

# Internal Audit Update

**March 2022**

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## Internal Audit Reports Recently Issued

Since the last Internal Audit Update report in July 2021, Internal Audit has completed:

- five reviews and a full copy of each report has been circulated to members of the committee.
- one follow-up review of a low assurance audit has also been completed with a reassessed assurance rating awarded based on the level of progress made with implementing the agreed action plan.

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 |
|---|-----------------|-----------------|--------------|-----------------|
| Governance & Decision Making                        | Medium ●        | 0               | 0            | 4               |
| Rhyl High School                                    | High ●          | 0               | 0            | 2               |
| Ysgol Llanfair Dyffryn Clwyd                        | High ●          | 0               | 0            | 1               |
| Additional Learning Needs (ALN) Code Implementation | High ●          | 0               | 0            | 0               |
| Housing Repairs & Maintenance                       | Medium ●        | 0               | 1            | 3               |
| Accommodation Provision for the Homeless follow up* | Low ●           | N/a             | N/a          | N/a             |

\* 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.

## Governance & Decision Making – February 2022

Medium Assurance ●

Number of Risk Issues: 4 Moderate ●

This review of the council decision making structure and process considered transparency and scrutiny of delegated decisions by lead members and chief officers. It also reviewed decision making during the Covid-19 pandemic and emergency response phase.

While broadly the existing governance arrangements work well, there could be an opportunity to learn from the Covid-19 pandemic to balance quicker decision making while maintaining transparency and accountability. This could be through reviewing the current governance structure, or the templates or reports supplied to democratic meetings.

Roles and responsibilities could also be clearer. The fundamental measures are in place such as documented guidance within the recently updated Constitution and other procedures. However, there is still a general lack of awareness particularly in relation to the Chief Officer delegated decision process, and maintaining a department delegations list.

While the Constitution follows the model adopted by other Welsh local authorities, it is a lengthy document with decision making responsibilities being difficult to locate within it. Reviewing guidance provided and existing terms of reference, or putting in place terms of reference where they do not exist, e.g. SLT, will help to strengthen arrangements.

Sample testing of delegated decisions made by lead members was positive overall. While the decision is published on the website, there is not a robust mechanism to provide supporting evidence of the process. Chief Officer delegated decisions could not be tested as there is not a clear audit trail. This makes it difficult for members to effectively scrutinise these decisions and 'call in' if required.

Reviewing a sample of Cabinet meetings identified that these were well attended, members received sufficient information to aid decision making, and minutes were sufficiently detailed. A decision record was maintained to comply with the Constitution. However, there needs to be better planning by services for formal meetings with elected members.

Scrutiny Committees have a role in effectively scrutinising key decisions made by the council, and there is a good process where Scrutiny Chairs and Vice-Chairs Group (SCVCG) review requests for items to be scrutinised against agreed criteria. While Scrutiny Committees' work programmes have not decreased, scrutiny requests have reduced during the past two years, and there needs to be careful monitoring to ensure that scrutiny are identifying the appropriate items for scrutiny and effectively challenging them. The number of requests submitted during the last year (2020/21) will have been impacted by the Covid-19 pandemic.

During the Covid-19 pandemic emergency response phase (April-July 2020), legislation at the time did not allow remote democratic meetings. Decision making was deferred unless required urgently, and therefore only two key decisions were made by the Leader, and we were advised that Cabinet members were consulted informally prior to the decision being taken. While positive results were obtained from our testing, the recording of decisions is held on IBM Notes where access is restricted so cannot easily be scrutinised.

Feedback from the sample of heads of services and lead members that we contacted were positive overall on decision making within the council, offering examples of both good practice and where lessons can be learnt. It was clear from discussion that there is a good level of engagement with members both informally and more formally. We note that Audit Wales highlighted in 2018 the limited capacity within the scrutiny function, and the impact of the pandemic amongst other issues, has further stretched the resources within Democratic Services. This may limit their ability to carry out improvements, although a business case for additional resources was being pursued at the time of our review.

## Rhyl High School – December 2021

High Assurance ●

Number of Risk Issues:

2 Moderate ●

Since the pandemic, the school's governing body's priority is to ensure the school remains safe for staff and pupils. 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, completed DBS

checks, annual declarations of interests completed and statutory committees all have up-to-date terms of references. Furthermore, the governing body has performed regular skills analysis exercises to identify training and development needs. However, not all governors have completed the mandatory training.

The school is in the process of recruiting for four governor vacancies as well as the clerk to the governors. The governing body has experienced difficulty in recruiting a clerk due to the salary and the level of responsibility involved, which is an issue for a number of schools in the county.

Governing body meetings are now held virtually, which has proven successful as attendance has improved. All the supporting documents, including agendas and minutes, are made available to governors in advance of meetings. 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 forecasting a surplus balance until 2023-24.

All statutory policies are reviewed annually and are accessible to staff and governors in electronic and paper format. However, not all reviewed policies have been updated on the school's website.

The school's focus has predominantly been on reviewing and monitoring Covid-19 risks to ensure compliance with Welsh Government guidelines and maintaining the safety of those attending the school. Consequently, this has limited capacity to monitor the school development plan. The governing body plans to reintroduce regular reviews of the school development plan from January 2022, which will now be a two-year plan rather than a three-year plan as set out previously.

Financial controls are effective for monitoring of income and expenditure. The school uses corporate IT systems and there is appropriate separation of duty in place and regular reconciliations being performed. School fund certificates are audited annually and are up to date.

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 camera installed, regular fire drills performed, and all 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. An agreement is in place between the school and Fleet Services, who perform regular safety checks of the school vehicle and arrange for appropriate vehicle insurance and road tax.

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.

## Ysgol Llanfair Dyffryn Clwyd – January 2022

High Assurance ●

Number of Risk Issues:

1 Moderate ●

Our review identified effective controls in place for the governing body, with good record keeping i.e. detailed minutes and supporting paperwork, annual declarations of interests completed and statutory committees have up-to-date terms of references. The governing body are arranging a Disclosure and Barring Service (DBS) check for the clerk to ensure everyone has a DBS in place. Although the governing body perform informal skills set analysis, a formal record is beneficial in recording any areas where further training and development is required.

The chair and the clerk have completed appropriate training for their roles; however, not all governors have completed the mandatory training.

Governing body meetings are now held virtually, which has proven successful. All supporting documents, including agendas and minutes are accessible in advance of meetings on SharePoint for governors. The school has continued to review the School Development Plan. Regular monitoring of the budget is performed; including annual

reviews of financial limits, staffing costs and the school's financial position. The school's financial position has changed from having a deficit to a surplus balance as a result of additional grants received from Welsh Government due to Covid-19. The school is working with the School Funding Team to monitor the budget and prevent a future deficit balance.

All statutory policies are reviewed annually and accessible to staff and governors in electronic and paper format and available to parents on the school's website. Financial controls are effective for monitoring of income and expenditure. The school uses corporate systems for processing income, purchasing and invoicing including purchasing card and petty cash transactions. There is appropriate separation of duty in place and regular reconciliations being performed. School fund certificates are audited annually and are up to date.

There are good security controls in place at the school, including CCTV camera installed, regular fire drills performed, and all 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.

## **Additional Learning Needs (ALN) Implementation – February 2022**

High Assurance ●

Number of Risk Issues:

0

This was an early-stage review to provide assurance that the Council is effectively implementing the Code and statutory guidance in line with the Additional Learning Needs and



Education Tribunal (ALNET) (Wales) Act 2018. The scope covered: roles and responsibilities, program delivery, training and engagement, systems and record-keeping and funding.

At the time of our review, the ALN service was at an early stage in implementing a new system as part of the new Act. It was evident that the Service has been proactive in preparing for implementation in September 2021, and continues to put in place measures to comply with the Act. Due to the delay with the roll-out of clear guidance nationally, the Service has endeavoured to ensure that it complies with the Act through regular engagement with Legal and documenting the rationale and information available at the time for key decisions taken. An action plan has been developed to monitor performance across the various workstreams, which is regularly monitored within the Service.

Dedicated resources are in place within the Service, and there are designated leads for each workstream, e.g. Pupil Referral Unit, Looked After Children, etc. Local authorities are working regionally with the aim of adopting a consistent approach to ALN, and the Service has been engaged as part of this process and with the relevant delivery partners such as the Designated Education Clinical Lead Officer (DECLO), responsible for co-ordinating the local health board's functions in relation to children and young people with ALN.

The Council and schools have been supported by the ALN Regional Transformation Lead for North Wales who has provided self-assessments to prepare for implementation along with advice and templates. She acts as a conduit between WG and local authorities and other delivery partners. Training and engagement with schools has been extensive, and schools have been collaboratively working in clusters to prepare for the Act. There has also been engagement with elected members on progress at Performance Scrutiny Committee in June 2021 with a further update due to be provided in Spring 2022.

A feasibility study was undertaken at an early stage, which confirmed that a new record-keeping system would need to be procured to comply with the Act and be Welsh Language compliant. The system was jointly tendered with three other North Wales councils with ICT and procurement having significant involvement. While we were able to locate a signed copy of the contract with the system provider, it is not retained on the Proactis procurement system (corporate contract register). An issue has been previously raised in our Contract Management review to address this corporately.

The ALN Regional Transformation Grant is the main funding stream provided by WG to assist with implementation of the Act by both the Council and schools. Action plans have been developed and approved by the ALN Regional Transformation Team and WG and are reviewed before funding is provided.

Our review did highlight some measures that need to be developed or clarified further, e.g. ALN strategy, provision mapping, data retention periods, etc., which have been discussed with the relevant officers. We recognise that the Service has been working under some pressure to deliver current priorities, and it is aware of the further work required. While we carried out our review at an early stage of implementation, the Service is progressing well and, therefore, we provide a High Assurance rating.

## Housing Repairs & Maintenance – March 2022

Medium Assurance ●                      Number of Risk Issues:    1 Major ●    3 Moderate ●

The repairs and maintenance team has responded well to the challenges it has faced over the last eighteen months. The Covid-19 pandemic resulted in the suspension of non-emergency repair work during the first two lockdown periods. The service took proactive steps to ensure tenants were kept informed of the Covid-19 recovery phases and implemented revised guidance for operatives and call centre staff including detailed procedural controls and guidance for the categorisation of repairs and associated response times. The most recent Survey of Tenants and Residents (STAR survey) conducted in December 2020, during the third lockdown, presents a mixed view of the repairs and maintenance service. While overall satisfaction ratings declined from the 2019 survey (89% to 71%), individual satisfaction scores of 90% and 81% were given to “attitude of staff” and “quality of repair” respectively. This year’s STAR survey is underway.

There were a number of examples of good practice found including:

- The proactive revision of procedural guidance during the Covid pandemic;
- The implementation of additional controls to address the deficiencies with OH;
- Counter fraud controls restricting user access to amend tenant accounts.

- Where issues were identified during our review, the service was already aware and considering or taking action to address them.

The implementation of the Open Housing system (OH) for repairs and maintenance has proved to be extremely challenging. Functionality has not met expectations and its implementation has not delivered the outcomes originally sought. Inaccurate and unreliable data, caused by both system and user error have resulted in significant officer time being diverted to correcting and devising alternative controls to provide accurate information.

The broader strategic aim of modernising the service and delivering efficiencies has not been fully met. The outstanding resolution of the current nine-day fortnight working pattern for operatives has impeded the modernisation of the service, specifically reducing reliance on contractors for responsive and void repairs.

The magnitude, and often specialist nature, of the void work done by external contractors necessitates longer completion time. However, sample testing indicated that contractors were frequently taking longer than targeted to complete repairs.

Compliance with the Contract Procurement Rules is essential. This issue was raised in a recent Internal Audit review of Exceptions and Variations from the CPRs. It is important that the service can demonstrate robust benchmarking in its procurement decision making. In particular, the impending expiry of a large service contract, with the same contractor since 2013, will require a rigorous and transparent assessment of both value for money and quality of service.

Currently, there is no formal inspection process to ensure repairs are carried out safely and to the expected standard. This also applies to repairs and/or alterations which tenants carry out themselves. The latter posing a greater potential risk particularly given restricted access to properties during the Covid-19 pandemic.

The tenant's handbook currently sets out the repairs for which the tenant will be charged. However, these recharges are not being actively pursued. Similarly, there is no process for charging former tenants for repair work done as a result of damage or clearance required

at the end of the tenancy. To date, there has been no assessment of potential lost revenue from rechargeable repairs.

We are providing a medium assurance opinion. However, given that we raise a major risk issue in relation to the OH system, we plan to conduct a follow up review to assess the extent of progress with OH and the results of the current Survey of Tenants and Residents (STAR survey).

## Accommodation Provision for the Homeless Follow Up – November 2021

|                 |                            |                             |
|-----------------|----------------------------|-----------------------------|
| Low Assurance ● | Actions fully implemented: | 6 (4 Major and 2 Moderate)  |
|                 | Actions outstanding:       | 10 (6 Major and 4 Moderate) |
|                 | Actions not yet due:       | 2 (2 Moderate)              |

At the Governance & Audit Committee meeting in January 2021, members referred the follow-up of agreed actions arising from the 'Accommodation Provision for the Homeless' report to Partnership Scrutiny Committee. An update was presented to Partnership Scrutiny committee on 16 December 2021 and its members requested a further update to monitor progress in completing the action plan. This summary is provided to Governance & Audit Committee for information purposes.

The original review of 'Accommodation Provision for the Homeless' was completed in March 2020 giving a low assurance rating because of the number of risks/issues raised.

The council is taking a more strategic and corporate approach to homelessness. A number of departments are involved in this, and relevant heads of service and the Chief Executive attend a cross-service management team. There is also the Strategic Housing and Homelessness Group (SHHG) attended by the relevant heads of service and several Cabinet lead members.

Strategically, good progress is being made with improved corporate steer enabling better engagement amongst services to help those impacted by homelessness. The co-ordinated approach by the cross-service management team is pursuing alternative options to minimise the use of emergency and temporary accommodation. This includes accessing

Welsh Government funding to purchase a property to provide emergency family accommodation. Some of these additional in-house accommodation solutions will take time to deliver, various other options are also being pursued in consultation with elected members.

Operationally, the Homelessness Prevention Service is mainly responsible with Community Housing responsible for managing the leased accommodation.

The demand for emergency and temporary accommodation has since increased due to the impact of the Covid-19 pandemic, particularly with single under-35 year olds. Consequently, this has increased workload and service demands on the Homelessness Prevention Service, and staff vacancies continue to have an impact. Another staffing restructure has been implemented, this time to comply with WG's rapid rehousing model, to provide an early prevention and holistic approach through a multi-disciplinary team. Several new members of staff have received training although a number of existing vacancies remain and has affected continuity.

Sample testing shows some improvements in record-keeping, however, diary notes are not always kept up-to-date, and housing plans are not always in place. There is limited documented guidance, and while some quality assurance checks were initially put in place, these have now stopped since the administrator has left their post. Due to the additional demands on the service and increased caseloads, independent caseload reviews have not been possible as yet.

Management of the responsibility for leased accommodation has transferred to Community Housing, and the service level agreement was being finalised at the conclusion of our review. An accommodation officer has recently been recruited to fill a vacant post resulting from the restructure. They will be responsible for carrying out checks to ensure that the correct documentation is in place, e.g. gas and electrical safety certificates, etc.

Following our review, the low assurance rating remains for now as there has yet to be sufficient progress with some of the actions resulting from major risks/issues.

## Progress in Delivering the Internal Audit Assurance

The reporting lines for the Internal Audit team have temporarily changed due to imminent retirement of the Head of Business Improvement & Modernisation at the end of March 2022. The role of the Head of Business Improvement & Modernisation has been divided in two to be managed by two existing managers from the service as Section Heads. Nicola Kneale has been appointed as the Section Head with responsibility for the improvement team, community development, programme office, internal audit, climate change programme and street naming and numbering. Interim leadership to the two Section Heads will be provided by Liz Grieve, Head of Customers & Marketing, acting as the link with Senior Leadership Team (SLT) and Corporate Executive Team (CET).

This arrangement is for the interim period while the Chief Executive undertakes a wider restructure of the Senior Leader Team, which is due to be completed by the Autumn 2022. The Internal Audit Charter will be updated to reflect the change in reporting lines, which will be presented to the Governance & Audit Committee at its next meeting in June 2022 along with the Audit Strategy 2022-23.

The Internal Audit service continues to carry one vacancy; however, a new Principal Auditor position has been created to replace one of the Senior Auditor posts to provide support to the Chief Internal Auditor and undertake day-to-day operational oversight and steer of the team. This new role also acts as a deputy to the Chief Internal Auditor in the event of her absence. As to avoid the risk of a redundancy situation, expressions of interest were sought from the existing team and one of our Senior Auditors, Bob Chowdhury, has been appointed to the role. He will re-join the team at the start of April 2022 after working nearly two years leading the Test, Trace & Protect Team.

After nearly five years in the role, the Chief Internal Auditor will be leaving the Council on the 4 April 2022. Meetings with the Principal Auditor, as her deputy, and new Section Head have been arranged before her departure to ensure continuity of service until a replacement CIA is appointed. Once the role is filled, the Internal Audit team will be back to full complement.

Due to the vacancy during the year, the Internal Audit service has prioritised its audits to focus on areas of greater priority. A majority of the Audit Plan 2021-22 has either been completed or is underway. 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 2021/22.

Based on the current trajectory, 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 e.g. Audit Wales, to enable the Internal Audit Annual Report 2021-22 to provide assurance without any limitations.

Audits due to commence shortly include:

- Commercial Waste
- Families First
- Community Safety Partnership
- Health & Wellbeing

# Internal Audit Update – March 2022

| Area of work   | Current status     | Assurance level | Critical issues | Major issues | Moderate issues | Comment                                    |
|--|--------------------|-----------------|-----------------|--------------|-----------------|--|
| AONB Grant 2020/21   | Complete           | High ●          | 0               | 0            | 1               | Annual accounts audit                      |
| Deprivation of Liberty Safeguards                                    | Not yet started    | -               | -               | -            | -               | 2021-22. Welsh Government guidance delayed |
| Pupil Improvement Grant  | No longer required | -               | -               | -            | -               | Grant certification by the S151 Officer.   |
| Recruitment & Retention  | Complete           | High ●          | 0               | 0            | 2               |  |
| School Audit: Ysgol Bro Cinmeirch                                    | Complete           | Medium ●        | 0               | 0            | 5               |  |
| Housing Support Grant 2020-21  | Complete           | High ●          | 0               | 0            | 0               |  |
| Project Management: SC2  | Complete           | Medium ●        |                 | 1            | 2               |  |
| Rhuddlan Town Council 2020-21  | Complete           | N/a             | N/a             | N/a          | N/a             | External fee earning work                  |
| National Fraud Initiative  | Ongoing            | N/a             | N/a             | N/a          | N/a             | 2020-21 exercise                           |
| Revenues & Benefits 2020/21  | Complete           | High ●          | 0               | 0            | 0               |  |
| Capital Management   | Complete           | Medium ●        | 0               | 0            | 3               |  |
| Treasury Management  | Complete           | Medium ●        | 0               | 0            | 3               |  |
| Financial Services 2020/21:<br>- Accounts Payable<br>- Payroll       | Complete           | High ●          | 0               | 0            | 1               |  |
| Community Living Schemes   | Complete           | Medium ●        | 0               | 0            | 3               |  |
| Data Protection & Freedom of Information                             | Complete           | Medium ●        | 0               | 0            | 3               |  |
| Governance & Contract Arrangements with Denbighshire Leisure Limited | Complete           | Medium ●        | 0               | 1            | 1               |  |



# Internal Audit Update – March 2022

| Area of work   | Current status | Assurance level | Critical issues | Major issues | Moderate issues | Comment   |
|--|----------------|-----------------|-----------------|--------------|-----------------|---|
| ICT Capacity & Resilience                                      | Complete       | Medium ●        | 0               | 0            | 4               |   |
| Risk Management  | Complete       | High ●          | 0               | 0            | 5               |   |
| Governance – Decision Making                                   | Complete       | Medium ●        | -               | -            | -               |   |
| Exemptions, Exceptions & Variations from CPRs                  | Complete       | Low ●           | 0               | 4            | 0               |   |
| Housing Rent Arrears   | Complete       | High ●          | 0               | 0            | 1               |   |
| Housing Repairs & Maintenance                                  | Complete       | Medium ●        | -               | -            | -               |   |
| Equalities   | Draft          | -               | -               | -            | -               |   |
| Rhyl High School   | Complete       | High ●          | -               | -            | -               |   |
| Ysgol Brynhyfryd   | Draft          | -               | -               | -            | -               |   |
| Additional Learning Needs (ALN) Code Implementation            | Complete       | High ●          | 0               | 0            | 0               |   |
| Financial Services 2021-22                                     | Fieldwork      | -               | -               | -            | -               |   |
| Revenues & Benefits 2021-22                                    | Draft          | -               | -               | -            | -               |   |
| Cefndy Healthcare  | Not started    | -               | -               | -            | -               | Deferred to Q1 2022/23                                |
| Highways Improvements  | Scoping        | -               | -               | -            | -               |   |
| Health & Wellbeing   | Scoping        | -               | -               | -            | -               |   |
| Commercial Waste   | Scoping        | -               | -               | -            | -               |   |
| Families First   | Scoping        | -               | -               | -            | -               | Review of grant to replace review of Adoption Service |
| Community Safety Partnership                                   | Scoping        | -               | -               | -            | -               |   |
| Direct Payments for Children 1st follow up                     | Complete       | Medium ●        | -               | -            | -               |   |
| Project Management: Queen's Building 1 <sup>st</sup> follow up | Complete       | Medium ●        | -               | -            | -               |   |

# Internal Audit Update – March 2022

| Area of work  | Current status | Assurance level | Critical issues | Major issues | Moderate issues | Comment                               |
|---|----------------|-----------------|-----------------|--------------|-----------------|---------------------------------------|
| Contract Management 1 <sup>st</sup> Follow Up   | Complete       | Low ●           | -               | -            | -               |                                       |
| Contract Management 2 <sup>nd</sup> Follow Up   | Complete       | Low ●           | -               | -            | -               |                                       |
| Support Budgets & Direct Payments: Adults 1 <sup>st</sup> Follow Up   | Complete       | Medium ●        | -               | -            | -               |                                       |
| Support Budgets & Direct Payments: Adults 2 <sup>nd</sup> Follow Up   | Fieldwork      | -               | -               | -            | -               |                                       |
| Provision of Homeless Accommodation 1 <sup>st</sup> Follow Up   | Complete       | Low ●           | -               | -            | -               | Partnership Scrutiny in December 2021 |
| Housing Tenancy 2 <sup>nd</sup> Follow Up   | Complete       | Medium ●        | -               | -            | -               |                                       |
| PCI-DSS 2 <sup>nd</sup> Follow Up   | Complete       | Medium ●        | -               | -            | -               |                                       |
| General Fraud Enquiries   | Ongoing        | N/a             | N/a             | N/a          | N/a             |                                       |
| 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             |                                       |
| Corporate Governance Framework  | Ongoing        | N/a             | N/a             | N/a          | N/a             |                                       |
| Corporate Working Groups  | Ongoing        | N/a             | N/a             | N/a          | N/a             |                                       |
| Consultancy & Corporate Areas<br>- UK Community Renewal Fund<br>- GAC Lay Member vacancies<br>- Counter Fraud Strategy & Plan | Ongoing        | N/a             | N/a             | N/a          | N/a             |                                       |
| Team Meetings /1:1s   | Ongoing        | N/a             | N/a             | N/a          | N/a             |                                       |
| Management  | Ongoing        | N/a             | N/a             | N/a          | N/a             |                                       |
| Training & Development  | Ongoing        | N/a             | N/a             | N/a          | N/a             |                                       |

A few audits included in the Audit Plan 2021-22 are no longer required as alternative assurances are available which internal audit can use or other key factors have arisen which require the review to be put on hold temporarily:

- Wellbeing Impact Assessments - reviewed by Audit Wales as part of its national studies programme. Also, coverage in Internal Audit of Equalities.
- Workforce Planning – reviewed by Audit Wales as part of Springing Forward performance audit
- Property Management - reviewed by Audit Wales as part of Springing Forward performance audit
- Liberty Safeguards – national review by CIW & HIW. New Liberty Protection Safeguards (LPS) legislation will be replacing DoLS, these changes have been postponed to April 2022. Include in 2022-23 Audit Strategy.
- Adoption Service – on hold due to coordinating the review with Wrexham CBC Internal Audit Services as the host authority for North Wales Adoption Service.

## 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 and setting up of the Levelling Up Fund processes.
2. National Fraud Initiative (NFI) update - Data matches for the 2020-21 exercise. Internal Audit plans has reviewed the additional Covid-19 related business rates grants data matches as part of the Revenues & Benefits audit. No fraudulent matches were found; however, the service's own checking measures have identified potential fraudulent which they were able to mitigate.
3. 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 will 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 is being drafted for schools with training being arranged in conjunction with Education Support.
6. Alerts from the National Anti-Fraud Network (NAFN) reviewed with the relevant service and response taken accordingly.
7. Responding to Whistleblowing concerns which involve allegations of potential fraud. This involved an investigation to concerns raised by an employee and concluded that no fraud had taken place.
8. Attending the newly formed 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>
9. Senior Auditor has passed the CIPFA Accredited Counter Fraud Specialist training.

## Referrals 2021/22

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 2021/22: all three investigations have been concluded. The outcome the investigations involved disciplinary action, one employee dismissed, and recommendations for internal controls to be put in place or strengthened.

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 2021/22.

| 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 | 5.7 days            |
| Issue final report within 5 days after agreeing the draft report and action plan | Average days less than 5  | 3.8 day             |
| Percentage of audit agreed actions that have been implemented by services        | 75%                       | 53%                 |

The audit agreed actions that have been implemented figure is lower than expected at this time of year as certain services continue to prioritise resources on responding to the pandemic and other pressures.

Internal Audit are prioritising the completion of assurance work and continue to follow up previous reviews awarded a low assurance to ensure that necessary improvements are being made. While many actions are taking longer to resolve than originally envisaged by services, we are satisfied that progress is still being made to implement the requisite change.

## 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.  |