

Internal Audit Update

September 2022

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Internal Audit Reports Recently Issued

Since the last Internal Audit Update report in March 2022, Internal Audit has completed:

- Eight reviews and a full copy of each report has been circulated to members of the committee.
- The NFI results 2020-22 has been completed and a report produced.
- Two follow-up reviews with a low assurance audit have also been completed with a reassessed assurance rating award 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
Revenues & Benefits	High ●	0	0	0
Equalities	Medium ●	0	0	3
Finance Services	High ●	0	0	2
Families First Funding	High ●	0	0	0
Ysgol Brynhyfryd	High ●	0	0	2
Ysgol Hirraddug	High ●	0	0	2
Ysgol Y Castell	High ●	0	0	1
Ysgol Tremeirchion	High ●	0	0	1
NFI	N/A	N/A	N/A	N/A
Accommodation Provision for the Homelessness follow up*	Medium ●	N/A	N/A	N/A
Queens Follow up 2*	High ●	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.

Revenues & Benefits – March 2022

High Assurance ●

Number of Risk Issues: None

Governance arrangements continue to be effective with the Operational Board meeting regularly and consists of reviews of service performance. Since our last review there have been improvements in arrears KPIs due to the reinstatement of the collections process for Council Tax and Business Rates.

The service has continued to administer a number of grants on behalf of the Welsh Government; examples include isolations grants and winter fuel payments. Our review of internal processes for these schemes and sample testing of transactions confirms that payments were processed in line with relevant terms and conditions.

The service has delivered a number of Business Rates grants during the Covid-19 pandemic to eligible businesses totalling 9,356 applications to the value of £54 million. A review of applications and payments processed confirmed effective controls were in place ensuring payments went to eligible customers. The service has been proactive in its approach to identify fraudulent applications, with regular communications with Internal Audit and National Anti-Fraud Network (NAFN) where suspicious applications were identified. A review of the NFI matches did not identify any suspicious payments requiring future investigation.

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. There are written procedures for the majority of processes to enable service continuity and direct proper practices. The Revenues and Benefits Manager has identified some key tasks which are not documented and this is currently being addressed.

A review of Discretionary Housing Payments (DHP) confirmed the team have a good awareness of the overall process and eligibility criteria. Written procedures are currently being drafted by the team leader. Testing of a sample of DHP applications identified that payments made to claimants were appropriate and paid in accordance with DHP guidance.

Progress with implementing agreed actions arising from our previous reviews has been impacted as a result of the service prioritising its response to Covid-19:

- The agreed action relating to cleansing data held on the IT systems used is currently in progress. The service has provided a revised timescale for completion.
- Actions relating to Sundry Debtors low value invoices and invoices 'on hold' are yet to be addressed; the service has made attempts to resolve but there are factors beyond their control.

The council started working in partnership with Civica to provide its Revenues and Benefits service in April 2015. Since our last review, Civica has given notice of its intention to end the partnership with Denbighshire County Council early (contract term runs to March 2025). The council has undertaken an Options Appraisal to set out relative advantages and disadvantages of a number of service delivery options to inform Cabinet and enable them to make an evidence based decision. In January 2022, Cabinet decided to bring the service back in-house. We plan to review progress at our next review in 2022/23.

Equalities – May 2021

Medium Assurance ●

Number of Risk Issues:

1 Moderate ●

Denbighshire's equality objectives were set out within the Corporate Plan 2017-21, which was extended to 2022. In line with regulations, and following feedback from the Equalities and Human Rights Commission (EHRC), an interim plan was drafted for 2021-22 to comply with the requirement to provide a new Strategic Equality Plan every four years. Denbighshire's interim report was published in Autumn 2021. Going forward, the Corporate Plan 2022-27 is being formulated and will include the equalities objectives;

however, it is acknowledged that these will need to feature more prominently within the plan.

The Denbighshire Strategic Planning & Performance Team partly coordinate the collation, monitoring and reporting of equality information as per the PSED. The Denbighshire Human Resource Team also collate equalities information relating to the workforce, including gender pay statistics and annual appraisal data; this is reported on an annual basis within the Denbighshire Annual Public Sector Duty Report. Consultation and engagement for developing the equality objectives have already taken place, with consultation exercises run throughout the Summer of 2021, and now running two further public consultations on the Corporate Plan and the Well-being Assessment. Consultation and input into development of equality objectives and coordination of equality for the council could improve together with active member representation; the following points are to be considered with this regard:

- Review and implement methods for engaging with representatives of people with protected characteristics.
- Establishing an equality forum to meet periodically to monitor achievement of equality objectives/outcomes. We acknowledge the Strategic Planning & Performance Team are already planning to establish such a forum, but it had yet to meet at the time of our review.
- Council reviews the ways in which it collects the equality information and performance data needed to assess compliance with its equality duty to identify areas in which action is required.

The Strategic Planning & Performance Team is currently developing the next Corporate Plan (2022-2027) and they acknowledge that equality objectives will need to be more explicit within the plan, also ensuring that advice and guidance provided by the EHRC is acted upon. Not all services are utilising the objectives settings within 1-2-1's effectively. Equality objectives related improvement actions should have clear links to service plans and staff objectives (e.g. 1-2-1s where applicable) to assist monitoring and reporting. The Council's Annual Performance Report does account for those with protected characteristics, giving detail on where they have been supported. The council needs to

strengthen how it monitors and reports in order to show how it is fulfilling its equality objectives (Regulation 3), particularly given the new socio-economic duty, so it can demonstrate its efforts to tackle poverty; this will be looked at within the next Corporate plan.

The council uses a Well-being impact assessment tool to measure the impact of decisions on matters including equality. Monitoring and evaluating the quality of their completion needs strengthening to comply with the equalities duty.

Community Cohesion themed works have worked well in 2020-21, and continuation would be of benefit, to include a review of the Community Tension Monitoring Form as it is not working as effectively as it could.

There are effective processes in place within Procurement; however, there could be more reporting on the effectiveness/outcomes of contracts with regards to meeting equality objectives. The council discussed adoption of Welsh Government's 'ethical employment in supply chains' in line with the associated code of practice; but the council has yet made a commitment as to their adoption. This was raised in our review of Ethical Culture.

Staff equalities training is available to all staff through e-learning (or briefing for those without access to the e-learning platform) and the Strategic Planning & Performance Manager delivered training to members and officers on the new socio-economic duty. The Communications Team is available to support with any queries; they are currently drafting an Engagement Policy, to be published at the end of next year, which may prompt further training on equalities. Policies are in place and occupational health is available to provide equality support to staff.

Financial Services– September 2022

High Assurance ●

Number of Risk Issues:

2 Moderate ●

Procurement of a new financial system has been impacted by the Covid-19 pandemic, and a lack of dedicated resource. The project has now moved forward with the appointment of a project manager, who will assist in developing a clearer project timeframe and risk register. The business case is being redrafted before being taken for approval.

The financial projections in the Medium Term Financial Plan (MTFP) are regularly reviewed and discussed by the Budget Board, and they have been consulted on budget process amendments along with Cabinet Briefing, and Governance & Audit Committee. Full Council formally approves the Council's budget and our testing confirmed that the general ledger had been correctly updated in line with the MTFP.

Ongoing checks are completed on the current financial position. Proformas are completed by Management Accounts for individual service areas that highlight any budget variances, which is incorporated into the monthly reporting to Cabinet.

Action has been taken to improve existing business continuity and succession planning arrangements within Finance through the recruitment of two senior finance officers, and a replacement prior to the Finance & Assurance Manager retiring. The Head of Finance & Property plans to update the staffing structure to reflect recent changes once Civica staff have transferred back to the Council. Business continuity arrangements could be further strengthened through the development of documented procedures for key budgetary tasks, e.g. virements to provide clarity, particularly for newer staff, of the approvals and supporting documentation required.

Strengthening financial guidance is the main improvement from our review, both for finance staff but also for other staff. While amendments have been made to Financial Regulations, it has not been updated in its entirety since 2016, and is a lengthy document that is not easily accessible, e.g. via the intranet.

Staff are encouraged to make foreign payments through a corporate credit card, but payments can be made through the International Payments system (although following the conclusion of our review, the process was amended so while payments will continue to be made through this system, they are now recorded on the creditors system), which our sample-testing focused on. Payments were valid and authorised appropriately, but, it was not easy to determine the number and value of foreign payments the council makes, along with any resulting charge. Documented guidance also needs to be strengthened.

Effective controls are in place to ensure that payments are accurately transferred between feeder systems, Proactis, and the Accounts Payable systems. Processes generally require

manual input rather than automatic interfacing between the systems, but the checks carried out pre-payment reduce the risk of inaccurate, incomplete, or duplicate payments.

Bank reconciliations continue to be carried out regularly and are independently checked. Documented procedures and Financial Regulations will be updated to reflect that cheques will not be routinely issued.

The Covid-19 grant management process is being administered effectively. Our testing confirmed there is a clear audit trail with grant payments having a designated ledger code, are authorised appropriately, and there is adequate supporting documentation evidencing how the grant has been spent.

Progress with implementing agreed actions arising from our previous reviews has been impacted as a result of the Covid-19 pandemic and other priorities. See Appendix 3 for the results of our follow up review of previous actions raised.

Families First Funding – August 2022

High Assurance ●

Number of Risk Issues:

0

Governance arrangements are effective with clear documentation provided by Welsh Government (WG) to the Families First team including programme guidance and funding terms and conditions. Roles and responsibilities are clearly defined and there are robust business continuity arrangements in place for key processes of the grant funding.

Following a review of General Data Protection Regulations (GDPR), work is progressing to ensure the Information Sharing Protocol (ISP) for Families First is relevant and up-to-date.

Key documentation is submitted to WG in line with the terms and conditions; including the annual delivery plan, signed grant acceptance letter, Statement of Expenditure for 2020-21 (the next statement is due by September 2022) and supporting financial claims. Where there have been minor delays in submitting the grant claims, WG were made aware in advance of the reason for this.

Regular monitoring of financial information and good separation of duty is in place within the grant funding process. Reporting on Families First performance is carried out both

internally and externally with third party contractors and WG. Real-time budget monitoring has been strengthened now that the relevant officers have access to the financial system.

There is good awareness of appropriate legislation within the team, including compliance with the Wellbeing of Future Generations Act 2015 and the Social Services and Wellbeing Act 2014. The Integrated Families First & Flying Start Programme Manager shares relevant information to officers to ensure the team is aware of any key changes to legislation or guidance.

The team currently use the council website as a mechanism for the promotion of accessible services, and have been successful in rolling out the 'Mind of My Own' app which children and young adults use as a support mechanism. Further use of social media platforms are being explored to promote services to service users.

Ysgol Brynhyfryd – March 2022

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, 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 paper work, annual declarations of interests completed and statutory committees all have up-to-date terms of references. Furthermore, the governing body have discussed skills gap within the team to identify training and development needs. The governing body currently have no governor vacancies. All governors require a DBS check in accordance with the 'Disclosure and Barring Service (DBS) Checks; Guidance for Governing Bodies in Denbighshire Schools' - it is a requirement for the clerk to maintain a record of all DBS checks and ensure that they have been completed.

The chair, vice chair and the clerk have all completed appropriate training for their role. However, not all governors have completed the mandatory training.

Governing body meetings are now held virtually, which has proven effective. All the supporting documents, including agendas and minutes, are shared with the 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 currently 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.

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. This has not impacted on the development of the school's development plan and regular reviews are still taking place.

Financial controls are effective for monitoring of income and expenditure. The school uses corporate systems for processing income, purchases 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.

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 Central finance 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 using their electronic system. 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 and have been advised

to record all new assets going forward. 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 school. We confirmed that actions are already in the process of being implemented.

Ysgol Hiraddug – April 2022

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, 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, completed DBS checks, annual declarations of interest completed and statutory committees all have up-to-date terms of references. Furthermore, the governing body has performed informal skills analysis exercises to identify training and development needs. The governing body currently has three governor vacancies and are in the process of recruiting.

The chair, vice chair and clerk have completed appropriate training for their roles. However, not all governors have completed the mandatory training. The newly appointed Child Protection Officer is yet to complete the relevant training for their role, as the council have not arranged the relevant training. This should be completed as soon as possible when the training course is next made available.

Governing body meetings are now held virtually. All the supporting documents, including agendas and minutes, are shared with the governors in advance of meetings. Regular monitoring of the budget is performed, which includes staffing costs and school's financial position.

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. Although the Governing Body reviews the schools' policies, it would be beneficial to have a policy timetable in place to ensure policies are reviewed on a regular basis.

The school has continued to review the School Development Plan. Financial controls are effective for monitoring of income and expenditure. 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.

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. The school's CCTV policy states that footage is retained for 365 days. However, council's retention guidance states that CCTV footage should be retained for a maximum of 30 days. It is advised that the CCTV policy is amended as per Council's retention guidance.

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.

Ysgol Y Castell – March 2022

High Assurance ●

Number of Risk Issues: 1 Moderate ●

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

Our review identified effective controls in place for the governing body, with good record keeping. Examples include: 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 two members of the governing body to ensure everyone has a DBS in place. 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 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 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.

A policy reviewing schedule is in place; however, this was effected by Covid-19 causing delays in reviewing some policies. All statutory policies have now been reviewed and are

accessible to staff and governors in electronic and paper format and available 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.

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, 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 maintains 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.

Ysgol Tremeirchion – April 2022

High Assurance ●

Number of Risk Issues: 1 Moderate ●

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

Our review identified effective controls in place for the governing body, with good record keeping. Examples include: detailed minutes and supporting paperwork, annual declarations of interests completed and statutory committees have up-to-date terms of references. The governing body all have a Disclosure and Barring Service (DBS) check 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 majority of governors have completed the mandatory training; with five new governors who have not yet completed mandatory training. Governors are required to complete the training within 12 months of being in post. This is being monitored by the governing body to ensure training is completed within the required timeframe.

Governing body meetings are now held virtually, which has proven successful. All supporting documents, including agendas and minutes are accessible in advance of meetings. 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.

Not all statutory policies have been reviewed; the governing body needs to ensure that all policies are reviewed on a regular basis and include date reviewed on all policies and updated on the school 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 for 2019/20 and 2020/21 have been audited by the Denbighshire Auditing team and no risks identified.

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.

The school has 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.

NFI Results 2020-22 – September 2022

Insurance rating – N/A

While a considerable resource is required for investigating the matches, which has been impacted by the Covid-19 pandemic, 5 fraudulent activities have been identified, together with 434 errors. Overpayments totalling £107,530.71 have been identified and are in the process of being recovered.

The NFI exercise also assists with identifying errors with data held in the Council's systems and provides an opportunity to put controls in place to prevent them happening again.

Accommodation Provision for the Homelessness Follow up 2 – June 2022

Medium Assurance ●	Actions fully implemented:	18 (10Major & 8 Moderate)
	Actions outstanding:	5 (2 Major & 3 Moderate)
	Actions not yet due:	0

Considerable progress has been made now that the staffing vacancies have almost been filled. Our last follow up review concluded that 37% of actions had been fully implemented, with 60% of actions relating to major risks/issues outstanding. Currently, 72% of actions have been fully implemented, with 20% remaining actions relating to major risks/issues.

There is a robust process in place for Community Housing to monitor up-to-date certification is in place, e.g. gas and electrical safety certificates, etc. Tenant arrears are being actively monitored, and action is being taken with historic and complex cases where there have been tenancy issues.

There was also improvement in the recordkeeping of homeless cases, e.g. having a documented assessment, and diary notes being kept up-to-date. Controls need to be strengthened with the authorisation of housing plans and demonstrating that these are regularly reviewed. A Quality & Performance Officer has been recruited who now monitors all key documentation is in place. Team leaders also carry out regular monitoring of cases, but need to provide a clearer audit trail for recording their checks.

Written procedures relating to the Rapid Rehousing Model are currently being drafted ready for circulation to Welsh Government, but further documented guidance is still needed for staff to ensure that they carry out processes consistently. Key performance indicators also need to be developed.

Queens Building Follow up 2 – September 2022

High Assurance ● Actions fully implemented: 12 (4 Major & 8 Moderate)

Our third follow up review established that progress has been made since our last review with all of the remaining four actions being completed. ICT are effectively monitoring and removing Verto user access as required, and there is an agreed mechanism for monitoring and measuring project benefits.

Project management guidance has been updated and published on the staff intranet, which impacts two corporate actions. This will strengthen governance arrangements at the

start of a project, and provides further clarification on the roles and responsibilities of the Stage Review Group Gateway process.

Progress in Delivering the Internal Audit Assurance

Since the last Internal Audit update in March 2022, Internal Audit has now moved under the New Corporate Director – Governance & Business, but the Interim management arrangements that were put in place in April have now been extended to the 31st December 2022 with Internal Audit still reporting to Nicola Kneale one of the Interim Head of Service for BIM.

This arrangement is for the interim period while the Chief Executive continues his wider restructure of the Senior Leader Team, which is due to be completed early in 2023. The Chief Internal Auditor will keep this committee updated of changes as they happen and the Internal Audit Charter will be updated to reflect the change in reporting lines.

Following the departure of the Chief Internal Auditor in April, the post was advertised and the current Principal Auditor was appointed. This has resulted in the Principal Auditor post becoming vacant, however, the position has now been filled by one of our Senior Auditors.

An advert is currently going out for two Senior Auditor positions to fill a vacancy and a secondment, (where one of the Auditors had been acting up). This will still leave one Auditor vacancy which the Interim Head of Service and Chief Internal Auditor are looking to change to Senior Auditor through restructuring. This is something that will need to go to the Council's Budget Board.

Due to the vacancy during the year, the Internal Audit service has prioritised its audits to focus on areas of greater priority. After a slow start to the year, the team are now making good progress against the Audit Plan 2022-23. 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 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 2022-23 to provide assurance without any limitations.

Audits due to commence shortly include:

- Revenue & Benefits
- Cefyndy
- Denbigh High School
- Esgob Morgan
- Bryn Clwyd and Gellifor
- Ysgol Carrog and Ygol Caer Drweyn
- Christ the Word
- Pentrecelyn
- Christchurch

Internal Audit Update – September 2022

Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment
AONB Grant 2021/22	Draft	-	-	-	-	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	External fee earning work
National Fraud Initiative	Complete	N/a	N/a	N/a	N/a	2020-21 exercise
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	Not yet started	-	-	-	-	
Workforce Planning	Not yet started	-	-	-	-	
Tackling Poverty	Not yet started	-	-	-	-	

Internal Audit Update – September 2022

Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment
Equalities	Complete	Medium ●	-	-	3	
Asset Management	Not yet started	-	-	-	-	
IT Asset Management	Not yet started	-	-	-	-	
Health and Wellbeing	Not yet started	-	-	-	-	
Flood Risk Strategy	Not yet started	-	-	-	-	
Insurance	Not yet started	-	-	-	-	
Planning Applications	Not yet started	-	-	-	-	
Post 16 Education Grant	Not yet started	-	-	-	-	
Ysgol Brynhyfryd	Complete	High ●	-	-	2	
Ysgol Dewi Sant	Feildwork	-	-	-	-	
Ysgol Melyd	Draft	-	-	-	-	
Ysgol Hiraddug	Complete	High ●	-	-	2	
Ysgol Y Castell	Complete	High ●	-	-	1	
Ysgol Tremeichion	Complete	High ●	-	-	1	
Homelessness	Not yet started	-	-	-	-	
Financial Services 2022-23	Not yet Started	-	-	-	-	
Revenues & Benefits 2022-23	Scope	-	-	-	-	
Cefndy Healthcare	Scope	-	-	-	-	
Risk Management	Not yet started	-	-	-	-	
Highways Improvements	Draft	-	-	-	-	
Health & Wellbeing	Scoping	-	-	-	-	
Commercial Waste	Draft	-	-	-	-	
Families First	Complete	High ●	-	-	-	
Community Safety Partnership	Draft	-	-	-	-	

Internal Audit Update – September 2022

Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment
Denbigh High School	Scope					
Esgob Morgan	Scope					
Bryn Clwyd and Gellifor	Scope					
Ysgol Carrog and Yagol Caer Drweyn	Scope					
Pentrecelyn	Scope					
Christchurch	Scope					
Christ the Word	Scope					
Library fees & charges	Not yet started					
Cash Collection	Not yet started					
ALN	Not yet started					
Direct Payments for Children 2 nd follow up	Complete	Medium ●	-	-	-	
Payment Card Industry – Data Security Standards 3 rd follow up	Draft	-	-	-	-	
Project Management: Queen’s Building 2 nd follow up	Complete	High ●	-	-	-	
Contract Management 3 rd Follow Up	Fieldwork	-	-	-	-	
Exceptions, Exemptions and Variations from the Contract Procedure follow up	Not yet started	-	-	-	-	
Support Budgets & Direct Payments: Adults 3 rd Follow Up	Complete	Medium ●	-	-	-	
Provision of Homeless Accommodation 2 nd Follow Up	Complete	Medium ●	-	-	-	Partnership Scrutiny in July 2022
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.
2. We have just completed the National Fraud Initiative (NFI) exercise for 2020-21 and produced a report outlining the findings. 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 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 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 an employee concerns which involve allegations of potential fraud. This involved an investigation into the concerns raised 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>

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.

One allegation relating to a potential fraud has been referred to Internal Audit during the financial year 2022/23 and has been investigated and recommendations for internal controls to be put in place or strengthened, (Currently at draft stage).

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	18.6 days
Issue final report within 5 days after agreeing the draft report and action plan	Average days less than 5	9.7 day
Percentage of audit agreed actions that have been implemented by services	75%	54%

The audit agreed actions that have been implemented figure is considerable lower than expected at this time of year as certain services are still re-adjusting to work after the pandemic and other pressures. Also due to Internal Audit capacity during the four months of this financial year the Chief Internal Auditor was undertake a dual role of Chief Internal Auditor and Operational Lead for TTP and two of the senior auditors were pulled into an investigation review which has resulted in two projects having large over runs.

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.