

Report to	Governance & Audit Committee
Date of meeting	25 January 2023
Lead Member / Officer	Cllr Gwyneth Ellis / Bob Chowdhury – Chief Internal Auditor
Report author	Bob Chowdhury – Chief Internal Auditor
Title	Internal Audit Update

1. What is the report about?

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

2. What is the reason for making this report?

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

3. What are the Recommendations?

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

4. Report details

- 4.1. Appendix 1 provides an update on internal audit work carried out since the last update report to the committee in September 2022.
- 4.2. Since the last Governance & Audit Committee update report, nine audits have been completed, none of which received a low assurance rating. There have been three follow up reviews completed since the last update and summaries are included for information.
- 4.3. In December 2022, the Chief Executive shared the consultation paper on the review of the Senior Leadership Team (SLT). The proposed restructure will see Internal Audit move from the Corporate Directive - Governance and Business into Finance and Audit Service and the team will report direct to Steve Gadd S.151 officer and HoS. However, as this is a consultation paper, the interim arrangements are still in place and Internal Audit will still report direct to Interim HoS Nicola Kneale.
- 4.4. The service continues to make progress with delivering the Audit Plan for 2022/23, an update is provided within the Appendix 1 report. The report highlights key matters relating to the operation of the internal audit service, to include:
 - Since the last update in September, Internal Audit filled the vacancies for a Principal Auditor and two Senior Auditors during the month of September, leaving just one vacancy for an Auditor, which the CIA was looking to change to a Career Pathway Auditor. However, the Principal Auditor and one of the Senior Auditors during October were successful in obtaining new positions outside of Denbighshire County Council Internal Audit team.
- 4.5. The Internal Audit team continues to progress proactive counter fraud efforts. Internal Audit has been involved in two investigation arising from whistleblowing, which has impacted progress on the delivery of assurance work. The Chief Internal Auditor continues to review the remaining priority projects contained within the Audit Plan 2022-23 to ensure higher priority audits are delivered and suitable assurance coverage is provided for the Annual Governance Statement. This will consider assurance gained from other sources e.g. Audit Wales.

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

4.7. The audit agreed actions that have been implemented by service figure has been left blank because currently School reviews have not been entered on Verto which means that we are not picking up all actions and secondly we have noted that not all Services are updating their action status on Verto. Therefore, we will look at addressing the issues identified and update this figure for the next Governance and Audit Committee.

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

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

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

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

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

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

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

8.1. Not required

9. Chief Finance Officer Statement

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

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

Sub-heading (delete as needed)

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

11. Power to make the decision

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