learning course on Introduction to Climate Change. All employees had been asked to complete this learning. Members asked if an email with training details could be circulated to members.
- The Net Carbon Zero fed into the programme of work across Council, the ability to feed into strategies such as the workforce planning strategy had to be reviewed slightly differently. Each Service had a workforce plan to review the service needs to ensure staff capacity was met to achieve all objectives.
- Officers apologised for the oversight of not including supply chain omissions in the managers' response on A5. Supply chain omissions were monitored and reviewed and annually reported to Welsh Government. A local target for reduction of 35% of supply chain omissions by 2030 was worked towards.
- The authority did not hold monies to invest in the long term. Investments were on a temporary, short term basis. The funding for this strategy was solely being borrowed.
- There was a new asset management strategy under the approval process currently. It was going through the political process for consultation. Partnership working with third parties was evident such as holding the Coroner's office in County Hall amongst others. It was hoped future partnership working would take place.
- Officers stressed it was a challenging target by 2030. The targets set were ambitious but officers were exploring every avenue to reduce carbon across the council.
- It was noted that the Council demonstrated Leadership in the adoption of the strategy, Political leadership was demonstrated through the Lead Member and endorsement from all members. The Chief Executive had shown leadership as Strategic Lead for the Climate and Ecological Emergency Response. As an authority a strong commitment was demonstrated to deliver of the strategy.
- Corporate risk 45 was an explicit risk around not meeting the targets set. It was monitored by the corporate risk management methodology.

The Chair thanked the officers for the detailed response to members' questions. The Monitoring Officer suggested the committee receive a report on the review of the strategy prior to it being presented to Full Council to provide assurance to member's concerns.

The Chief Internal Auditor confirmed he had pledged that from April 2023, auditors would ask at every audit what each service area was doing for the carbon reduction initiative.

Members heard an additional annual performance report would be completed. This would include a self-assessment around key governance areas such as this programme.

RESOLVED,

1. *That Members considered the report, the associated five calls to action, the identified need for organisations to be bold and innovative and the statement*

- that the Auditor General will not criticise organisations for taking well-managed risks to address this unprecedented challenge.*
- II. That Members consider officers' responses to the five calls to action, providing feedback as appropriate.*
 - III. That members agreed that a communication be circulated to members including the Audit Wales Report and the Managers Responses.*

6 PROGRESS UPDATE ON STATEMENT OF ACCOUNTS 2021/22

The Lead Member for Finance, Performance and Strategic Assets introduced the report (previously circulated). The Committee had delegated responsibility to approve the audited accounts which was hoped to have been presented to the committee on 8th March 2023. This had not proved possible and the report provided the reason.

The Head of Finance added the report provided an update to members were the process was up to. He highlighted the close working relationship with Audit Wales, and was pleased that an agreed approach to finalise the accounts had been reached.

He stressed the issues raised had been in relation to two separate reserves, in the unusable reserve note in the Statement of Accounts. He reminded members that the unusable reserves were reserves that did not impact the financial standing of the Council as a publically funded body.

Members were provided with some history and reasons why the papers were delayed.

Members heard there were two issues, one being a change to the Accounting Code that had been implemented in a way which should have implemented differently. Officers accepted the alternative implementation was the correct method and was in agreement to make the necessary changes.

The other issue that had been raised was around the method the council accounted for council house dwellings. The asset register listed each house, but the method adopted when calculating the in year spend had been on the asset type level. This was highlighted by Audit Wales and requested the asset register be amended. An issue had aroused when looking at the data, not having historic management information to assign assets accurately historically to 2007/08. Once an agreed approach had been reached to apportion those costs back to 2007/08. When officers began this approach it became clear that there were no accompanying working papers to the asset register that far back. Following further discussions with Audit Wales it was agreed to go back as far as 2016/17. Members heard 2016/17 had been the last time Council dwellings were fully revalued.

The Head of Finance stated since writing the report, officers had internally completed the work. It would be presented to Audit Wales for discussion and to ask if they want sight of that work. It was hoped that accounts could be progressed following those discussions to be presented to the committee in September 2023.

He offered his thanks to Audit Wales for the continued close working and support in completing the work. It was stressed that due to the additional work on the Statement of Accounts 2021/22, Finance officers were behind on other projects.

The Audit Wales representative Mike Whiteley, thanked the Head of Finance and his officers for the discussions and challenges during meetings. It was important that officers felt able to ask and challenge opinions and judgement. In his opinion he agreed the joint working had been positive.

He stressed to members the aim to complete the 2022/23 work by November/December 2023 was consistent with all other Welsh Authorities.

It was suggested by members that a note be circulated to members following the meeting on the knock on effects, on the severity and the timeframe of the potential consequences on the delay. A quick update email could be circulated to members for information.

Members heard that Denbighshire was currently the last authority to resolve this current issue. Similar issues had been raised and resolved in other authorities over previous years.

The Audit Wales Representative informed the committee, Audit Wales had looked at the issues in previous years. Audit Wales audited a sample of the accounts. Particular circumstances for this year had been the valuation uplift, that uplift of properties identified this specific issue.

Audit Wales were in agreement that the September deadline was achievable.

The Head of Finance stressed due to Welsh Government changes, no Welsh Authority had accounts authorised before January 2023. He stressed the plan of work going forward enabled him to make arrangements around the deadline dates.

On behalf of the Committee, the Chair thanked all officers for the assurance provided on the work completed and the work ongoing. Members were reassured that other than the issued discussed Audit Wales had not raised any other major concerns.

The Head of Finance stated he was happy to discuss concerns with members or the public if any questions were raised.

Members were reminded that the Annual Governance Statement was included in the Draft Statement of Accounts which had been published. There had not been any changes to the Annual Governance Statement.

The Audit Wales Representative stressed if it was published without the Statement of Accounts it would have to be unaudited at that stage.

RESOLVED, that members note the update report.

7 GOVERNANCE AND AUDIT COMMITTEE WORK PROGRAMME

The Governance and Audit Committee's Forward Work Programme (FWP) was presented for consideration (previously circulated).

The Monitoring Officer confirmed members had agreed to include an update report on Net Carbon Zero, he stated the review was ongoing for the next 12 months. He

suggested a follow up report be included on the Forward Work Programme under 'Future Items'. All members were in agreement.

The Chair noted the follow up Audit report on Exceptions and Exemptions had been removed. The Chief Internal Auditor explained this had been due to a delay in recruitment in the audit team. It was agreed to include under 'Future Items' on the Forward Work Programme.

The Annual Whistleblowing report had been deferred to the June committee member, this was due to capacity. It would allow for a complete year's data to be included. The Monitoring Officer informed members there was only a small number of issues that would need to be reported.

The Chair confirmed the Annual Governance and Audit annual report would be presented in the April committee meeting. Due to a number of issues it was believed the last annual report considered by the committee was for the year ending in 2020. The new CIPFA guidance for the committee included information on the annual report and provided a template. It was suggested following the report due to be presented in April 2023, the annual report adopt guidance from the CIPFA information.

Members heard the Statement of Accounts for 2021/22 would be presented in September 2023. Also due at the September meeting was a report on the Draft Statement of Accounts 2022/23.

The Chief Internal Auditor confirmed the Annual Governance Statement will be presented to the committee in June 2023 meeting along with the Internal Audit Annual Report, Internal Audit Strategy 2023/24 and Internal Audit Charter 2023/24.

It was noted a report on the Corporate Complaints Process needed to be included on the Forward Work Programme. It was agreed to include on the programme for the July 2023 Committee meeting.

Lay Member Nigel Rudd highlighted some potential concerns on the partnership working with the Betsi Cadwalader University Health Board, which had recently been placed in special measures. He stressed the partnership working was included in the Risk Register.

Gwilym Bury the Audit Wales representative suggested it would be best placed for a Scrutiny Committee to debate and receive a report on Betsi Cadwalader University Health Board.

The Monitoring Officer confirmed that Risk 21 was in relation to the Council's relationship with the Health Board. He provided members assurance, that the Corporate Risk Register was due to be presented to Performance Scrutiny Committee on 27 April 2023. Prior to that report being presented, the Corporate Executive Team will review the register. The role of the Governance and Audit Committee was to assure appropriate arrangements were in place to manage risks. The Chairs and Vice Chairs Scrutiny Group was the Scrutiny Co-ordinating group. Members of that group review and coordinate the forward work programmes for Scrutiny meetings.

The Chair agreed to raise the concern at the next Chairs and Vice Chairs Scrutiny meeting for discussion.

RESOLVED that, the Governance and Audit Committee's forward work programme be noted.

The meeting concluded at 11.55 am.

Report to	Governance & Audit Committee
Date of meeting	26 April 2023
Lead Member / Officer	Cllr Gwyneth Ellis / Bob Chowdhury – Chief Internal Auditor
Report author	Bob Chowdhury – Chief Internal Auditor
Title	Internal Audit Update

1. What is the report about?

- 1.1. This report provides an update for Governance & Audit Committee on Internal Audit's latest progress in terms of its service delivery, assurance provision, reviews completed, performance and effectiveness in driving improvement.

2. What is the reason for making this report?

- 2.1. To provide information on the work carried out by Internal Audit since the last Committee meeting. It allows the Committee to monitor Internal Audit's performance and progress as well as providing summaries of Internal Audit reports so that the Committee can receive assurance on other council services and corporate areas. This enables the committee to discharge its responsibilities as per its Term of Reference. Delivery of the audit plan will assist the committee with obtaining assurance that the Annual Governance Statement appropriately reflects the conditions of the Council.

3. What are the Recommendations?

- 3.1. That the Committee considers the report content, assesses Internal Audit's progress and performance.
- 3.2. That the Committee decides whether it needs further assurance on any of the audited areas to follow up progress with implementing the improvement action plans.

4. Report details

- 4.1. Appendix 1 provides an update on internal audit work carried out since the last update report to the committee in January 2023.
- 4.2. Since the last Governance & Audit Committee update report, seven audits have been completed, none of which received a low assurance rating. As part of the follow up process, six reviews that had been awarded a high or medium assurance rating have been followed up to ensure that the outstanding actions have been completed.
- 4.3. Since the last Internal Audit update in January 2023, the consultation paper on the review of the Senior Leadership Team (SLT) has been approved and as of the 1 April 2023; Internal Audit has moved over to the newly named Finance and Audit Service and will report to Steve Gadd S.151 officer and HoS.
- 4.4. The last 12 months has seen Internal Audit carrying at least one vacancy at any one time. Due to these vacancies, a member of staff being off sick for four months and three special investigations, which have taken up a considerable amount of audit time, it has meant we have not been able to complete the Audit Plan for 2022/23 and will therefore, be carrying over a number of reviews into the new financial year.
- 4.5. The current staffing position in the January update was Internal Audit had appointed a new Principal Auditor and the two Senior Auditor posts had been converted to Career Pathway Auditors and had been filled. This meant by the middle of February Internal Audit would have its full complement of staff. Unfortunately, after just two weeks, the Principal Auditor resigned, leaving a vacancy. This post had been difficult to fill on the two previous occasions it had been advertised. After discussions with our HR specialist, the post has been changed to a Career Pathway – Principal Auditor and interviews will be taking place on the 27 April.
- 4.6. The Internal Audit team continues to progress proactive counter fraud efforts. Internal Audit has been involved in three investigations arising from whistleblowing, which has impacted progress on the delivery of assurance work. The first two allegations have been investigated and recommendations for

internal controls to be put in place or strengthened have been agreed. The third allegation is currently being investigated.

4.7. Internal audit monitors performance in relation to addressing actions arising from audit reviews. It is management's responsibility to address the actions and record progress on the performance management system (Verto). Internal Audit continues to perform a 'follow up' and reports on progress with implementing action plans arising from low assurance audits to ensure that necessary improvements are being made.

4.8. The audit agreed actions that have been implemented by service figure has been left blank because currently School reviews have not been entered on Verto which means that we are not picking up all actions and secondly, we have noted that not all Services are updating their action status on Verto. To gather all the information required, the Chief Internal Auditor is proposing to review how Internal Audit currently gather the information and what then needs to be done to ensure all information is captured going forward.

5. How does the decision contribute to the Corporate Priorities?

5.1. There is no decision required with this report. There is no direct contribution to Corporate Priorities, but some projects in the audit plan will review Corporate Priority areas and will provide assurance on their delivery.

6. What will it cost and how will it affect other services?

6.1. Not applicable – there is no decision or costs attached to the report.

7. What are the main conclusions of the Well-being Impact Assessment?

7.1. Not applicable – this report does not require a decision or proposal for change.

8. What consultations have been carried out with Scrutiny and others?

8.1. Not required

9. Chief Finance Officer Statement

9.1. There are no financial implications attached to this report.

10. What risks are there and is there anything we can do to reduce them?

Sub-heading (delete as needed)

10.1. Should insufficient audit work be completed during the year, there is a risk that the Chief Internal Auditor is unable to draw on sufficient assurance to issue a complete annual opinion in accordance with the Public Sector Internal Audit Standards. Audits are prioritised to provide coverage of governance, risk management and internal controls and scopes for these audits will focus on key risks.

11. Power to make the decision

11.1. Not applicable – there is no decision required with this report.

Internal Audit Update

April 2023

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Internal Audit Reports Recently Issued

Since the last Internal Audit Update report in January 2023, Internal Audit has completed:

- Seven reviews and a full copy of each report has been circulated to members of the committee.
- All NFI data for the 2022-23 exercise has now been collected and we will be carrying out the data matching exercise during quarter 1.
- As part of the follow up process, six reviews that had been awarded a high or medium assurance rating have been followed up to ensure progress is being made on the outstanding actions.

The assurance given and number of issues raised for each review is summarised below:

Area of work	Assurance Level	Critical Issues	Major Issues	Moderate Issues
Revenues & Benefits Phase 2	High ●	0	0	0
ALN	High ●	0	0	0
Ysgol Dewi Siant	High ●	0	0	1
Financial Systems - Payroll	High ●	0	0	0
Financial Systems -Accounts Payable	High ●	0	0	1
Financial Systems – Treasury Management	High ●	0	0	0
Financial Systems – Budget Control	High ●	0	0	1

* Follow Up of audits previously awarded a low assurance rating. It should be noted that the updated opinion is based on the assumption that systems and controls as previously identified

during the original audit remain in operation and are being complied with in practice. The purpose of our follow up exercises is not to retest the operation of controls which have already been assessed, but to review how management has responded to the action plans following our initial work.

Revenues and Benefits Phase 2 – February 2023

High Assurance ●

Number of Risk Issues: 0

Processes for Council Tax, Business Rates, Sundry Debtors and Benefits continue to be effective with good system controls, regular reconciliations, quality assessment processes performed and clear separation of duties. The service uses digital communication and has strengthened their relationship with Citizens Advice.

The service has continued to administer a number of grants on behalf of the Welsh Government; examples include the cost-of-living schemes and winter fuel payments. The service identified a fraudulent application was paid, which was not identified during the routine pre-payments checks performed by software. Further enhancements to the system and associated controls have been implemented to prevent further fraudulent payments being process.

A review of Discretionary Housing Payments (DHP) process and testing of a sample of DHP applications confirmed that those payments made to claimants were eligible and in line with the guidance.

The service key performance indicators (KPIs) continue to maintain their amber status. However, the service anticipates potential challenges for 2023-24 KPIs, with the cost-of-living crisis which is likely to have a greater financial impact over Covid with less financial support for taxpayers.

The service has completed all audit actions, with the exception of one follow-up action from a previous audit (appendix 1), revised timescales have been provided, However, the service advised that due to additional pressures within the service this action may not be completed within the revised timescales provided.

ALN – February 2023

High Assurance ●

Number of Risk Issues: 0

Implementation of the ALNET (Wales) Act 2018, supported by regulations and the Additional Learning Needs (ALN) Code for Wales is progressing well. Governance arrangements are effective with clear roles and responsibilities for officers in place and up to date terms of reference are in place for the Teams around the School function. The team regularly communicate and engage with other stakeholders such as Estyn, GWE, Welsh Government representatives and Denbighshire County Council members.

Training has been provided and training materials are accessible on SharePoint to ALNCo, however not all ALNCo have attended relevant training. The service recognise that refresher training is required for schools, due to the timing of the original training provided. which includes sharing areas of good practice and having cluster training champions in place to provide training where necessary.

ALN referrals are recorded on the 'Eclipse' system and discussed with the Senior Leadership Team and the Governing Body where appropriate. Discussion with a sample of ALNCo confirmed there are good communication mechanisms in place within school clusters and with lead officers' other mechanisms for support and guidance as required.

The service is working with officers within Denbighshire's Information Communication Technology (ICT) department in developing a dashboard for a range of key performance indicators (KPIs) extracted from the eclipse system.

Ysgol Dewi Sant– March 2023

High Assurance ●

Number of Risk Issues: 1 Moderate ●

Since the pandemic, the school's governing body's priority is to ensure the school remains safe for staff and pupils, which has changed ways of working. They have adapted

mechanisms and processes where necessary to ensure the governing body and operations remains effective.

Our review identified effective controls in place for the governing body, with good record keeping; examples include detailed minutes and supporting paperwork. However, terms of reference are not in place for all sub-committees.

Declarations of Interests (DOI) were not received by all governors for 2021-22 but has now been addressed and are up to date for 2022-23. All governors require a DBS check in accordance with the 'Disclosure and Barring Service (DBS) Checks; Guidance for Governing Bodies in Denbighshire Schools'. Our testing identified that not all governors have completed the DBS checks and risk assessments are in place until the DBS process has been completed.

The governing body currently has three governor vacancies and are in the process of recruiting. Although the governing body perform an informal skills set analysis, this should be formally recorded to clearly identify any areas where further training and development is required. The chair, vice chair and clerk have completed appropriate training for their roles. Not all governors have completed the mandatory training, however, these governors are still within 12 months of starting in their post.

Governing body meetings have been held virtually, going forward the governing body will continue to hold meetings virtually. All the supporting documents, including agendas and minutes, are shared with the governors in advance of meetings.

All statutory policies are in place and are accessible to staff and governors in electronic and paper format. Although the Governing Body reviews the schools' policies, some policies are due to be reviewed; it would be beneficial to have a policy timetable in place to ensure policies are reviewed on a regular basis.

The school have prioritised Covid risks and issues as a replacement for reviewing the School Development Plan. The School Development Plan will now be reviewed and monitored following the pandemic.

The school uses corporate systems for processing income, purchasing and invoicing. There is appropriate separation of duty in place and regular reconciliations being performed. School fund certificates are audited annually and are up to date. Regular

monitoring of the budget is performed, this includes annual reviews of financial limits, staffing costs and the school's financial position. The latter is currently forecasting a surplus balance until 2023-24 and it is important for the school to maintain this surplus.

Works required on site are procured through the corporate buildings maintenance team who perform relevant checks of approved suppliers. Grant funding received by the school is monitored by the school and by the Council's finance officers to ensure compliance with relevant terms and conditions.

There are good security controls in place at the school including CCTV cameras on site, regular fire drills and visitors are required to 'sign in' when visiting the school.

Fire safety and health and safety assessments are also in place. ICT security arrangements appear to be effective; staff have individual usernames and passwords and all external devices are encrypted and password protected. The school maintain an asset register for all ICT equipment purchased.

Corporate carbon targets have been agreed to help the council become a Net Carbon Zero and Ecologically Positive Council and to reduce carbon emissions by 2030, which include purchasing of goods and services in the council's supply chain. However, the governing body was not aware of the agreed targets. Audit Wales' recent review of climate change within the council highlighted a lack of awareness of the agreed targets within schools. We confirmed that actions are already in the process of being implemented.

Financial Systems – Payroll – March 2023

High Assurance ●

Number of Risk Issues: 0

The review identified there were effective controls in place for the payroll function.

Examples include detailed audit trail for a change to staff records on the system as well as regular reconciliations, which are performed before each pay cycle. Testing performed confirmed payroll processes such as new starter, leavers and deductions continue to be effective.

Documented procedures are in place, which are accessible to the payroll team. Procedures include user guidance for key processes, such as pay cycle checks and variances in relation to additional payments.

A review of the access list for the payroll system confirmed controls are effective, where access to the payroll system is appropriate based on specific job roles and tasks performed.

Staff have a clear understanding of their role and have access to appropriate training opportunities. Staff are required to complete Declaration of Interest (DOI) forms periodically to ensure controls can be implemented to restrict access to data where required.

Since our last review of payroll there have been some minor changes in the structure, which have not impacted on the operational function of the team where controls and processes have continued to be robust.

Financial Systems – Accounts Payable – March 2023

High Assurance ●

Number of Risk Issues: 1 Moderate ●

The review of Accounts Payable, which included reviewing system controls and processes confirmed arrangements continued to be effective. There is a clear separation of duty for processes performed and a declaration of interest form been completed by every member of the team where there are connections to creditors. Duplicate payment software is working well in identifying duplicate payments, Sample testing of duplicate payments, duplicate suppliers and emergency payments confirmed system controls are robust.

Comprehensive procedure documents are in place, which are reviewed where there are changes in software or legislation. The documents are accessible to staff on the function's shared drive, which provides sufficient business continuity. We observed a number of documents on the shared drive, which had not been modified for a number of years. General housekeeping of all policies and procedures on this drive is advised. (See Risk Issue 1).

The NFI data matches will be reviewed by Internal Audit during the summer, where the results will be reported back to NFI accordingly.

Since our last review, there have changes in the reporting lines for the Accounts Payable function which has not impacted on the operational processes.

Financial Systems – Treasury Management – March 2023

High Assurance ● Number of Risk Issues: 0

The review confirmed arrangements continue to be effective. Detailed procedures are in place for treasury management processes, which are accessible to the team to provide sufficient succession planning and ensure that completed transactions comply with the organisation's agreed lending and investment policies. Although policies have been reviewed regularly it is not always clear when they were last reviewed. We advise that policies record date of review and when next review is due. From our testing we confirmed that treasury management transactions were in line with organisation's policies and procedures, correct and bona fide, recorded correctly and promptly and regularly reconciled.

A review of relevant committees and supporting documentation confirmed effective communication mechanisms are in place for treasury management. Quarterly strategy meetings are held with Independent Treasury Management advisors to discuss treasury management associated risks and seek guidance where necessary. From reviewing supporting minutes there was evidence of discussions held, recommendations provided and regular reviews of risks.

There are robust controls in place for treasury management processes, including separation of duty for officers involved in the treasury management deals. A schedule for performing treasury management deals is in place ensuring staff have the relevant knowledge of various processes to maintain business continuity. Authorisation levels for the Logotech system used for treasury management transactions are regularly reviewed. We noted there is currently only one user who can set up and maintain user access on the Logotech system. To strengthen business continuity, it would be advantageous to have a

second user to maintain continuity in the event of absence, retirement etc. The service already recruited an officer for when the Capital Finance Manager retires to minimise disruption to the service.

Financial Systems – Budgetary Control – March 2023

High Assurance ●

Number of Risk Issues: 1 Moderate ●

Our review identified effective controls in place for the monitoring of the council's budget, both revenue and capital. There are clear guidelines in place which details individual responsibilities and reporting mechanisms, examples include the Council's Constitution and Financial Regulations., The Financial Regulations are reviewed regularly and are due to be reviewed in March 2023. However, there are no documented procedures in place for the processes for the general day-to-day budget monitoring.

A review of relevant committees and supporting documentation confirmed effective communication mechanisms are in place for budget monitoring. Examples include regular meetings between finance officers and services, where emerging issues or risks are escalated to the appropriate officers and committees as required, monthly budget board meetings, monthly budget reports submitted to County Council and Full Council for approval. It was also evident that reserves and the Medium Term Financial Plan are regularly discussed and included in the council's financial budgets.

The service identified a risk in relation to the economic and financial environment, which could have a significant impact on services and reduce income. The project management system needs to update regularly to ensure the risk is reviewed and monitored periodically.

Audit Wales' recent review of DCC's financial sustainability assessment suggested a need for better alignment of budgets and operational activity. We confirmed that actions have already been implemented and will be reviewed in the next audit.

WAO reports update for 2022/23

Review	Start Date	Date Report out	Report status	Link to report
Financial Statement Audit	27 th June 2022	September 2023		
Assurance and Risk Assessment	On-going throughout the year	End of January 2023	Meeting took place on 26 January 2023	 JARA Workshop Presentation Denbig
Cross-sector review focusing on the flow of patients out of hospital	October 2022	May 2023		
Corporate Support Function	15 th August 2022	April 2023	Draft	
Annual Audit Summary	Annual Report	March 2023	Draft	
'Together we can' Community resilience and self-reliance	All Wales Review	January 2023	Final	https://www.audit.wales/sites/default/files/publications/Together_we_can_Community_resilience_and_self_reliance_English_2.pdf
Digital Inclusion in Wales	All Wales Review	March 2023	Final	https://www.audit.wales/sites/default/files/publications/digital-inclusion-eng.pdf

WAO reports update for 2023/24

Review	Start Date	Date Report out	Report status	Link to report
Digital Strategy Review				
Examination of the Setting of Well-being Objectives by Denbighshire County Council				

Internal Audit Update –April 2023

Review	Start Date	Date Report out	Report status	Link to report
Use of Performance Information – Service User Perspective and Outcomes				

Estyn visits / reports update for 2022/23

Area of work	Assurance Level	Critical Issues	Major Issues	Moderate Issues
Christ the Word	16/05/22	20/07/22	Special Measures	https://www.estyn.gov.wales/provider/6635902
Ysgol Uwchradd Glan Clwyd	May 2022		LA to review	https://www.estyn.gov.wales/system/files?file=2022-
Ysgol Llywelyn	June 2022		No Follow Up	https://www.estyn.gov.wales/system/files?file=2022-
Denbigh High School	27/09/22	N/A	N/A	N/A
Ysgol Y Castell	10/10/22		Not follow Up	https://www.estyn.gov.wales/system/files/2022-
Rhyl High	17/10/22		No Follow Up	https://www.estyn.gov.wales/system/files/2022-
Ysgol Borthyn	Oct 2022		No Follow Up	https://www.estyn.gov.wales/system/files/2022-
Ysgol Carrog	Nov 2022		No Follow Up	https://www.estyn.gov.wales/system/files?file=2023-

Internal Audit Update –April 2023

Area of work	Assurance Level	Critical Issues	Major Issues	Moderate Issues
Ysgol Caer Drewyn	Nov 2022		No Follow Up	https://www.estyn.gov.wales/system/files?file=2023-
Denbigh High School	Follow up due			
Christ the Word	Follow up due			
Prestatyn High School	06/02/23			
Denbighshire LA	06/02/23			
Denbigh High School	07 to 09 February 20223		Monitoring Visit	
Ysgol Penmorfa	13/02/23			
Ysgol Pendref	13/02/23			
Ysgol Gymraeg Pentrecelyn	27/02/23			

Internal Audit Update –April 2023

CIW reports update for 2022/23

Area Reviewed	Date of Review	Date Report Issued	Report Status	Link to Report
Dolwen Care Home	28 February 2022	April 2022		https://www.careinspectorate.wales/sites/default/files/inspection-reports/00009247-mgnd_c_27042022_e.pdf
Cysgod Y Gaer	30 March 2022	May 2022		https://www.careinspectorate.wales/sites/default/files/inspection-reports/00009248-hclp_c_05052022_e.pdf

Other reports update for 2022/23

Area Reviewed	Date of Review	Date Report Issued	Report Status	Link to Report
Joint Inspection of Child Protection Arrangements: Denbighshire County Council, Betsi Cadwaladr University Health Board, North Wales Police	February 2023			

Progress in Delivering the Internal Audit Assurance

Since the last Internal Audit update in January 2023, the consultation paper on the review of the Senior Leadership Team (SLT) has been approved and as of the 1 April 2023; Internal Audit has moved over to the newly named Finance and Audit Service and will report to Steve Gadd S.151 officer and HoS.

The current staffing position in the January update was Internal Audit had appointed a new Principal Auditor and the two Senior Auditor post had been converted to Career Pathway Auditors and had been filled. This meant by the middle of February Internal Audit would have its full complement of staff. Unfortunately, after just two weeks, the Principal Auditor resigned, leaving a vacancy. This post had been difficult to fill on the two previous occasions it had been advertised. After discussions with our HR specialist, the post has been changed to a Career Pathway – Principal Auditor and interviews will be taking place on the 27 April.

The last 12 months has seen Internal Audit carrying at least one vacancy at any one time. Due to these vacancies, a member of staff being off sick for four months and three special investigations, which have taken up a considerable amount of audit time, it has meant we have not been able to complete the Audit Plan for 2022/23 and will therefore, be carrying over a number of reviews into the new financial year.

A couple of audits have needed to be postponed due to legislative delays or other accepted factors, and a few audits are no longer required due to assurance provided by the council's external regulators. The table on the next page provides an update on progress against the Audit Plan for 2022/23.

Based on the work completed during 2022/23, the Chief Internal Auditor is satisfied that internal audit will have provided adequate coverage of corporate risks and services areas, together with assurances gained from elsewhere, to enable the Internal Audit Annual Report 2022-23 to provide assurance without any limitations.

Internal Audit Update –April 2023

Internal Audit FWP

Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment
AONB Grant 2021/22	Complete	High ●	0	0	0	Annual accounts audit
Fostering	Not yet started					
Looked after children – Independent Reviewing Officer	Not yet started					
Programme & Project Management	Not yet started					
Liberty Protection Safeguards	Not yet started					
Procurement – pre tender stage	Not yet started					
Mediquip	Not yet started					
Rhuddlan Town Council 2022-23	Complete	N/a	N/a	N/a	N/a	Annual accounts audit
National Fraud Initiative	Complete	N/a	N/a	N/a	N/a	Annual accounts audit
Revenues & Benefits 2021/22	Complete	High ●	0	0	0	
Financial Services 2021-22	Complete	High ●	0	0	2	
Court of Protection	Not yet started					
Community Equipment Service	Not yet started					
Partnership Arrangements	Not yet started					
Youth Service	Not yet started					
Blue Badges	Process Review	N/a	N/a	N/a	N/a	To revisit and carry out a review in Q4 2023/24
Workforce Planning	Fieldwork					
Tackling Poverty	Not yet started					

Internal Audit Update –April 2023

Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment
Equalities	Complete	Medium ●	0	0	3	
Asset Management	Not yet started					
IT Asset Management	Draft					
Health and Wellbeing	Not yet started					
Flood Risk Strategy	Not yet started					
Insurance	Scope					
Planning Applications	Not yet started					
Post 16 Education Grant	Not yet started					
Ysgol Brynhyfryd	Complete	High ●	0	0	2	
Ysgol Dewi Sant	Complete	High ●	0	0	1	
Ysgol Melyd	Complete	Medium ●	0	1	2	
Ysgol Hiraddug	Complete	High ●	0	0	2	
Ysgol Y Castell	Complete	High ●	0	0	1	
Ysgol Tremeichion	Complete	High ●	0	0	1	
Homelessness	Not yet started					
Financial Systems - Payroll	Complete	High ●	0	0	0	
Financial Systems - Accounts Payable	Complete	High ●	0	0	0	
Financial Systems – Treasury Management	Complete	High ●	0	0	1	
Financial Systems – Budget Control	Complete	High ●	0	0	0	
Revenues & Benefits 2022-23 Phase 1	Complete	High ●	0	0	0	
Revenues & Benefits 2022-23 Phase 2	Complete	High ●	0	0	0	
Cefndy Healthcare	Scope					
Risk Management	Not yet started					

Internal Audit Update –April 2023

Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment
Highways Maintenance	Complete	Medium ●	0	0	4	
Health & Wellbeing	Scoping					
Commercial Waste	Complete	Medium ●	0	1	2	
Families First	Complete	High ●	0	0	0	
Community Safety Partnership	Complete	Medium ●	0	1	2	
Denbigh High School	Scope					
Esgob Morgan	Scope					
Bryn Clwyd and Gellifor	Complete	Medium ●	0	0	5	
Ysgol Carrog and Yagol Caer Drweyn	Complete	High ●	0	0	3	
Pentrecelyn	Scope					
Christchurch	Complete	High ●	0	0	2	
Christ the Word	Draft Report					
Library fees & charges	Not yet started					
Cash Collection	Scoped					
ALN	Scoped					
Direct Payments for Children 2 nd follow up	Complete	Medium ●	0	0	0	
Payment Card Industry – Data Security Standards 3 rd follow up	Complete	Medium ●	0	2	1	
Project Management: Queen’s Building 2 nd follow up	Complete	High ●	0	0	0	
Housing Support Grant	Scope					
Contract Management 3 rd Follow Up	Complete	High ●	0	11	1	1 Major, but significant progress made since the last follow up

Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment
Exceptions, Exemptions and Variations from the Contract Procedure follow up	Not yet started					Service is still sorting out recruitment issue.
Support Budgets & Direct Payments: Adults 3 rd Follow Up	Complete	Medium ●	0	0	0	
Provision of Homeless Accommodation 3 rd Follow Up	Complete	High ●	0	9	7	1 Major & 1 Moderate, but significant progress made since the last follow up
Whistleblowing Investigation	Fieldwork	N/a	N/a	N/a	N/a	
Follow up audits	Ongoing	N/a	N/a	N/a	N/a	
School fund audits	Ongoing	N/a	N/a	N/a	N/a	

Progress with Counter Fraud Work

Counter fraud work carried out since the last internal audit update includes:

1. Providing advice on counter fraud to officers on request. This has included the emergency Covid-19 related grants for businesses. However, this work is now being replaced by the Cost of Living Crisis.
2. The National Fraud Initiative (NFI) data uploading exercise for 2022-23 has now been completed and work is scheduled to start reviewing the matches in quarter 1 of 2023/24 financial year.
3. Continue to assist Education Support with ensuring that schools continue to complete school fund certificates promptly.
4. The Strategy for the Prevention and Detection of Fraud, Corruption and Bribery and Fraud Response Plan was endorsed by Cabinet in September 2021. This is now available on the Council's website. E-learning is being developed to advise staff on what to do should they suspect fraud.

5. A template Counter Fraud Policy and procedural guidance has been produced for schools and the first training session was rolled out on the 19 January in conjunction with Education Support. The feed back has been very positive with over 90 people accessing the training on-line.
6. Alerts from the National Anti-Fraud Network (NAFN) reviewed with the relevant service and response taken accordingly.
7. Responding to whistle blowing responses and counter responses of concerns of potential fraud. Two of the three reviews have been completed and the third review is on-going.
8. Attendance at the North & Mid Wales Audit Partnership sub-group focusing on taking action to address the matters raised in the Audit Wales report 'Raising Our Game – Tackling Fraud in Wales' <https://www.audit.wales/publication/raising-our-game-tackling-fraud-wales>

Referrals 2022/23

While it is not Internal Audit's role to identify or investigate fraud, as this responsibility rests with management, Internal Audit keeps abreast of potential fraud from a view of ensuring that any governance, risk management or control weaknesses are addressed in line with Financial Regulations and the Strategy for the Prevention and Detection of Fraud, Bribery & Corruption.

Three allegations relating to potential fraud have been referred to Internal Audit during the financial year 2022/23. The first two allegations have been investigated and recommendations for internal controls to be put in place or strengthened have been agreed. The third allegation is currently being investigated.

Whistleblowing concerns are reported separately to Committee as part of the Annual Whistleblowing Report but are detailed above should there be an element relating to potential fraud.

Internal Audit Performance Standards

The table below shows Internal Audit's performance to date for 2022/23.

Performance Measure	Target	Current Performance
Send a scoping document before the start of every audit	100%	100%
Issue draft report within 10 days of the closing meeting	Average days less than 10	2.8 days
Issue final report within 5 days after agreeing the draft report and action plan	Average days less than 5	2.1 day
Percentage of audit agreed actions that have been implemented by services	75%	Please see explanation below

The audit agreed actions that have been implemented by service figure has been left blank because currently School reviews have not been entered on Verto which means that we are not picking up all actions and secondly, we have noted that not all Services are updating their action status on Verto. To gather all the information required, the Chief Internal Auditor is proposing to review how Internal Audit currently gather the information and what then needs to be done to ensure all information is captured going forward.

There have been a number of capacity issues over the last 12 months with staffing that has meant Internal Audit has not been able to complete all the reviews agreed for the financial year 2022/23. We are currently going through our fifth recruitment exercise due to the last Principal Auditor resigning in the second week. As this has proven to be a difficult position to fill, our HR specialist has provided advice to Internal Audit to put the vacancy out as a Career Pathway - Principal Auditor role and we are due to interview for the position on the 27 April.

Appendix 1 – Assurance Level Definition

Assurance Level	Definition	Management Intervention
High Assurance ●	Risks and controls well managed and objectives being achieved	Minimal action required, easily addressed by line management
Medium Assurance ●	Minor weaknesses in management of risks and/or controls but no risk to achievement of objectives.	Management action required and containable at service level. Senior management and SLT may need to be kept informed.
Low Assurance ●	Significant weaknesses in management of risks and/or controls that put achievement of objectives at risk.	Management action required with intervention by SLT.
No Assurance ●	Fundamental weaknesses in management of risks and/or controls that will lead to failure to achieve objectives.	Significant action required in a number of areas. Required immediate attention from SLT.

Risk Issue Category	Definition
Critical ●	Significant issues to be brought to the attention of SLT, Cabinet Lead Members and Governance and Audit Committee.
Major ●	Corporate, strategic and/or cross-service issues potentially requiring wider discussion at SLT.
Moderate ●	Operational issues that are containable at service level.

Meeting	Item (description / title)		Purpose of report	Decision required (yes/no)	Author – contact officer
14 June 2023					
	1	Issues Referred by Scrutiny Committees (if any)	To receive and issues raised at Scrutiny		Rhian Evans/ Karen Evans – Scrutiny Co-ordinator
	2	Recent External Regulatory Reports Received (if any)	To consider any reports received		Nicola Kneale – Interim Head of Service Business Improvement & Modernisation - Strategic Planning Team Manager
	3	Forward Work Programme			Democratic Services
		Reports			
	4	Annual Whistleblowing Report			Gary Williams – Monitoring Officer
	5	Council Performance Self-Assessment			Emma Horan/ Nicola Kneale
	6	Internal Audit Annual Report			Chief Internal Auditor
	7	Draft Annual Governance Statement			Chief Internal Auditor
	8	Internal Audit Strategy 2023/24			Chief Internal Auditor
	9	Internal Audit Charter 2023/24			Chief Internal Auditor
	10	Draft Annual Governance and Audit Committee Report (This report will cover the previous years)	To present to Full Council- the annual report from Governance and Audit		Gary Williams – Monitoring Officer
26 July 2023					

Meeting	Item (description / title)		Purpose of report	Decision required (yes/no)	Author – contact officer
	1	Issues Referred by Scrutiny Committees (if any)	To receive and issues raised at Scrutiny		Rhian Evans/ Karen Evans – Scrutiny Co-ordinator
	2	Recent External Regulatory Reports Received (if any)	To consider any reports received		Nicola Kneale – Interim Head of Service Business Improvement & Modernisation - Strategic Planning Team Manager
	3	Internal Audit Update	To update committee on Internal Audit's latest progress		Chief Internal Auditor
	4	Forward Work Programme			Democratic Services
		Reports			
	5	Treasury Management update and review			Head of Finance – Steve Gadd
	6	Corporate Complaints Process			Statutory and Corporate Complaints Officer – Kevin Roberts/ Monitoring Officer – (Ann Lloyd –Line manager)
20 Sept 2023					
	1	Issues Referred by Scrutiny Committees (if any)	To receive and issues raised at Scrutiny		Rhian Evans/ Karen Evans – Scrutiny Co-ordinator
	2	Recent External Regulatory Reports Received (if any)	To consider any reports received		Nicola Kneale – Interim Head of Service Business Improvement & Modernisation - Strategic Planning Team Manager

Meeting	Item (description / title)		Purpose of report	Decision required (yes/no)	Author – contact officer
	3	Forward Work Programme			Democratic Services
		Reports			
	5	Annual Corporate Health and Safety report	To consider the Health & Safety management within DCC during 2021-2022.		Corporate Health and Safety Manager – Gerry Lapington
	6	Fire Safety Report	To receive the annual report on the Fire Safety programme and performance.		Fire Safety Manager – Dawn Jones
	7	Approval of the Statement of Accounts 2021/22	To receive the audited accounts	Yes	Head of Finance – Steve Gadd
	8	Audit of Accounts Report 2021-22			Head of Finance – Steve Gadd
	9	Draft Statement of Accounts 2022/23			Head of Finance – Steve Gadd
22 Nov 2023					
	1	Issues Referred by Scrutiny Committees (if any)	To receive and issues raised at Scrutiny		Rhian Evans/ Karen Evans – Scrutiny Co-ordinator
	2	Recent External Regulatory Reports Received (if any)	To consider any reports received		Nicola Kneale – Interim Head of Service Business Improvement & Modernisation - Strategic Planning Team Manager

Meeting	Item (description / title)		Purpose of report	Decision required (yes/no)	Author – contact officer
	3	Internal Audit Update	To update committee on Internal Audit's latest progress		Internal Auditor
	4	Forward Work Programme			Democratic Services
		Reports			
	5	Budget Process Update			Head of Finance – Steve Gadd
	6	Corporate Risk Register: September 2023 Review	Review the risks facing the council and our risk appetite statement.		Iolo McGregor/Heidi Barton-Price

FUTURE ITEMS			
	1	Updates of Commissioning of older peoples care home placements.	Nicola Stubbins – To present to committee when an update is available.
	2	Net Carbon Zero	Helen Vaughan-Evans
	3	Internal Audit – Follow up report – Exceptions and Exemptions	Chief Internal Auditor to update members following the Internal Audit report
	4	Capital Projects -Contingency Report	Head of Finance – Steve Gadd

NB The exact date of publication of occasional reports by for example Wales Audit Office or Annual Reports by the Ombudsman are not presently known. They will be assigned a meeting date as soon as practicable.

Date Updated : 15/3/2023 SJ

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Denbighshire County Council

Outline Audit Plan 2023

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Audit year: 2022-2023

Date issued: March 2023



This document has been prepared as part of work performed in accordance with statutory functions. Further information can be found in our [Statement of Responsibilities](#).

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

Mae'r ddogfen hon hefyd ar gael yn Gymraeg.

About Audit Wales

Our aims:

Assure



the people of Wales
that public money is
well managed

Explain



how public money
is being used to
meet people's
needs

Inspire



and empower the
Welsh public sector
to improve

Our ambitions:



Fully exploit our
unique perspective,
expertise and
depth of insight



Strengthen our
position as an
authoritative,
trusted and
independent voice



Increase our
visibility,
influence and
relevance



Be a model
organisation for the
public sector in
Wales and beyond

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Appendix 1 – key changes to ISA315 and impact	10

Introduction

This Outline Audit Plan specifies my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice. It also sets out details of my audit team and key dates for delivering my audit team's activities and planned outputs. I intend sharing a Detailed Audit Plan later in the year following the completion of my planning work. It will set out my estimated audit fee and the work my team intends undertaking to address the audit risks identified and other key areas of audit focus during 2023.



Adrian Crompton
Auditor General for
Wales

My audit responsibilities

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I complete work each year to meet the following duties:

- I audit the Denbighshire County Council's financial statements to make sure that public money is being properly accounted for.
- Denbighshire County Council has to put in place arrangements to get value for money for the resources it uses, and I have to be satisfied that it has done this.
- Denbighshire County Council needs to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

Audit of financial statements

I am required to issue a certificate and report on your financial statements which includes an opinion on their 'truth and fairness' and an assessment as to whether the Narrative Report and Annual Governance Statement is prepared in line with the CIPFA Code and relevant guidance and is consistent with your financial statements and my knowledge of the Authority.

In addition to my responsibilities for auditing the Council's financial statements, I also have responsibility for:

- certifying a return to the Welsh Government which provides information about Denbighshire County Council to support preparation of Whole of Government Accounts;
- responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary);
- the audit of the Denbighshire County Council joint committee; and
- the certification of a number of grant claims and returns as agreed with the funding bodies.

I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to you in my Detailed Audit Plan.

I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#).

Performance audit work

I carry out a programme of performance audit work to discharge my duties as Auditor General in relation to value for money and sustainable development.

My local performance audit programme will continue to be delivered through a combination of an Assurance and Risk Assessment Project, bespoke local projects and thematic projects examining risks common to all councils.

Fees and audit team

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In January 2023, I published the [fee scheme](#) for the year, approved by the Senedd Finance Committee. This sets out my fee rates and also highlights the impact of the revised auditing standard ISA 315 on my financial audit approach. More details of the revised auditing standard and what it means for the audit I undertake are set out in **Appendix 1**.

I will provide an estimate of your fee in my Detailed Audit Plan in Summer 2023, following completion of my detailed risk assessment.

Your engagement team:

Matthew Edwards	Engagement Director and Audit Director
Mike Whiteley	Audit Manager (Financial Audit)
Carwyn Rees	Audit Manager (Performance Audit)
To be confirmed	Audit Lead (Financial Audit)
Gwilym Bury	Audit Lead (Performance Audit)

The only known threats to independence that I need to bring to your attention relate to Matthew Edwards, (the Engagement Director) and a team member, as both have a relative employed by the Council. As a result, they will not be involved in any work in relation to the relevant services and will only be permitted following a risk assessment.

Audit timeline

We set out below key dates for delivery of our audit work and planned outputs.

Planned output	Work undertaken	Report finalised
Outline Audit Plan 2023	February to March 2023	March 2023
Detailed Audit Plan 2023	March to July 2023	July 2023
Audit of financial statements work: <ul style="list-style-type: none"> • Audit of Financial Statements Report • Opinion on the Financial Statements. 	June to November 2023	November 2023
Performance audit work: <ul style="list-style-type: none"> • Assurance and Risk Assessment • Thematic review – commissioning and contract management • Thematic review – financial sustainability in local government • Welsh Housing Quality Standard 	Timescales for individual projects will be discussed with you and detailed within the specific project briefings produced for each audit.	

Audit quality

My commitment to audit quality in Audit Wales is absolute.

I believe that audit quality is about getting things right first-time.

We use a three lines of assurance model to demonstrate how we achieve this.

We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by QAD¹ and our Chair acts as a link to our Board on audit quality. For more information see our [Audit Quality Report 2022](#).



Our People

The first line of assurance is formed by our staff and management who are individually and collectively responsible for achieving the standards of audit quality to which we aspire.

- Selection of right team
- Use of specialists
- Supervisions and review



Arrangements for achieving audit quality

The second line of assurance is formed by the policies, tools, learning & development, guidance, and leadership we provide to our staff to support them in achieving those standards of audit quality.

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support



Independent assurance

The third line of assurance is formed by those activities that provide independent assurance over the effectiveness of the first two lines of assurance.

- EQCRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

¹ QAD is the Quality Assurance Department of ICAEW.

Appendix 1 – the key changes to ISA315 and the potential impact on your organisation

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Key change	Potential impact on your organisation
<p>More detailed and extensive risk identification and assessment procedures</p>	<p>Your finance team and others in your organisation may receive a greater number of enquiries from our audit teams at the planning stage of the audit. Requests for information may include:</p> <ul style="list-style-type: none"> • information on your organisation’s business model and how it integrates the use of information technology (IT); • information about your organisation’s risk assessment process and how your organisation monitors the system of internal control; • more detailed information on how transactions are initiated, recorded, processed, and reported. This may include access to supporting documentation such as policy and procedure manuals; and • more detailed discussions with your organisation to support the audit team’s assessment of inherent risk.
<p>Obtaining an enhanced understanding of your organisation’s environment, particularly in relation to IT</p>	<p>Your organisation may receive more enquiries to assist the audit team in understanding the IT environment. This may include information on:</p> <ul style="list-style-type: none"> • IT applications relevant to financial reporting; • the supporting IT infrastructure (eg the network, databases); • IT processes (eg managing program changes, IT operations); and • the IT personnel involved in the IT processes.

Key change	Potential impact on your organisation
	<p>Audit teams may need to test the general IT controls and this may require obtaining more detailed audit evidence on the operation of IT controls within your organisation.</p> <p>On some audits, our audit teams may involve IT audit specialists to assist with their work. Our IT auditors may need to engage with members of your IT team who have not previously been involved in the audit process.</p>
<p>Enhanced requirements relating to exercising professional scepticism</p>	<p>Our audit teams may make additional inquiries if they identify information which appears to contradict what they have already learned in the audit.</p>
<p>Risk assessments are scalable depending on the nature and complexity of the audited body</p>	<p>The audit team's expectations regarding the formality of your organisation's policies, procedures, processes, and systems will depend on the complexity of your organisation.</p>
<p>Audit teams may make greater use of technology in the performance of their audit</p>	<p>Our audit teams may make use of automated tools and techniques such as data analytics when performing their audit. Our teams may request different information or information in a different format from previous audits so that they can perform their audit procedures.</p>

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