

# **Internal Audit Annual Report 2021-22**

# Internal Audit Annual Report 2021-22

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## **Introduction and background**

This report outlines the internal audit work that Internal Audit has been carried out for the financial year 1 April 2021 to 31 March 2022.

The Accounts and Audit (Wales) Regulations 2014 require the review of governance arrangements to be reported within the authority, in the Council's case the Governance & Audit Committee, and externally with the published accounts of the authority. The Annual Governance Statement (AGS) is an annual review of the systems of internal control and gathers assurance from various sources to support it. Internal Audit is a key contributor and the Chief Internal Auditor (CIA) should provide a written annual report to those charged with governance to support the AGS.

The Public Sector Internal Audit Standards (PSIAS) require the 'chief audit executive', in the Council's case the Chief Internal Auditor (CIA), to deliver an annual internal audit opinion and report that the organisation can use to inform its Annual Governance Statement.

This is achieved through a risk-based plan of work, agreed with management and the Governance & Audit Committee. The opinion does not imply that Internal Audit has reviewed all risks relating to the Council.

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## Internal Audit Opinion 2021-22

The CIA has based his 2021-22 opinion on the following:

1. The scope and outcome of Internal Audit's work during the year;
2. Any follow up action taken in respect of audits from previous periods;
3. Internal Audit report opinions and assurance ratings;
4. The issues and risks that Internal Audit has raised during the year;
5. The effectiveness of management's response to the issues and risks that Internal Audit has raised;
6. Assurances received from external regulators and other sources;
7. The outcome of the Council's review of its Corporate Governance Framework and governance arrangements 2021-22.

This year's annual opinion needs to consider a number of key factors: The coronavirus pandemic has again disrupted the delivery of the Internal Audit Plan for 2021-22, prompting a refocusing of the plan on areas of greatest priority to the council which can be delivered within the resources available to Internal Audit.

The last year has seen internal audit assignments disrupted again as services directed resources to attend to the crisis and ensured that vital services could be delivered. During this time, Internal Audit focused on providing advice and support and one member of staff was redeployed to directly support Denbighshire County Council's TTP service. Internal Audit has been able to remotely, carry out audits from 1<sup>st</sup> April 2021, but this has come with new challenges.

My opinion is largely based on the completion of the risk based internal plan, see Appendix 1 for a list of audit results and assurance ratings definitions. Two audit during the year received 'Low' assurance, the others being awarded 'High' or 'Medium' Assurance ratings. Where significant issues have been identified, overall these have been appropriately addressed, which confirms that management is responsive to our work.

Internal Audit has completed three items of advisory work during the year which demonstrates that management is willing to engage with Internal Audit to establish good risk and control environments. Although an assurance rating is not given for this work, the

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outcome is used to inform our overall opinion on the adequacy of governance, risk management and control arrangements.

Our work has highlighted some areas of weakness in management of risks and/or controls which may put achievement of objectives at risk. Improvements are required to address such areas so that the framework of governance, risk management and control is adequate.

For the purpose of this Annual Report, sufficient audit work was carried out, including the assignments that have been concluded but not yet finalised, which has enabled me to form the Annual Internal Audit Opinion for 2021/22. In reaching my opinion, I have considered the balance of the results of our audit work against this environment and concluded that the major risk issues and low assurance opinions are not significant in aggregate to the system of internal control. When considering the balance of audit work carried out in 2021/22 and the assurance ratings given, regard is also placed on the response from senior management. Internal Audit has not reviewed all risks and assurances relating to Denbighshire County Council and, therefore, I cannot provide absolute assurance on the internal control environment.

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## Summary of audit work 2021/22

The Internal Audit Strategy is produced to concentrate on key risks facing the Council. The Internal Audit Strategy 2021-22 was agreed with the Governance & Audit Committee on the 28 April 2021 and it has been updated throughout the year to ensure that Internal Audit focuses its resources in areas of greatest priority and risk at the time and provides assurance in the areas where it is most needed. Progress and changes are reported to the Governance & Audit Committee as part of the Internal Audit Update Report.

The Schedule in Appendix 1 contains a list of all audits agreed in the Audit Strategy 2021/22 and the final outturn for the financial year. The table below shows a summary of the audit opinions provided during the year, categorised as follows:

Assurance Rating	2017-18	2018-19	2019-20	2020-21	2021-22
High Assurance ●	14	8	12	5	8
Medium Assurance ●	13	17	9	10	14
Low Assurance ●	4	5	7	1	2
No Assurance ●	0	0	0	0	0
Advisory ●	0	2	4	6	2
	31	30	32	22	26

The majority of assurance opinions were either 'high' or 'medium' this year (92.3%).

All low assurance reviews are reported to the Governance & Audit Committee with a representative from the service attending to confirm that the agreed improvements will be implemented and responding to any challenge from members. The two low assurance reports that featured in 2021-22 Internal Audit Annual Opinion were reported to Governance & Audit Committee during the financial year.

The first was a follow up report and after the 2<sup>nd</sup> follow up, the status has been changed to a medium assurance rating. The second review has not been followed up as the service is currently being restructured and after discussion with the Head of Service (HoS), it has been agreed to roll this follow up into quarter 2 in 2022/23.

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Projects which are at draft stage but are yet to be finalised are listed in Appendix 1. There are two assurance reports with a provisional assurance rating of medium or high.

Additionally, 18 audits from the Audit Strategy 2021-22 were either cancelled or deferred to 2022-23 (shown in Appendix 1). This was due to the reduced capacity of the Internal Audit team during the year, but also the focus of internal audit activity on changing priorities such as Covid-19 grants.

As in previous years, there were no reports with 'No Assurance' rating issued during the year.

The Internal Audit Opinion considers the number of no and low assurance reports, particularly the issues raised and the overall impact on the control environment. Where no or low assurance review have been followed up during the year, consideration is given to the management response and progress made with implementing the agreed action plan.

The last year has seen no Government enforced lockdown, and there were no known impairments or restrictions to internal audit's scope affecting the projects undertaken during the year. Internal Audit has worked remotely during the last year and the team are now fully adjusted to the new way of working. Unfortunately, there have been instances where site visits could not be carried out, and this has meant some testing could not be carried out as conventionally it would have been. Where this is the case, the scope limitation is made clear in the internal audit report.



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## Counter fraud summary

Counter-fraud arrangements are vital to the Council with the aim of protecting public funds and accountability. The responsibility for managing the risk of fraud lies with management; however, Internal Audit is involved in evaluating the risk of fraud and the manner in which it is managed by the council.

## National Fraud Initiative (NFI)

Work on the 2020/21 exercise has been completed and the table below summarises the main results achieved in recent exercises:

NFI Results	2016/17	2018/19	2020/21
Housing Benefit	£17,663	£24,989	£12,830
VAT	£85	-	-
Council Tax Single Persons Discount	£9,771	£665,027	£18,307
Council Tax rising 18s	£964	£3,039	£9,913
Council Tax Reduction Scheme	£3,302	£8,118	£74,289
<b>Total</b>	<b>£31,784</b>	<b>£701,173</b>	<b>£115,339</b>

Over the years the number of Housing Benefit (HB) matches have reduced significantly due to the roll out of Universal Credit and the number of Council Tax Reduction (CTR) have increased, which has resulted in the Council processing far more CTR matches this time resulting in a higher percentage of overpayments being recorded against the CTR matches.

## Irregularities

During the 2021/22 financial year, Internal Audit has been informed of two allegations of fraud. Internal Audit carried out, or assisted with two investigations. A summary of the outcomes is shown in the table below. One allegation of fraud has resulted in a dismissal

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and the second is showing as no further action, but in both cases suggestions for improvements to existing controls were made.

Outcome of Investigations	2021/22
Dismissal / contract terminations	1
Resignations accepted after investigation	0
Written warnings issued	0
No further action	1
Investigations pending outcomes	0
Prosecutions	0

## Proactive exercises

The Internal Audit team has undertaken proactive exercises which were included in the Internal Audit Strategy. This includes reviewing direct payments and the Covid related grants which the Council administered on behalf of Welsh Government e.g. Business Rates Grants, Discretionary Business Support Grants, Social Care Bonus Payments. Outcomes and updates are regularly reported to Governance & Audit Committee as part of the Internal Audit Update Report.

## Other counter fraud activity

A revised Strategy for the Prevention and Detection of Fraud, Corruption & Bribery has been drafted to align with the Fighting Fraud and Corruption Locally Strategy for Local Government. The Fraud Response Plan has also been updated as part of this exercise and was presented/approved at the Governance & Audit Committee in July 2021.

Audit Wales performed a review of Local Government's fraud arrangements for the Public Accounts Committee, and a separate review of the council's local arrangements. The latter concluded that the council has good arrangements in place and recommended areas for improvements. During the last year the Counter Fraud Strategy has been revised and taken to Governance and Audit Committee in July 2021 and approved by Cabinet Committee in September 2021. A Senior Auditor has been awarded the accredited counter

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fraud investigator qualification, but unfortunately the case management system to track fraud has not been set up.

## Added value

In addition to providing risk-rated assurance reports, Internal Audit has strived to add value wherever possible i.e. going beyond the standard expected and providing something “more” without any added costs.

## Corporate Governance Working Group

Internal Audit is a lead participant in the Corporate Governance Working Group to review governance arrangements and update the Corporate Governance Framework and the Annual Governance Statement.

## Collaborative Working

The North and Mid-Wales Internal Audit Partnership meetings attended by Chief Audit Executives from all North Wales councils and Betsi Cadwaladr Health Board facilitates collaboration, sharing ideas and improving efficiency and effectiveness of our services. The Chief Internal Auditor also attends the Welsh Chief Auditors Group (WCAG) that coordinates a peer review of conformance against the Public Sector Internal Audit Standards.

## Assurance Advisory Support

Internal Audit has provided advisory support on a number of Boards, projects and other requests, including:

1. Information Governance Group
2. Business Rates Support Grants

Summary reports and presentations are provided to Schools to highlight improvement areas identified during thematic reviews which helps them to identify potential areas of risk or opportunities. Also, we assist the Governing Body to better understand the need for

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appropriate oversight; and feedback to the Council with the level of support and guidance required for schools where concerns have been identified.

## **Agile Auditing**

The concept of 'Agile Auditing' during the pandemic has been difficult to carry out as access to department ICT systems has been time consuming. With increased collaboration and a joint commitment with the service under review, it is possible to complete audits faster and more efficiently. While it was difficult to apply this approach the team have considered the approach on a few audits at the end of the year and have had positive feedback from the senior managers working with us on these reviews.

## **Data Analysis**

We continue to apply Computer Assisted Auditing Techniques to analyse data as part of our auditing wherever possible. This allows us the opportunity to test whole populations of data, or where this is not possible or appropriate, to target our testing in a more effective manner. We have provided demonstrations and guidance on using data analysis software (Active Data for Excel) to neighbouring Councils across North Wales and the North West.

## **Assurance Mapping**

Internal Audit performs an annual assurance mapping exercise to map out the key activities performed by the Council and how these are assured. This informs the Internal Audit Strategy so that it focusses on areas of greatest risk and maximise the value from Internal Audit. The assurance map is updated during the year to reflect key changes to risk or the control environment and, where appropriate, the list of audit priority projects is updated. The Chief Internal Auditor meets with Audit Wales officers regularly throughout the year to coordinate audit work and minimise duplication.

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## Internal Audit performance

There are no national performance indicators for Internal Audit, so we measure performance by benchmarking with other Councils' Internal Audit Services via the Welsh Chief Auditor's Group

The table below shows Internal Audit's performance for the year.

Performance Target	Target	Current Performance
Discuss, agree and issue scope for each audit	100%	100%
Draft report issued within 10 working days of the closing meeting	Avg. days >10	7
Final report issued within 5 working days of agreeing the draft report and action plan	Avg. days > 5	3
Implementation of Agreed actions	75%	48%

Overall, performance against the indicators has been good over the year. The audit agreed actions that have been implemented figure is lower than expected, as the number of follow ups are increasing and also 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.

The Chief Internal Auditor attends Service Management Team meetings to prompt completion and provide an update on the performance. Governance & Audit Committee monitor the completion of improvement actions arising from low assurance reports through Internal Audit's follow up reviews and may invite service representatives to explain if insufficient progress is made with audit actions arising from high or medium assurance reports.

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A customer satisfaction survey to recipients of internal audit reviews in 2021/22 allows feedback on our performance - rated as either: “Not at all”; “Limited”, “Satisfactory”, “Good” or “Very Good”. The percentage of scores marked as satisfactory or above are shown below. In total, 8 (out of total 23) completed the survey. The survey is anonymous to encourage honest feedback.

Customer Survey Question	Target	Current Performance
Consulted/made aware on the objectives and/or scope of the audit?	100%	100%
Level of consultation throughout the audit?	100%	100%
Professional and approachable auditor?	100%	100%
Results and conclusions of the review explained?	100%	100%
Accurate report that addressed the key issues?	100%	100%
Did you have an opportunity to comment on the results of the review?	100%	100%
Auditor took your views into account?	100%	100%
Was the audit constructive and did it add value overall?	100%	100%
How well has Internal Audit adapted to remote working	100%	100%

Performance relating to consultation with service has improved compared to last year’s survey results. This year has seen Internal Audit scoring good/very good in all survey questions resulting in 100% scores. An additional question has been included within the survey around the new way Internal Audit are undertaking reviews, and all completed questionnaires were happy with the new remote working style.

Here are a few examples of the comments received:

*“I always find Audit very professional, they are consultative and certainly engage you through the whole process and take into consideration your views. I feel that I have a good working relationship with the audit team.”*

*“Our recent audit was very efficient - I felt it worked well for us by adding all documents to a shared 'Team' and the virtual feedback worked fine.”*

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*“The audit process and purpose were made clear from the outset and the process was fair throughout. We were offered opportunities to provide additional information where required and we felt our input was heard, valued and respected”.*

We consider all feedback to ensure we continue to meet our stakeholders’ needs.

## Conformance with Public Sector Internal Audit Standards

The Accounts and Audit (Wales) Regulations 2014 require the Council to perform an annual review of the effectiveness of its internal audit function. The PSIAS mandates that Internal Audit maintains a Quality Assurance and Improvement Programme (QAIP).

The results of the QAIP which includes the internal self-assessment by Internal Audit confirms that Denbighshire Internal Audit Service generally conforms to the requirements of the Public Sector Internal Audit Standards (PSIAS) for its internal audit activity.

Performance of internal audit was consistent with the Internal Audit Charter which sets out the purpose, authority and responsibility of the internal audit activity consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards. Our Internal Audit charter is being submitted to Governance & Audit Committee for approval on the 8 June 2022 meeting.

The Chief Internal Auditor maintains a quality assessment process which includes reviews of all audit work. The quality assessment process and improvement is supported by a development programme and internal audit manual.

## Quality Assessment

An external assessment of our service against the PSIAS in March 2018 stated “Internal Audit is operating in conformance with the standards” and the result was reported to Governance & Audit Committee in November 2018. The External Assessment provides independent assurance against the Institute of Internal Auditors (IIA) and appendix 4 shows progress with implementing the improvement actions identified. An external assessment must be carried out every five years. The Welsh Chief Auditors Group is coordinating the next round of this exercise and has allocated Ceredigion County Council’s

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Chief Audit Executive (CAE) as the external assessor for Denbighshire Internal Audit Service, to be conducted in 2022-23. The CAE for Denbighshire will perform the external assessment for Gwynedd County Council.

## Improvement Programme

A quality improvement programme is in place which consists of all recommendations from the external assessment; all improvement actions arising from the external assessment have since been implemented. Additional improvement actions resulting from this year's annual internal self-assessment include:

- Update Audit Manual to provide greater coverage of consulting arrangements (Standard 2220)
- Update the assurance planning document to include the agreed corporate risk appetite (Standard 2010)



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## Appendix 1- Summary of Internal Audit Work 2021-22

The following table provides an overview of Internal Audit work conducted during the year, including the overall Assurance Ratings and the number of risks/issues raised in the action plans (where applicable).

Report Title	Status of Project	Assurance Rating	Risks/Issues Raised		
			Critical	Major	Moderate
Risk Management	Complete	Medium ●	0	0	5
ICT Capacity & Resilience	Complete	Medium ●	0	0	4
Accounts Payable & Payroll	Complete	High ●	0	0	1
Treasury Management	Complete	Medium ●	0	0	3
Capital Management	Complete	Medium ●	0	0	3
Revenues & Benefits 2020-21	Complete	High ●	0	0	0
Project Management - SC2	Complete	Medium ●	0	1	2
Community Living Schemes	Complete	Medium ●	0	0	3
Ysgol Bro Cinmeirch	Complete	Medium ●	0	0	5
Project Management – Queen’s Building follow up*	Complete	Medium ●	N/a	N/a	N/a
Contract Management follow up*	Complete	Low ●	N/a	N/a	N/a
Housing Support Grant	Complete	High ●	0	0	0
Area of Outstanding Natural Beauty (AONB) Grant Certification	Complete	High ●	0	0	1
Equalities	Complete	Medium ●	0	0	3
Housing Rent Arrears	Complete	High ●	0	0	1
- Exceptions, Exemptions and Variations from	Complete	Low ●	0	4	0

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Report Title	Status of Project	Assurance Rating	Risks/Issues Raised		
			Critical	Major	Moderate
Contract Procedure Rules (CPRs)					
Denbighshire Leisure Limited – Governance & Contract Management	Complete	Medium ●	0	1	1
Payment Card Industry Data Security Standards (PCI-DSS) 3 <sup>rd</sup> Follow Up*	Complete	Medium ●	N/a	N/a	N/a
Housing Tenancy 2 <sup>nd</sup> Follow Up*	Complete	Medium ●	N/a	N/a	N/a
Revenues & Benefits 2020-21	Complete	High ●	0	0	0
Ysgol Brynhyfryd	Completed	High ●	0	0	2
Rhyl High School	Complete	High ●	0	0	2
Ysgol Llanfair	Complete	High ●	0	0	1
Governance and Decision Making	Complete	Medium ●	0	0	4
Housing Repair & Maintenance	Complete	Medium ●	1	0	3
Additional Learning Needs Implementation	Complete	High ●	0	0	0

### 2021-22 Audits – Reporting stage

Report Title	Status of Project	Comment
Ysgol Hiraddug	Draft	High ●
Ysgol Tremeirchion	Draft	High ●

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Ysgol y Castell	Draft	High ●
Financial Services 2021-22 - Control Risk Self-Assessment Outcomes, - Any changes since the last review or planned future changes, - Feeder System Transactions, - Accounting Systems/Budgetary Control, - Welsh Government Covid- 19 Related Payments, & - Bank Reconciliation & Foreign Payments	Fieldwork/Draft	
Families First	Planned for 2022-23	

\* Reports are not yet finalised and so assurance rating and risk/issues raised have not been formally agreed with the respective customers.

### 2021-22 Audits Cancelled or Deferred

Report Title	Status of Project	Comment
Commercial Waste	Planned for 2022-23	
Prestatyn High School/ Post 16 Education Grant	Planned for 2022-23	
Ysgol Dewi Sant	Planned for 2022-23	
Ysgol Melyd	Planned for 2022-23	
High Ways Maintenance	Planned for 2022-23	
Health & Well Being	Planned for 2022-23	
Post 16 Education Grant	Planned for 2022-23	
Community Safety	Planned for 2022-23	

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Workforce planning	Planned for 2022-23	
LAC	Planned for 2022-23	
Liberty Protection Safeguarding	Planned for 2022-23	
Youth Service	Planned for 2022-23	
Cefydy Health Care	Planned for 2022-23	

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## Appendix 2 – Audit Coverage by Corporate Risk

Corporate Risk	Coverage	Assurance Rating
CRR00001 The risk of a serious safeguarding error where the council has responsibility resulting in serious harm or death	Reasonable	High ●
CRR00006 The risk that the economic and financial environment worsens beyond current expectations, leading to additional demand on services and reduced income	Reasonable	Medium ●
CRR00011 The risk of an ineffective response to a serious event, such as severe weather, contamination, public safety (including cyber-attack) or a public health event (such as Covid-19).	Reasonable	Medium ●
CRR00012 The risk of a significantly negative report(s) from external regulators	No recent coverage	N/a
CRR00013 The risk of significant liabilities resulting from alternative models of service delivery	Reasonable	Medium ●
CRR00014 The risk of a health and safety incident resulting in serious injury or the loss of life (where H&S is referred to, this incorporates fire safety)	Reasonable	High ●
CRR00018 The risk that programme and project benefits are not fully realised	Reasonable	Low ●
CRR00021 The risk that effective partnership interfaces between BCU Health Board and Denbighshire County Council do not develop, leading to significant misalignment between strategic and operational direction of BCU and DCC.	Partial	Medium ●
CRR00027 The risk that even if the settlement is as anticipated, decisions that are necessary to identify and deliver the savings programme and enable a balanced budget are not taken or implemented quickly enough	Reasonable	Medium ●
CRR00030 The risk that Senior Leadership capacity and skills to sustain service and corporate performance is not available	Reasonable	High ●

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Corporate Risk	Coverage	Assurance Rating
CRR00031 The risk of fraud and corruption resulting in financial and reputational loss and possibly impacting on service delivery	Reasonable	High ●
CRR00033 The risk that the cost of care is outstripping the council's resource	Partial	Medium ●
CRR00034 The risk that demand for specialist care cannot be met locally	Partial	Medium ●
CRR00035 The risk that the return on investment that Denbighshire receives from the Regional Growth Deal is disproportionate	No recent coverage	N/a
CRR00036 The risk that any negative impacts of leaving the European Union cannot be mitigated by the council	Partial	Medium ●
CRR00037 The risk that partners don't have the resources, matching priorities or commitment to support delivery of shared plans and priorities	Reasonable	Medium ●
CRR00043 The risk that the council does not have the funds or resources to meet its statutory obligations under the Additional Learning Needs and Education Tribunal (Wales) Act 2018	Partial	High ●
CRR00044 The risk of Ash Dieback Disease (ADB) in Denbighshire leading to significant health and safety issues that represent a potential risk to life	Reasonable	Medium ●
CRR00045 The risk that the council is unable to deliver the agenda of council and external organisations within existing resources	Partial	High ●
CRR00047 The risk that the new North Wales Corporate Joint Committee (CJC) results in the council having less influence and control at a local level	Reasonable	High ●
CRR00048 The risk that recruitment and retention issues, leading to a loss of expertise and capacity, worsen resulting in poor or inadequate services	Reasonable	Medium ●
CRR00049 The risk that the future funding regime doesn't allow the council to continue to support the most vulnerable learners and disengaged young people in the way we have been through EU funding	Reasonable	Low ●

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Corporate Risk	Coverage	Assurance Rating
CRR00050 The risk that Welsh Government's commitment to eliminate profit from the care of Looked After Children results in an unstable or unsuitable supply of placements	Reasonable	Medium ●

CRR00012 The risk of a significantly negative report(s) from external regulators – regular meetings with Audit Wales and updates from Estyn, Care Inspectorate Wales and Ombudsman confirms that no significantly negative reports were received in 2021/22. A summary is included in the Annual Governance Statement 2021/22.

CRR00035 The risk that the return on investment that Denbighshire receives from the Regional Growth Deal is disproportionate – recent review by Audit Wales of the North Wales Economic Ambition Board was overall positive.

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## Appendix 3 – Definitions

### Definitions of assurance ratings

High Assurance ●	Risk and controls well managed and objectives are being achieved
Medium Assurance ●	Minor weaknesses in management of risks and/or objectives but no risk to achievement of objectives
Low Assurance ●	Significant weaknesses in management of risks and/or control that put achievement of objectives at risk
No Assurance ●	Fundamental weaknesses in management of risks and/or controls that will lead to failure to achieve objectives

No opinion / Advisory ● - Advisory opinions are used for audit work carried out at the request of senior management to provide advice on risk, governance and/or control or to develop potential solutions to problems and provide control assurance. They are also used for our reviews of major change projects that are at an early stage where an assurance rating cannot effectively be awarded.

### Definition of risk ratings

Internal Audit reports include an action plan that raises risks/issues that highlight improvement areas. These risks/issues are defined in the following table as per the council's Risk Management Strategy. No 'Critical' risks/issues were raised during the year.

Low ●	Advisory issues discussed with managers during the audit and not included in audit reports and action plans.
Moderate ●	Operational issues that are containable at service level.
Major ●	Corporate, strategic and/or cross-service issues potentially requiring wider discussion at SLT.
Critical ●	Significant issues to be brought to the attention of SLT, Cabinet Lead Members and Corporate Governance & Audit Committee.



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## Appendix 4 – Quality Assurance Improvement Programme

Progress against actions from the external assessment as at June 2021.

Ref	Standard	Agreed action	Comment
<b>Code of Ethics</b>			
1.	Do internal auditors have regard to the Standards of Public Life's <i>Seven Principles of Public Life</i> ?	Amend the Annual Declaration to include Standards of Public Life's <i>Seven Principles of Public Life</i> . <i>Chief Internal Auditor, Completed</i>	<b>Complete.</b> Auditors aware of the Standards of Public Life's principles and annual declaration updated and signed acceptance by all auditors.
<b>1000: Purpose, Authority and Responsibility</b>			
2.	Does the internal audit charter cover the arrangements for appropriate resourcing?	Internal Audit Charter " <i>Resources</i> " should incorporate the reporting arrangements if there are insufficient resources. <i>Chief Internal Auditor, May 2019</i>	<b>Complete.</b> Internal Audit Charter updated accordingly.
<b>1100: Independence and Objectivity</b>			
3.	The board approves the internal audit budget and resource plan.	Provide details of the annual resources available for Internal Audit, i.e. number of productive audit days available after taking into account non-productive time, e.g. annual leave, training etc. in the Internal Audit Strategy. <i>Chief Internal Auditor, May 2019</i>	<b>Complete.</b> Internal Audit Strategy states the annual resources available for Internal Audit.
<b>1300: Quality Assurance and Improvement Programme</b>			
4.	The " <i>Checklist for Assessing Conformance with the PSIAS</i> " produced by CIPFA to satisfy the requirements set out in PSIAS 1311 and 1312 was not used as a basis for the internal assessment.	The IIA's checklist was used for the internal assessment.  Agree to use the PSIAS checklist as agreed by the Welsh Chief Auditors Group in future to conduct the internal assessment. <i>Chief Internal Auditor, March 2019</i>	<b>Complete</b> Internal Audit assessment checklist updated.
<b>1300: Quality Assurance and Improvement Programme</b> <b>1311: Internal Assessments</b>			

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5.	Does the periodic assessment include a review of the activity against the risk-based plan and the achievement of its aims and objectives?	The Internal Audit Update report to Corporate Governance Committee to include a review of activity against the risk-based plan.  <i>Chief Internal Auditor, May 2019</i>	<b>Complete.</b>  Annual Internal Audit Report summarises work completed against the Internal Audit Strategy.
<b>1300: Quality Assurance and Improvement Programme</b> <b>1311: Reporting on the Quality Assurance Programme</b>			
6.	Has the CAE reported the results of the QAIP to senior management and the board and that the results of both external and periodic internal assessment must be communicated upon completion.	This has already been identified following the internal assessment. The external assessment report will be presented to the Corporate Governance Committee.  <i>Chief Internal Auditor, November 2018</i>	<b>Complete</b>  External assessment presented to Corporate Governance Committee in November 2018.
7.	Has the CAE included the results of the QAIP and progress against any improvement plans in the annual report?	Include results of the QAIP and progress within the annual report  <i>Chief Internal Auditor, May 2019</i>	<b>Complete.</b>  Annual Internal Audit Report includes the results of the QAIP and progress.
<b>2000: Managing the Internal Audit Activity</b> <b>2060: Reporting to Senior Management and the Board</b>			
8.	Is the frequency and content of such reporting determined in discussion with senior management and the board and are they dependent on the importance of the information to be communicated and the urgency of the related actions to be taken by senior management and the board?	This was also highlighted as part of the review of the Corporate Governance Committee's effectiveness in line with the CIPFA Code of Practice.  Review frequency of reporting on Internal Audit activity to the Corporate Governance and update the Forward Work Programme if required.  <i>Chief Internal Auditor, April 2019</i>	<b>Complete.</b>  Frequency of Internal Audit report reviewed and Forward Work Programme for the Corporate Governance Committee updated. All Low and No Assurance Reports continue to be reported to the Committee at the earliest opportunity.
<b>2100: Managing the Internal Audit Activity</b> <b>2110: Governance</b>			
9.	Has the internal audit activity evaluated the:  a) Design b) Implementation, and c) Effectiveness of the organisation's ethics-	Include a review of Ethics within the Internal Audit Strategy.  <i>Chief Internal Auditor, May 2019</i>	<b>Complete</b>  A review of Ethics has been completed and includes an agreed action plan. A follow up review of

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	related objectives, programmes and activities?		the agreed actions to be carried out in
<b>2400: Communicating Results</b> <b>2410: Criteria for Communicating</b>			
10.	If there are any areas of disagreement between the internal auditor and management, which cannot be resolved by discussion, are these recorded in the action plan and the residual risk highlighted?	<p>Where risk/issues or actions cannot be agreed, these are highlighted within the action plan of the relevant internal audit report and the Corporate Governance Committee made aware.</p> <p>This will be incorporated within the Internal Audit Charter for clarity.</p> <p><i>Chief Internal Auditor, May 2019</i></p>	<p><b>Complete.</b></p> <p>Internal Audit Charter updated to include this requirement.</p>
11.	Does the annual report incorporate a comparison of work actually carried out with the work planned?	<p>This action is difficult to achieve in practice as the Internal Audit plan changes during the year to correspond to changes in risk and priorities.</p> <p>Chief Internal Auditor to assess the effort required to perform this comparison, and if it is not excessive, the comparison will be included in the Internal Audit Annual report.</p> <p><i>Chief Internal Auditor, May 2019</i></p>	<p><b>Complete.</b></p> <p>Comparison between work planned and work carried out included in the Internal Audit Annual Report.</p>