

# Internal Audit Update

**January 2023**

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## Internal Audit Reports Recently Issued

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

- Nine reviews, but only eight can be shared, as the ninth review was completed for Denbighshire Leisure Limited and will be presents at their Governance Sub-Committee in February 2023. However, for the eight being reported on, a full copy of each report has been circulated to members of the committee.
- Work has started on the NFI data collection for the 2022-23 exercise and data should be available to work on in the next couple months
- Three 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
Ysgol Caer Drewyn & Ysgol Carrog	High ●	0	0	3
Ysgol Gellifor & Ysgol Bryn Clwyd	Medium ●	0	0	5
Christchurch C P	High ●	0	0	2
PLASC	High ●	0	0	0

# Internal Audit Update – September 2022

Highways Maintenance	Medium ●	0	0	4
Ysgol Melyd	Medium ●	0	1	2
Community Safety	Medium ●	0	1	2
Revenues and Benefits Phase 1	High ●	0	0	0
Accommodation Provision for the Homelessness follow up*	High ●	N/A	N/A	N/A
Contract Management follow up*	High ●	N/A	N/A	N/A
Registration Services follow Up*	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.

## Ysgol Caer Drewyn & Ysgol Carrog – November 2022

High Assurance ●

Number of Risk Issues: 3 Moderate ●

Ysgol Caer Drewyn and Ysgol Carrog operate as a federation with a single governing body.

Overall, governance arrangements are effective with a good standard of record keeping in place, examples include annual declaration of interests, governor training and DBS information. There is evidence governors are reminded to complete mandatory training within required timeframes. The governing body have completed risk assessments for governors who are undertaking the DBS process.

Statutory sub committees are in place with terms of reference and allocated governors based on their knowledge and skills. The governing body are in the process of reintroducing a documented skills gaps analysis, which has not been completed in recent years to identify training and development needs for governors. Decision making at the

governing body requires greater clarity, it was not always evident from the governing body minutes when decisions were agreed. (See Risk Issue 1)

Work is progressing to streamline policies to encompass both schools and will include key information such as review dates. This will reduce the amount of policies to be considered by the governing body, making the review process more effective. There is a timetable in place for the adoption process for statutory and non-statutory policies up to 2021-22. However, due to other priorities in the last couple of years not all policies have been reviewed in line with the timetable. (See Risk Issue 2)

Financial arrangements appear to be effective with evidence of regular monitoring of both schools' financial positions, financial limits and grant funding. Both schools use corporate systems with built in controls for the purchasing process, school meals and school funds.

Effective controls are in place for ICT security and GDPR with devices encrypted and staff have individual usernames and passwords. Staff have completed mandatory GDPR training further strengthened their awareness of data processing. School information is regularly backed up off site, which is operated by Denbighshire County Council Information Communications Technology (ICT) Services.

Asset and loans registers are in place for the recording and monitoring of assets over £50. A review of the asset registers identified only one of the schools have completed a review of the assets recently (Risk Issue 3).

The schools have received ICT devices through the Welsh Government (WG) EdTech grant, which are recorded on the asset registers. WG terms and conditions state schools should produce a sustainability plan for the replacement items. The school cluster is working with Denbighshire ICT department to produce a plan, but as an interim agreement have introduced an additional line in the budget to replace items received.

Health and safety arrangements appear to be effective with staff having completed mandatory training and DBS' are in place. There is evidence of regular fire risk assessments being completed, testing of fire drills and alarm testing performed, and an

asbestos report for contractors performing works at Ysgol Caer Drewyn. CCTV is present at Ysgol Caer Drewyn with an up to date policy in place.

Other areas such as PLASC, school funds and school meals are effective with independent checks performed as part of the processes.

## Ysgol Gellifor & Ysgol Bryn Clwyd – November 2022

Medium Assurance ●

Number of Risk Issues:

5 Moderate ●

Ysgol Gellifor and Ysgol Bryn Clwyd operate as a federation with a single governing body. The schools are currently without a business and finance manager which has presented some challenges.

At the time of our review the full Governing Body had not held its first meeting of the new school year. The formal appointments of the new Chair of Governors, four parent governors, a community governor and Vice Chair are due to take place in the next week.

There were some examples of good record keeping practice, notably in relation to finance, school funds, school meals and statistical returns/PLASC. However more generally record keeping controls require improvement to ensure transparency and accountability for decision making and in relation to the completion of risk assessments. It is important that the Governing Body maintain accurate and up to date records of both attendances at meetings and the completion of mandatory training. Further details are included in appendix one of this report.

The schools have a comprehensive suite of governance and management policies in existence, it is important that these are reviewed and ratified on a regular basis. It was not always clear how and when the statutory policies had been reviewed and approved, further the latest policies were not consistently accessible to staff, governors and other stakeholders.

The school finance controls appear to be operating effectively notwithstanding the current business and finance manager vacancy. We have identified one moderate risk issue in relation to the review of financial authorisation limits.

Health and safety policies exist in comprehensive detail, however there was evidence that these are not being consistently implemented. It is important that the schools address in a timely manner the action taken to address both health and safety and fire risk assessment actions. There was limited supporting evidence to demonstrate how this was being achieved. It may be beneficial to include this as a standing agenda item at the Health and Safety sub-committee.

Almost all staff have completed mandatory eLearning training on both General Data Protection Regulation (GDPR) and Safeguarding. This training is underpinned by policies which contain procedural guidance for the safe handling of personal data and internet security. There were some instances where the guidance contained in the policies was not being fully implemented. Key areas for enhancement relate to the use of personal devices, email addresses and cloud based systems.

The review recognises that there are a number of effective controls in place particularly in relation to finance procedures. We are mindful of the challenges the governing body has faced in conducting meetings remotely over the last two years. The inaugural meeting of the new Governing Body should provide a good opportunity to agree and strengthen governance arrangements and procedures. Where we have raised issues, these have been largely identified by the schools and are beginning to take action to address these.

## Christchurch CP– November 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. The governing body and subcommittees operate and maintain a hybrid approach to termly meetings to support maximum attendance.

Our review identified a number of effective controls in place in relation to the governing body. Examples include skills analysis to ensure governors are linked with appropriate areas of responsibility and good record keeping to demonstrate an open and transparent

decision making process when actions are agreed in governing body and subcommittee meetings.

The governing body maintains a Governors Constitution document, which provides a useful overview of the governance arrangements in place. Terms of Reference (ToRs) for both the governing body and the subcommittees do not currently exist. (See Risk Issue 1)

The clerk to the governing body is responsible for maintaining records for governor training, DBS certificates and declaration of interest forms. Our review found a number of governors had not completed the mandatory training within 12 months of appointment. (See Risk Issue 2).

The school has a comprehensive suite of policies and supporting procedural guidance in place, with an effective review process by the governing body. The latest policies are posted on the school website to ensure accessibility to all stakeholders.

There are a number of effective controls in place in relation to ICT and GDPR security. The implementation of the GDPR policy is underpinned by staff training and the prohibition of devices being taken off school premises.

The governing body's approach to health and safety is one of the areas of greatest strength. Staff have completed an extensive range of health and safety training including Child Protection, Safeguarding, first aid and fire safety. Policies and procedures are in place and are intuitively implemented by staff, which was evident from site visits and reviewing records of health and safety documentation such as health and safety "walk-throughs" and risk assessments. There is evidence of regular fire risk assessments being completed, testing of fire drills and alarm testing performed. CCTV is in place across the school site with a supporting policy and training for those with access.

Financial controls appear effective; where finance reports and costings in relation to the school development plan are regularly reported to the governing body and the Pay and Resources Committee. There is a comprehensive finance policy in place, which sets out processes for school funds, lettings, school meals arrears and includes contact details for key stakeholders. It would be beneficial if this overarching policy was supported by



documented procedures for other key tasks performed by office and administrative staff for business continuity purposes.

Other areas such as PLASC, school funds and school meals are effective with independent checks performed as part of the processes.

## PLASC – November 2022

High Assurance ●	Number of Risk Issues:	0
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Overall, there are effective controls in place to ensure that the PLASC return is completed accurately and submitted within the agreed timescales. Key people involved in the process are fully aware of their roles and responsibilities when completing the PLASC return.

There are good controls in place to monitor pupils' attendance and the accuracy of the data retained on SIMS, which is reflected in the PLASC return signed by the head teacher.

## Highways Maintenance – October 2022

Medium Assurance ●	Number of Risk Issues:	5 Moderate ●
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The service made early progress in implementing the Code of Practice, developing strategic policies and procedural guidance in the form of the 2017 Maintenance Strategy, Highways Maintenance Manual (HMM) in 2019 as well as a revised five-year Highways Asset Management Plan (HAMP) developed in 2022. While these have been subject to appropriate governance oversight in draft format, further progress is required in relation to completing the final HMM and HAMP. The HMM sets out how the council is implementing the Code. However, a number of the policies and practices set out in the HMM have yet to be completed and actioned. The council is best served by full and complete implementation of the practices set out in the HMM to ensure ongoing public safety and improved focus on where the budget should be spent.

The Code of Practice introduced a new risk-based approach to highways maintenance, with guidance provided by CSSW to assist Welsh local authorities in implementation of the

code to ensure a consistent approach is applied. While the HMM states that there will be a risk assessment review carried out at least every two years of highway assets, there was limited evidence to demonstrate that this has been achieved in full. Similarly, in relation to the frequency of review of the Network Hierarchy, which has not been formally completed for a number of years.

The highways maintenance strategy, which was approved and adopted in 2017, clearly details the benefits of adopting a proactive approach to planned maintenance rather than reactive repairs. This is further supported by a clear articulation of financial planning in the short, medium and long term cycle of highways maintenance.

The service has faced significant pressures since the publication of the Code of Practice, including adverse weather events such as storms and flooding and more recently the Covid-19 pandemic, which has compounded pressures on resources. The service has continued to deliver its winter maintenance plan and our testing has found that significant progress has been made in clearing the backlog of planned maintenance work whilst meeting targets on safety inspections and defect repairs.

The service recognises that the successful completion of formal training is required for inspectors to ensure that training and competency requirements stipulated in the Code of Practice are met. It is important that safety inspections and visual condition surveys are carried out by appropriately trained inspectors, given the increased volume of claims submitted in recent years.

There are a number of areas of good practice, notably the response to management of flood risk, good progress to reduce the backlog of defect repairs and continuing to meet inspection frequency targets. The service acknowledges that issues raised in this report require further action to ensure full compliance with the Code of Practice and the CSSW risk-based approach.

The full implementation of the risk-based approach set out in the code has not been achieved to date. While the financial and non-financial resource pressures faced by the service may explain why this remains an action on the current service plan, the outstanding areas continue to pose a number of moderate risks.

## Ysgol Melyd – December 2022

Medium Assurance ●

Number of Risk Issues: 1 Major ● 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 and full governing body and sub-committees' Terms of Reference. Not all declaration of interests had been completed. (Risk issue 1)

Governors are required to complete DBS checks as part of their role and notify the clerk in accordance with the 'Disclosure and Barring Service (DBS) Checks; Guidance for Governing Bodies in Denbighshire Schools'. Not all governors have completed DBS checks (Risk issue 2).

There are two governor vacancies, which the governing body are in the process of recruiting. The governing body perform an informal skills set analysis, however this should be recorded and used to identify any training and development opportunities. The chair, vice chair and clerk have completed appropriate training for their roles. However, not all governors have completed the mandatory training (Risk Issue 3).

Governing body meetings have been held virtually; going forward the governing body will have a combination of virtual and face-to-face meetings. All the supporting documents, including agendas and minutes, are shared with the governors in advance of meetings.

All statutory policies are reviewed annually and are accessible to staff and governors in electronic and paper format. 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. The school uses corporate systems for processing income, purchasing and invoicing. There is appropriate separation of duty in place and regular reconciliations being performed. School fund

certificates are audited annually and are up to date. Regular monitoring of the budget is performed, including annual reviews of financial limits, staffing costs and the school's financial position. The latter is forecasting a surplus balance until 2023-24.

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

There are good security controls in place at the school including CCTV cameras on site, regular fire drills and visitors are required to 'sign in' when visiting the school. Fire safety and health and safety assessments are also in place. CCTV footage is currently retained for 12 days, however, the school's CCTV policy states that footage is retained for 60 days. The council's retention guidance states that CCTV footage should be retained for 30 days, therefore it is advised that the CCTV system is amended to retain footage for 30 days and the policy is updated to reflect the amended retention period.

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.

## Community Safety – November 2022

Medium Assurance ●                      Number of Risk Issues:    1 Major ● 2 Moderate ●

Strategically, measures have been put in place to provide a co-ordinated approach to community safety, as there is a Community Safety and Safeguarding Strategic Group with representation from officers attending regional community safety boards. The Group works well: meeting regularly, and identifying key complex issues for investigation. While the

purpose of the Group was discussed at its first meeting, there are no separate terms of reference so that its governance arrangements can be regularly reviewed.

Senior management are more aware of the Community Safety Manager and the work of the partnership through quarterly updates to the Senior Leadership Team (SLT). The previous lead member representing community safety was the Chair of the Safer North Wales Partnership Board, and annual reports are submitted to the Partnership Scrutiny Committee. As there have been new members as a result of the Local Government elections, further updates are planned to raise awareness of community safety.

Operationally, discussions with a sample of heads of services and officers identified good practice with community safety work, which has prompted better engagement across services. However, there is a lack of cohesion for Community Safety as roles and responsibilities are unclear and not having documented procedures to clarify arrangements in place. Services can appropriately deal with some issues themselves, but some officers were picking up work when it was not clear if it was under their remit, or perceived community safety to be the sole responsibility of the Community Safety Manager or Public Protection. This may impact capacity and affect prioritisation of other work. The SLT restructure will provide an opportunity to review current arrangements.

While the Conwy and Denbighshire partnership has its own joint work plan, there has been no extensive consultation on its content with all key services involved in community safety to create awareness, and ensure the plan is aligned with the Council's work. However, the Community Safety Manager is not clear of the expectations of the Council as priorities for community safety are not built into service and performance planning. She increasingly is involved in bigger projects without dedicated resources to support her, which is not practical when she is a shared resource with Conwy Council.

The focus of our audit was particularly on arrangements to manage anti-social behaviour (ASB). Where there have been continuing issues, measures have been put in place, e.g. setting up a working group to monitor and take action, and the Council, and its partners, recently won an award for tackling anti-social behaviour in Rhyl. However, ASB information is not easily accessible as it is recorded on individual systems of services

depending on the nature of the concern, which makes it difficult to identify escalating issues that impact cross-service or for freedom of information requests. Due to capacity and a lack of clear recordkeeping, the alley gates review has also not concluded in line with the Anti-Social Behaviour, Crime and Policing Act 2014.

While we did not review the partnership arrangements in detail, the Community Safety Manager is clearly enthusiastic and committed to the work of the partnership. The main areas for improvement are that there has been no review of governance and performance arrangements by either the Council or the partnership itself. Similarly, the partnership's own risk register has not been updated, and the Council needs to ensure that it has an effective mechanism for capturing partnership and community safety risks.

## Revenues & Benefits Phase 1– December 2022

High Assurance ● Number of Risk Issues: 0

Overall, the project to bring the Revenues & Benefits Service back in-house has been well-managed. Roles and responsibilities have been clearly defined with a designated project manager, project executive and a separate project board. There is also a dedicated project team who have been actively engaged at the appropriate time within the project lifecycle, and elected members have been kept informed of the project progress.

The project management process has been followed utilising the use of the corporate project management system, Verto and key documents such as a milestones log, risk register, etc. are accessible and up-to-date. Minor improvements have been discussed with the project team so they can either address or record in their lessons learnt log post-implementation, e.g. producing regular highlight reports and strengthening risk scoring.

Exit arrangements were complied with as there is a written agreement terminating the Civica contract: appointing an exit manager and team, and an exit plan documented. Both Procurement and Legal have been engaged to provide advice on contractual arrangements with Civica's sub-contractors, and there was just one service provider remaining where legal advice was being sought at the conclusion of our review.

Legal and HR have been actively involved with managing the TUPE of staff process. Prior to the service transition, staff were kept informed through regular meetings and staff

presentations. Job descriptions will be reviewed post-implementation, and staff will have a six-month period to complete any mandatory training. Pre-implementation, a written inventory was undertaken detailing ownership of equipment and for any staff not being TUPEd to the Council, ICT equipment was returned and building and system access disabled. Similarly, any equipment owned by Civica has been returned to them.

While not the impetus for this project, the Cabinet report (January 2022) detailed that it was envisaged that there would be cost savings by transitioning the Service back to the Council. Finance saving modelling was undertaken prior to implementation, and will be reviewed now the final staffing costs are known.

## Accommodation Provision for the Homelessness follow up 3 – December 2022

High Assurance ●	Actions fully implemented:	18 (10 Major & 8 Moderate)
	Actions outstanding:	1 (1 Major & 1 Moderate)

Considerable progress has been made now since our last follow up review. Our last follow up review concluded that 72% of actions had been fully implemented compared to 89% currently.

Written procedures relating to the Rapid Rehousing Model have been developed and circulated to Welsh Government. These include a baseline of performance objectives to be achieved over the next five years, but these will be further developed by the Strategic Homeless Lead.

Despite staff having a high caseload, there is an improvement in the recordkeeping of homeless cases, e.g. diary notes being kept up-to-date. Controls need to be strengthened with putting in place assessments and the authorisation of housing plans. Since our last review, team leaders have improved the evidencing of their independent monitoring of homeless cases.

Due to capacity and other priorities, further documented guidance is still needed for staff to ensure that they carry out processes consistently.

## Contract Management follow up 3 – November 2022

High Assurance ●	Actions fully implemented:	12 (11 Major & 1 Moderate)
	Actions outstanding:	1 (1 Major)

Significant demonstrable progress has been made in addressing the outstanding actions in the last 4 months. The roll out of the contract management framework and associated training began in earnest in July and August. There has been a concerted effort by the Contract Management and Procurement team to provide training and guidance to all services. External targeted training was arranged over the summer months and underpinned by documentary guidance on the implementation of the framework. It is clear that services are engaging in the risk evaluation of contracts with documentary recording on Proactis. A number of examples of good practice were evident in this third and final follow up review. These include process mapping against the framework requirements, greater risk consideration and improved governance oversight. It is important that momentum is not lost in implementing all elements of the framework, in particular the recording of contract management tasks. This was the only outstanding action of the thirteen originally proposed.

## Registration Services follow up 2 – October 2022

High Assurance ●	Actions fully implemented:	15 (12 Major & 3 Moderate)
	Actions outstanding:	1 (1 Moderate)

Progress has been made since our last review with the outstanding actions, as a new telephone system has been implemented, and a GDPR review completed of the registration service. A new system has been procured that will assist in an efficient and effective service delivery for making appointments and ordering certificates electronically. Implementation of the system has been delayed due to key staffing issues, which impacts the last remaining action. Data deletion cannot be carried out on the current system, but the data retention schedule will be run on the new system post-implementation.



## WAO reports update for 2022/23

Review	Start Date	Date Report out	Report status	Link to report
Financial Statement Audit	27 <sup>th</sup> June 2022	February 2023		
Assurance and Risk Assessment	On-going throughout the year	End of January 2023		
Cross-sector review focusing on the flow of patients out of hospital	October 2022	May 2023		
Corporate Support Function	15 <sup>th</sup> August 2022	End of January 2023	Corporate Support Function	15 <sup>th</sup> August 2022

## Estyn visits / reports update for 2022/23

School Name	Estyn Visit W/C	Date Report out	Report status	Link to report
Christ the Word	16/05/22	20/07/22	Special Measures	<a href="https://www.estyn.gov.wales/provider/6635902">https://www.estyn.gov.wales/provider/6635902</a>
Ysgol Uwchradd Glan Clwyd	May 2022		LA to review	
Ysgol Llywelyn	June 2022		No Follow Up	

# Internal Audit Update – September 2022

Denbigh High School	27/09/22	N/A	N/A	N/A
<b>School Name</b>	<b>Estyn Visit W/C</b>	<b>Date Report out</b>	<b>Report status</b>	<b>Link to report</b>
Ysgol Y Castell	10/10/22		Not follow Up	<a href="https://www.estyn.gov.wales/system/files/2022-12/Inspection%20report%20Ysgol%20Y%20Castell%202022_0.pdf">https://www.estyn.gov.wales/system/files/2022-12/Inspection%20report%20Ysgol%20Y%20Castell%202022_0.pdf</a>
Rhyl High	17/10/22		No Follow Up	<a href="https://www.estyn.gov.wales/system/files/2022-11/Inspection%20report%20Rhyl%20High%20School%202022.pdf">https://www.estyn.gov.wales/system/files/2022-11/Inspection%20report%20Rhyl%20High%20School%202022.pdf</a>
Ysgol Borthyn	Oct 2022		No Follow Up	<a href="https://www.estyn.gov.wales/system/files/2022-11/Inspection%20report%20Borthyn%20V.C.%20Primary%20School%202022_0.pdf">https://www.estyn.gov.wales/system/files/2022-11/Inspection%20report%20Borthyn%20V.C.%20Primary%20School%202022_0.pdf</a>
Ysgol Carrog	Nov 2022		Report Not Published Yet	
Ysgol Caer Drewyn	Nov 2022		Report Not Published Yet	
Denbigh High School	Follow up due this term			
Christ the Word	Follow up due this term			

# Internal Audit Update – September 2022

## CIW reports update for 2022/23

Area Reviewed	Date of Review	Date Report Issued	Report Status	Link to Report

## Other reports update for 2022/23

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

## Progress in Delivering the Internal Audit Assurance

Since the last Internal Audit update in September 2022, the consultation paper on the review of the Senior Leadership Team (SLT) has been shared and under the proposed restructure Internal Audit will move over to Finance and will report 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.

The consultation period closes on the 18<sup>th</sup> January and it is hoped that the new proposed structure will be in place by the new financial year. 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.

The current position in the September update was the Principal Auditor post had been filled by one of the Senior Auditors, and at the meeting in October (September meeting had to be re-arranged due to the passing of her Majesty the Queen) the Chief Internal Auditor verbally updated the committee that the two Senior Audit posts had been advertised and filled by internal candidates. However, since this update in October, two auditors have been successful in securing new positions outside of Denbighshire, leaving the team with three vacant posts.

During this year we have carried a number of vacancies and although we are carrying out interviews in January for the vacant posts, they could remain vacant for the remainder of this financial year. This will ultimately mean that we will not be able to complete every review within the Audit Plan for 2022/23 and we will therefore, be prioritising our reviews to ensure that we cover all statutory reviews and ensure appropriate coverage in all services.

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:

- Revenues & Benefits Phase 2;
- Financial Services Review;
- DLL reviews (completed under a SLA, but feed into the S.151 annual Financial Statement);
- Housing Support Grant

- Cefyndy
- Workforce Planning;
- Blue Badges - process review;
- Insurance;
- Court of Protection;
- ICT Asset Management;
- Partnership Arrangements; &
- Risk Management;

# 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	Complete	High ●	0	0	0	
Ysgol Brynhyfryd	Complete	High ●	-	-	2	
Ysgol Dewi Sant	Draft	-	-	-	-	
Ysgol Melyd	Complete	Medium ●	0	1	2	
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	-	-	-	-	Starting in January 2023
Revenues & Benefits 2022-23	Complete	High ●	0	0	0	
Cefndy Healthcare	Scope	-	-	-	-	
Risk Management	Not yet started	-	-	-	-	
Highways Improvements	Complete	Medium ●	0	0	5	
Health & Wellbeing	Scoping	-	-	-	-	
Commercial Waste	Complete	Medium ●	-	1	2	
Families First	Complete	High ●	-	-	-	
Community Safety Partnership	Complete	Medium ●	0	1	2	

# 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	Complete	Medium ●	0	0	5	
Ysgol Carrog and Yagol Caer Drweyn	Complete	High ●	0	0	3	
Pentrecelyn	Scope					
Christchurch	Complete	High ●	0	0	2	
Christ the Word	Fieldwork					
Library fees & charges	Not yet started					
Cash Collection	Scoped					
ALN	Fieldwork					
Direct Payments for Children 2 <sup>nd</sup> follow up	Complete	Medium ●	-	-	-	
Payment Card Industry – Data Security Standards 3 <sup>rd</sup> follow up	Complete	Medium ●	-	2	1	
Project Management: Queen's Building 2 <sup>nd</sup> follow up	Complete	High ●	-	-	-	
Contract Management 3 <sup>rd</sup> Follow Up	Complete	High ●	0	11	1	
Exceptions, Exemptions and Variations from the Contract Procedure follow up	Not yet started	-	-	-	-	Staffing issues agreed to undertake review in Q1 2023/24
Support Budgets & Direct Payments: Adults 3 <sup>rd</sup> Follow Up	Complete	Medium ●	-	-	-	
Housing Support Grant	Scope					
Provision of Homeless Accommodation 3 <sup>rd</sup> Follow Up	Complete	High ●	0	9	7	1 Major & 1 Moderate, but significant progress made since the last follow up
Whistleblowing Investigation	Fieldwork	N/a	N/a	N/a	N/a	



Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment
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 currently uploading the data for the National Fraud Initiative (NFI) exercise for 2022-23 and will start looking at the matches in quarter 1 of 2023/24 financial year.
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 has been produced for schools and the first training session is being rolled out on the 19 January 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 a whistle blowing response and counter response of concerns of potential fraud. This is an on-going investigation and the findings will be shared with relevant officer.
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.

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

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

## Internal Audit Performance Standards

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

Performance Measure	Target	Current Performance
Send a scoping document before the start of every audit	100%	100%
Issue draft report within 10 days of the closing meeting	Average days less than 10	12.1 days
Issue final report within 5 days after agreeing the draft report and action plan	Average days less than 5	3.9 day
Percentage of audit agreed actions that have been implemented by services	75%	Please see explanation below

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

There have been a number of capacity issues over the last nine months with staffing. We have been through three recruitment exercise to appoint into the CIA, Principal and Senior Auditor roles, but unfortunately after appoint into the Principal and one of the Senior Auditor positions we received their resignations due to them securing more senior roles within the NHS and retail sector.

This has meant that a fourth recruitment exercise was carried out and over December and interviews are due to take place in January.

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.