

Internal Audit Update

July 2023

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Internal Audit Reports Recently Issued

Since the last Internal Audit update report in April 2023, Internal Audit has completed:

- Seven reviews, but only six can be shared, as the fifth report in the table was completed for Rhuddlan Town Council. However, for the six being reported on, a full copy of each report has been circulated to members of the committee.
- Work has started on the NFI data matching and we have completed a number of checks.

The assurance given and number of issues raised for each review is summarised below:

Reference Number	Area of work	Assurance Level	Critical Issues	Major Issues	Moderate Issues
D222324	Housing Support Grant	High ●	0	0	0
D222318	ICT Asset Management	High ●	0	0	1
D232414	Process Review of Library Fees and Charges	N/A	N/A	N/A	N/A
D222315	Workforce Planning	Medium Assurance ●	0	0	2
D232437	Rhuddlan Town Council	High ●	0	0	0
D232431	Ysgol Bryn Collen	High ●	0	0	2
D232434	AONB	High ●	0	0	0

Housing Support Grant – May 2023

High Assurance ●

Number of Risk Issues: None ●

The review confirmed effective arrangements are still in place for the Housing Support Grant (HSG) which comply the Welsh Government (WG) guidance March 2021.

Regular reports are provided to Welsh Government as evidence of confirmation of how funding is spent. Examples include quarterly progress updates on expenditure, final outturn expenditure and end of year progress report. While there were delays in submitting some reports, Welsh Government were aware of the reasons in advance.

The service has key documentation in place to ensure HSG priorities and outcomes are monitored and reported to Welsh Government. Examples include Housing Support Needs Assessment, which includes a single outcome framework and an annual delivery plan.

The service continues to work collaboratively with other local authorities and public sector providers. As part of the requirements the North Wales Regional Housing Support Collaborative Group (RHSCG) submitted an annual statement of collaborative work, which details priorities, objectives, representatives from organisations and work completed to work collaboratively.

We reviewed a sample of financial transactions and confirm that funding is being spent in line with the grant's terms and conditions. Examples of support provided through the grant include preventative measures such as training and awareness sessions for officers; support for tenants in terms of items for homes and supporting clients in community living.

ICT Asset Management – May 2023

High Assurance ●

Number of Risk Issues:

1 Moderate ●

The review identified that there are effective controls in place within the council's ICT asset management process. Policies and procedures are in place for issuing and receiving ICT equipment, including the receipt of redundant devices and records where devices are allocated to staff. However, the redundant devices procedure did not have a date when last reviewed to demonstrate that the procedure is reviewed regularly.

Testing of devices on the ICT network against the ICT asset register confirmed that assets matched to staff. ICT Service team have recently introduced monitor and peripheral reports that are performed on a regular basis, which identify other assets connected to laptops, such as monitors and docking stations confirming what assets staff are using.

Other processes in place include identifying assets that have been replaced or are redundant. A report of redundant assets is maintained where the assets are automatically removed after 90 days. Testing identified 87% of assets were removed from the list however 13% were still assigned to the staff member, which was as a result of devices not being received from managers as part of the leavers process. Staff accounts and devices are disabled to prevent devices from being used and reminders are issued to managers as additional controls.

In March 2020 most staff were advised to work from home as a result of covid-19 lockdown. All services were advised by the Interim Head of Service to complete an asset register detailing equipment that had been taken off site. As part of our testing, we requested services to provide their asset registers. We only received eight out of nine, which equated to 89%. We identified some inconsistencies in recording of ICT assets. (See Risk Issue 1)

We visited four sites to verify assets were in the stated location recorded on the ICT asset register. Testing confirmed laptops were not always on site; however, further checks confirmed the base for staff were accurate and staff were working remotely. The DCC numbers were accurate and reflect the information captured on the ICT asset registers.

Process Review of Library Fees and Charges – June 2023

Assurance Rating – N/A

Number of Risk Issues:

None

The removal of late fees appears to have had a positive effect on the service. There are effective measures in place to manage the risks for borrowed items, examples include issuing reminders to customer when items are late, charging schedule for lost or damaged items and limiting free replacement cards to three per customer, after which there is a nominal charge. Customers can also access their account through the online catalogue and the Pori App.

The Library Management System (LMS) performs a variety of different functions, including automatic updates on customers' accounts with little input required from staff.

There is a charging schedule in place for services offered including costs for replacement items, photocopying, printing and room hire, which was reviewed in 2021-22, and is comparable with other Local Authorities and printing companies. Where items are not available locally, the services use the Inter-Library Lending (ILL) system to enable customers to search for stock within Wales. We advise that the charging schedule is reviewed on a regular basis to ensure prices cover appropriate service charges and incorporate any feedback from annual income reviews carried out.

Denbighshire offer music score hire, song collections, choral and orchestral sets, which are a limited resources in the UK and have agreed hire costs. The agreements include costs for lost or damaged sheets. The written process needs amending to include steps for recovering costs if items are lost or damaged.

There has been an increase in customers utilising room hire facilities at libraries, including regular bookings from banks, which are hiring spaces due to branch closures. There is a charging scheme in place to accommodate different type of bookings. Some customers require invoices for room bookings for processing through their purchasing system. The council use the sundry debtors system, which is not cost effective for all rooms bookings in libraries, as the cost of raising an invoice can be greater than the room hire costs. Internal

Audit will advise the service of alternative methods for raising invoices for customers requiring invoices.

Miscellaneous sales are either made by cash, cheque or when available through card where a specific code is used to correctly allocate the transaction.

There are effective controls in place for the library service charges, where a proactive approach has been used to identify any weaknesses and this has already progressed in strengthening areas to minimise risks.

Workforce Planning – June 2023

Medium Assurance ●	Number of Risk Issues:	2
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The review confirmed there are robust HR initiatives and strategies in place to support the Corporate Workforce Plan. Agile policy and guidance is on target and is on the agenda to be presented to Cabinet in May 2023, with a target of June 2023 to go live. Leadership conferences have been reviewed by the Chief Executive Officer (CEO) and Senior Leadership Team (SLT) with a timetable in place for the next 12 months. The review of Leadership Conference is required prior to one-to-ones being carried out and performance indicators are being monitored. Succession planning is carried out routinely and a decision has been made to draft a formal plan by the end of April 2024 to support managers.

The HR department had a number of vacancies within the team, and are in the process of recruiting SLT members, which is priority. Therefore, the development of some policies and guidance has been delayed. Management induction is a mechanism for supporting and upskilling new managers on policies, procedures, tools and systems, and this has also been delayed until September 2023. These delays pose a moderate risk (See Issue 1).

The One Council Approach is making good progress, corporate induction and new starter provisions are functioning well and Welsh Unions Learning Funding (WULF) ensures regular courses, which are well advertised and also include a good provision of management courses. The Operational Development specialist (OD) helps identify skills gaps so that future provisions offering bespoke training can get underway. Discussions are

ongoing to support the Welsh Language Strategy and Welsh courses are promoted for employees to develop their skills.

Testing confirms that HR have taken a proactive approach to recruitment with regular workshops being held for CSS/CS vacancies and in September 2022 a job fair organised by HR proved successful. The number of staff on a career pathway has doubled in the last three years and managers are seeing the benefits of career pathways as managers are growing their own and filling skills gaps as well as retaining staff. New adverts and person specifications for vacancies have been streamlined to encourage more applicants and employee benefits are advertised well.

HR are demonstrating a strong commitment to support Health and Wellbeing. There is a mass of resources and policies which are easily accessible and publicised well. There are dedicated Mental Health first aiders in each department, who are listed on the intranet. HR have identified the need to ensure the list is current and intend to schedule reviewing this on a 6-monthly basis. Policies are updated regularly, but we advise going forward, that the date of review and next review date should be recorded on the front cover, as it was not always clear during testing (See Issue 2)

The Staff Council continues to be effective, having been used as a consultative body for communicating messages such as NWOW and the Corporate Plan.

Ysgol Bryn Collen – June 2023

High Assurance ●

Number of Risk Issues:

2 Moderate ●

Our review identified effective controls in place for the governing body. Declarations of Interests (DOI) for governors are up to date. In accordance with the Disclosure and Barring Service (DBS), all governors require a DBS check, and testing identified compliance with the DBS process.

Governing body meetings are held regularly and the supporting documents, including agendas and minutes, are shared with the governors in advance of meetings. All statutory policies are in place and are accessible to staff and governors and are reviewed regularly. The governing body performs informal skills set analysis; however, this should be formally

recorded using self-evaluation forms which will assist in identifying further training and development needs for governors.

The school budget is currently in deficit, however they have taken a proactive approach in reducing the deficit and are working with officers on a recovery plan. There are effective controls in place for budget monitoring with regular reviews of school budgets, including review of staff costs and the school's financial position.

The school uses corporate systems for processing income, purchasing and invoicing. There is appropriate separation of duty in place and regular reconciliations are performed. Written processes are not in place for all key processes but there is adequate knowledge within the team to cover absence; it would be wise to document these procedures in the future. School fund certificates are audited annually; however, approval of the independent auditor should be minuted to strengthen the separation of duty.

The school currently does not charge for letting that is in place but intends to introduce charges in September for wrap-around care facilities provided. Appropriate controls will need to be considered for the collection of income. and the Governing Body will need to approve the school-wide lettings policy which is currently being drawn up by Education Services.

Work required on site is 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 effective controls in place for health and safety and safeguarding. The school is secure with high fencing and restricted access during school hours. CCTV is on site with regularly reviewed CCTV policy in place. The school has arranged for the retention period to be changed to 30 days to be in line with corporate retention schedule period. Other examples include regular testing of fire drills, 'sign in' process as well as written processes for staff to follow for child protection/safeguarding. Fire risk assessments are in place and reviewed regularly.

ICT security arrangements appear to be effective; staff have individual usernames and passwords and all external devices are encrypted and password protected. The school has an asset register in place for ICT assets, however the asset register needs strengthening.

AONB – June 2023

High Assurance ●

Number of Risk Issues:

None

Our review identified effective controls in place for monitoring of income and expenditure with supporting documentation in place. Examples include providing financial reports to the Clwydian Range and Dee Valley AONB Joint Committee on a regular basis and regular reconciliations of AONB accounts and petty cash. Appropriate treatment of VAT, National Insurance and PAYE were in place and comply with corporate financial regulations.

The AONB committee meet regularly using virtual platforms and have detailed supporting documentation in place for recording discussions and decisions agreed.

A review of the completed annual returns for 2022-23 identified some significant variations in income and expenditure in comparison to 2021-22. Through discussion with officers, we were satisfied that the variances were reasonable and we have no concerns.

Regular reviews of the AONB risk register are performed and discussed and approved by the Clwydian Range and Dee Valley AONB Joint Committee.

WAO reports specific to Denbighshire County Council that are due to be undertaken in 2023/24

Review	Report status	Link to report
Audit of the Council's 2021-22 statement of accounts		
Audit of the Council's 2022-23 statement of accounts		
Grants certification 2021-22		
Local Report on Council's Corporate Support Functions		
Assurance and Risk Assessment		
Cross-sector review focusing on the flow of patients out of hospital		
Digital Strategy Review		
Examination of the Setting of Well-being Objectives by Denbighshire County Council		
Use of Performance Information – Service		
Welsh Housing Quality Standard local project		

National WAO reports that are due to be undertaken in 2023/24, for the 22 LA in Wales

All 22 local authorities will be audited on an agreed review area and then the 22 local authority reports will be pulled into one national report that will be issued to each local authority. This generic report will be produced and shared across the 22 local authorities highlighting good / bad practice identified.

Review	Report status	Link to report
Thematic review – Digital		
Thematic review – Financial Sustainability		

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Thematic review – commissioning and contract management		
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Local government national studies planned/in progress

The local government national studies are undertaken by a specific team within WAO who will not look at all 22 local authorities in Wales. They will select a sample of local authorities across Wales and carry out the review. Once completed, a generic report will be produced and shared across the 22 local authorities highlighting good / bad practice identified.

Review	Link to report
Building Social Resilience and Self reliance	https://www.audit.wales/sites/default/files/publications/Together_we_can_Community_resilience_and_self_reliance_English_2.pdf
Building safety	
Planning for sustainable development – Brownfield regeneration	
Governance of special purpose authorities – National Parks	
Corporate Joint Committees (CJCs)	



Estyn visits / reports update within the last 12 months

School Name	Report status	Link to report
Christ the Word	Special Measures	https://www.estyn.gov.wales/provider/6635902
Ysgol Uwchradd Glan Clwyd	LA to review	https://www.estyn.gov.wales/system/files?file=2022-
Ysgol Llywelyn	No Follow Up	https://www.estyn.gov.wales/system/files?file=2022-
Ysgol Y Castell	No follow Up	https://www.estyn.gov.wales/system/files/2022-

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Rhyl High	No Follow Up	https://www.estyn.gov.wales/system/files/2022-
Ysgol Borthyn	No Follow Up	https://www.estyn.gov.wales/system/files/2022-
Ysgol Carrog	No Follow Up	https://www.estyn.gov.wales/system/files?file=2023-
Ysgol Caer Drewyn	No Follow Up	https://www.estyn.gov.wales/system/files?file=2023-
Prestatyn High School	No Follow Up	https://www.estyn.gov.wales/system/files?file=2023-03/Inspection%20report%20Prestatyn%20High%20School%202023_0.pdf
Denbigh High School	Monitoring Visit	https://www.estyn.gov.wales/system/files?file=2020-08/Denbigh%2520High%2520School_0.pdf Report produced 06/07/2018 and since then the school has been receiving monitoring visits and letters are sent to Head of Education
Ysgol Penmorfa	No Follow Up	https://www.estyn.gov.wales/system/files?file=2023-03/Inspection%20report%20Ysgol%20Penmorfa%202023_3.pdf
Ysgol Pendref	Estyn Follow up	https://www.estyn.gov.wales/system/files?file=2023-03/Inspection%20report%20Ysgol%20Pendref%202023_0.pdf
Ysgol Gynradd Pentrecelyn	No Follow Up	https://www.estyn.gov.wales/system/files?file=2023-05/Inspection%20report%20Ysgol%20Gynradd%20Pentrecelyn%202023_0.pdf

CIW / Other reports update for 2023/24

Area Reviewed	Link to Report
Dolwen Care Home	https://www.careinspectorate.wales/sites/default/files/inspection-reports/00009247-mgnd_c_27042022_e.pdf
Cysgod Y Gaer	https://www.careinspectorate.wales/sites/default/files/inspection-reports/00009248-hclp_c_05052022_e.pdf
Joint Inspection of Child Protection Arrangements: Denbighshire County Council, Betsi Cadwaladr University Health Board, North Wales Police	  230517-Denbighshire-JICPA-en-easyreact-230517-Denbighshire-JICPA-en.pdf

Progress in Delivering the Internal Audit Assurance

Since the last Internal Audit update in April 2023, Internal Audit has moved over to the newly named Finance and Audit Service and will report to the S.151 officer and HoS.

The last 3 months has seen Internal Audit carrying one vacancy, but we have now recruited into the vacant Senior Auditor post with a third Career Pathway – Auditor who is due to start on the 17 July 2023. We have also had a member of the team off on long-term sick, but they have now returned and going forward it will be good to have a full complement of staff.

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.

Audits due to commence shortly include:

- DLL reviews (completed under a SLA, but feed into the S.151 annual Financial Statement);
- UK Resettlement Team
Cefyndy
- Insurance;
- Court of Protection;
- Partnership Arrangements; &
- Risk Management.

Internal Audit FWP

Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment
Risk Management	Not yet started	-	-	-	-	
Fostering	Not yet started	-	-	-	-	
Looked after children – Independent Reviewing Officers	Not yet started	-	-	-	-	
Programme & Project Management	Not yet started	-	-	-	-	
Financial Systems	Not yet started	-	-	-	-	
Revenues & Benefits	Not yet started	-	-	-	-	
Internal Audit of Housing Support Grant 2023/24	Not yet started	-	-	-	-	
Liberty Protection Safeguards	Not yet started	-	-	-	-	
Mediquip	Not yet started	-	-	-	-	
Court of Protection	Not yet started	-	-	-	-	
Internal Audit of ICT Asset Management	Complete	High ●	0	0	1	
Community Equipment Service	Not yet started	-	-	-	-	
Denbighshire Leisure Limited (DLL)	Not yet started	-	-	-	-	
Youth Service	Not yet started	-	-	-	-	
Process Review of Library Fees and Charges	Complete	N/A	N/A	N/A	N/A	
Procurement – pre-tender stage	Not yet started	-	-	-	-	
Partnership Arrangements	Not yet started	-	-	-	-	
Cefndy Healthcare	Not yet started	-	-	-	-	

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Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment
Tackling Poverty	Not yet started	-	-	-	-	
Denbigh High School	Scope	-	-	-	-	
Ysgol Esgob Morgan	Scope	-	-	-	-	
Ysgol Pentrecelyn	Scope	-	-	-	-	
Ysgol Dinas Bran	Scope	-	-	-	-	
Ysgol Bro Famau	Scope	-	-	-	-	
Ysgol Emmanuel	Scope	-	-	-	-	
Ysgol Henllan	Scope	-	-	-	-	
Ysgol Bro Dyfrdwy	Fieldwork	-	-	-	-	
Ysgol Bodfari	Fieldwork	-	-	-	-	
Ysgol Trefnant/Llanbedr	Draft Report	-	-	-	-	
Ysgol Plas Brondyfryn	Not yet started	-	-	-	-	
Ysgol Bryn Collen	Completed	High ●	0	0	2	
Ysgol Gwenant	Draft Report	-	-	-	-	
Rhuddlan Town Council	Completed	High ●	0	0	0	
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	-	-	-	-	
Housing Support Grant 2022/23	Completed	High ●	0	0	0	
Council Run Care Homes	Not yet started	-	-	-	-	
Blue Badges	Not yet started	-	-	-	-	
AONB Grant	Completed	High ●	0	0	0	

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Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment
Cash Collection	Not yet started	-	-	-	-	
ALN	Not yet started	-	-	-	-	
Wellbeing Impact Assessment	Not yet started	-	-	-	-	
National Fraud Initiative	Not yet started	-	-	-	-	
UK Resettlement Team	Fieldwork	-	-	-	-	
Taxi Licensing	Not yet started	-	-	-	-	
Staff PayScale review	Not yet started	-	-	-	-	
Housing Contact Centre / Corporate Call centre	Not yet started	-	-	-	-	
Liberty Gas	Not yet started	-	-	-	-	
Contract Management of ICT system	Not yet started	-	-	-	-	
Climate Change & Ecological Change Programme	Not yet started	-	-	-	-	
Work Force Planning	Complete	Medium Assurance ●	0	0	2	
Christ the Word	Draft Report	-	-	-	-	
Whistleblowing Investigation	As required.	-	-	-	-	
Follow up audits	Ongoing	-	-	-	-	
School Funds Audits	Ongoing	-	-	-	-	

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.
2. National Fraud Initiative (NFI) update - Data matches for the 2022-23 exercises have been released and work has started on checking the matches.
3. Education Support continue to prompt schools to maintain up-to-date school fund certificates. We are currently looking at on-line banking arrangements for school fund as schools are looking to move away from cheques.
4. The Strategy for the Prevention and Detection of Fraud, Corruption and Bribery and Fraud Response Plan are available on the Council's website and the North & Mid Wales Audit Partnership Fraud sub-group is looking at developing an E-learning module 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 following the success of the first training session in January 2023 we are looking at repeating the exercise in September/October 2023.
6. Alerts from the National Anti-Fraud Network (NAFN) reviewed with the relevant service and response taken accordingly.
7. Responding to a whistleblowing response and counter response of concerns of potential fraud. This is an on-going investigation and the findings will be shared with relevant officer.

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.

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During the first three months of 2023/24 financial year, we have been asked by two separate services to investigate potential frauds. In both cases the issues are around misappropriation of grant funding.

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	6.6 days
Issue final report within 5 days after agreeing the draft report and action plan	Average days less than 5	2.9 days
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.

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.