

# Internal Audit Update

**March 2024**

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## Internal Audit Reports Recently Issued

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

- Twelve reviews and a full copy of each report has been circulated to members of the committee.
- The team have also been involved in seven special investigations that have taken up a considerable amount of time and currently four are at draft stage and the remaining three should be at draft stage by middle of March.
- Once the special investigations have been agreed by the service(s) they will be finalised and a copy will be shared with each member of the Governance and Audit committee.
- Work has started on the NFI data matching exercise and this work is on-going.

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
D232423	Ysgol Dinas Brân	High ●	0	0	3
D232416	Insurance	High ●	0	0	0
D232443	Taxi Licensing	High ●	0	0	3
D232444	Denbigh High School	High ●	0	0	3
D232421	Treasury Management	High ●	0	0	0
D232442	HSG 2022/23	High ●	0	0	2
D232421	Accounts Payable	High ●	0	0	1
D232440	Resettlement and Refugees	Medium ●	0	0	4
D232422	Revenues & Benefits – Sundry Debtors	High ●	0	0	1

Reference Number	Area of work	Assurance Level	Critical Issues	Major Issues	Moderate Issues
D232422	Revenue & Benefits – Housing Benefits	High ●	0	0	1
D232421	Finance Services - Payroll	High ●	0	0	0
D232440	Revenue & Benefits - Council Tax	High ●	0	0	0

Ysgol Dinas Brân – November 2023

High Assurance ●

Number of Risk Issues: 3 Moderate ●

Our review identified a positive and constructive relationship between the school and governors, with evidence of good governance processes. Examples include up to date Declarations of Interest (DOIs), mandatory training for all governors has been completed and governing body meetings are held regularly and the supporting documents, including agendas and minutes, are shared with governors in advance of the meetings. In accordance with the Disclosure and Barring Service (DBS), all governors require a DBS check. With the exception of four governors, all have completed the DBS process. For governors who have not completed the DBS process a risk assessment has been completed and is in place until a certificate is received. A log is kept to monitor the validity of certificates.

Testing revealed that some statutory policies require review. The school has already implemented a rectification measure to keep a record of policies and review dates, and outstanding policies will be reviewed at the next Full Governing Body meeting in November. There are currently two vacancies on the governing body, which the school is actively seeking to fill to ensure compliance with the Government of Maintained Schools (Wales) Regulations 2005. A formal self-evaluation of skills may help to identify gaps and target recruitment to these vacancies effectively.

The school budget is currently forecasting a surplus balance at the end of 2023/24 but is forecast to go into deficit in 2024/25. Recovery plans will be put in place as required and there are effective controls in place for monitoring of school budgets including staff costs and the overall financial position of the school.

The school uses corporate systems for processing income, purchasing, and invoicing with delegated limits being reviewed regularly by the governing body and appropriate separation of duty. Systems are working well, and staff have a good understanding of responsibilities. Written procedures for financial processes would be beneficial to support business continuity in the event of staff absences, and to ensure that commitments are checked regularly to ensure accurate financial forecasts.

The governing body is complying with Contract Procurement Regulations. Grant funding is being used appropriately and any underspend is returned to the funding body. The school fund is being managed effectively. The Governing Body should approve the selection of the independent auditor and review certificates before they are sent to Denbighshire County Council.

Controls have been implemented to mitigate and manage effectively risks associated with the school site, which shares a driveway with the leisure centre managed by Denbighshire Leisure Limited. Security arrangements are effective, with CCTV on site, visitor sign-in procedures, and lockdown procedures are robust.

Health and Safety and Fire Risk assessments are completed regularly, and have appropriate safety protocols and testing are in place. The governing body has made substantial efforts to reduce carbon emissions on site with installation of solar panels, use of LED lights, creation of green spaces, and the use of an electric vehicle.

There are effective safeguarding controls in place and visitors are asked to read relevant safeguarding information at reception. The Designated Safeguarding Lead has been proactive in reporting a problem this year with the availability of training for staff.

ICT services are provided through a contract with Denbighshire County Council. Security arrangements appear to be effective: with two-factor authentication in place for ICT

systems. It would be beneficial for the governing body to develop an ICT policy based on policy templates provided by Education Services. The GDPR policy is due for review and time has been scheduled to ensure that all staff complete GDPR training.

An asset register for ICT equipment is in place. The governing body have purchased a scanner to record equipment by serial number. Other controls include receiving certificates of disposal when obsolete equipment is sent for recycling or destruction. The governing body will establish a minimum value and frequency of reviews for the asset register.

## Insurance – November 2023

High Assurance ●

Number of Risk Issues:

None

Our review confirmed that there are robust governance arrangements and adequate risk management controls in place in relation to insurance services, with an effective insurance process established. The Accounts Payable and Risk Manager (APRM) provides oversight and operational management across departments to manage insurance risks for services and assets of the council. Proactive steps have been taken to improve the efficiency and effectiveness of insurance services in recent years, resulting in a well organised insurance process to address the key requirements.

We confirmed the recent insurance renewal tendering process had clear separation of duty in place for procurement process and a proactive approach was in place to ensure insurers offered both value for money and met all the insurance requirements. Evidence of thorough analysis and transparency was clear in the decision-making process which was presented to cabinet for approval. Good mechanisms are in place to provide a suitable audit trail of insurance terms, contracts, bids, rejections, purchase orders and performance monitoring of suppliers.

When considering coverage such as schedules and exclusions, the council opted for the most comprehensive property quote which we noted was comparable to other authorities. The policy included the usual standard exclusions, however, COVID is a general exclusion on all policies now for all insurers. While the cover was not the most competitive, it did

offer the most comprehensive cover which was considered the best option to manage risks.

The council currently have no cyber insurance policy in place. Research supports a global difficulty in obtaining this type of insurance due to the high specification required to obtain cyber security insurance as well as an increase in premiums, which have increased by 100% in 2023. An exercise is taking place in January 2024 where brokers will work with the council's ICT department to assess what systems and controls are in place so a quote can be obtained. The council has effective security controls in place, which include firewalls, antivirus, Intrusion Detection Software, Intrusion Prevention Software to reduce cyber-attacks.

Insurance premiums are covered by the corporate budget and recharged to services annually. Insurance premiums do not increase as a result of claims but as a result of the ever changing market conditions. Claims are paid by the insurer and the authority are invoiced for agreed excess amount. Testing demonstrated that straightforward claims are generally resolved within appropriate timescales. Complex claims such as personal injuries can take several years due to medical reasons or delays in the court process, which are beyond the control of the council.

Performance monitoring is carried out systematically, high value claims or premises claims are reported to the Section 151 Officer. Internal benchmarking takes place annually by way of service plans and statistics being monitored. The APRM has regular meetings with providers and attends a North Wales Managers group to share best practise and benchmark regionally with other authorities.



## Taxi Licensing – November 2023

High Assurance ●

Number of Risk Issues:

3 Moderate ●

Our review of taxi licensing confirmed that there is clear guidance on how to apply for a taxi drivers license, hackney carriage, private hire license & operative license. Guidance is available on the council's web page, along with the application form for all licenses; these are also available in hard copy upon request.

Alongside the application form, several checks are performed as part of the application process for a taxi drivers license, including DBS check. Complaints have been received from applicants stating that the application process is taking too long, but this is reflective on the time it takes for a DBS check to come through. Documentation clearly states that a DBS check is required, however, it could be made clearer that this is needed prior to the application being processed.

Other checks include Social Services and National Fraud Initiative checks which are internal to the council. These checks are not a statutory requirement for a taxi license to be granted, but are included in the process for safeguarding purposes. Denbighshire County Council are the only council to perform the social services checks as part of the taxi licensing process. We advise that the service review whether the checks are still required.

NFI checks are also a requirement and Internal Audit have agreed to attend a staff team meeting to provide training/overview of the NFI process and benefits.

Monitoring the application process could be strengthened by setting time performance management targets. This would enable the team to monitor the process and time taken from an application being submitted to license being granted.

All hackney carriage license and private hire licence are required to be renewed every year and taxi driver licence are every 3 years. The review has identified that applicants are not renewing and providing the required information in time, despite being sent a reminder email with the application pack 3 months for taxi driver licences and 6 weeks' prior for

hackney carriage and private hire vehicle renewals. For taxi driver renewals if they submit their application late they run the risk of not being able to work until their renewal application has been granted.

There are some discrepancies with renewals for insurance and Certificates of Compliance / MOT certificates not being updated on the database, however, the license holder has responsibility to ensure valid certificates are available upon request and vehicles have Certificates of Compliance / MOT in place. Updated insurance and Certificates of Compliance/ MOT certificates are not always sent by the licence holder to provide assurance that the vehicles are roadworthy. The service have recognised this needs to be strengthened and are issuing reminders to license holders as part of the process. Vehicle plates, door stickers and internal plates that are spoilt or go missing in the post aren't recorded. An inventory of goods would help monitor the level of spoilt items, the cost and provide an audit trail for stock monitoring.

Denbighshire Licensing Team have demonstrated that they work towards relevant policies and procedures effectively, including Welsh Government's Taxi and Private vehicles; licensing guidance. This policy was last reviewed by Denbighshire in December 2021. The policy is currently being developed by Welsh Government (WG), and will be reviewed by the service once the policy has been updated.

The service is now aware of the council's Climate and Ecological Strategy and are working as a team to contribute towards becoming a net zero council by 2030. Staff are reducing their personal carbon footprint by working in a hybrid approach, which is working effectively with staff managing their diaries around appointments etc. Other steps include encouraging paperless applications via email. Work is being carried out to procure an online application system where applicants can submit all relevant information & updates via electronic format.

## Denbigh High School – December 2023

High Assurance ●

Number of Risk Issues:

3 Moderate ●

Our review identified high levels of compliance and efficiency regarding matters of governance. Declarations of Interest (DOI) and Disclosure and Barring Service (DBS) checks were up to date for governors. Governors confirmed they had completed mandatory training, but the records had not been updated to reflect this was the case. The Governing Body is making active efforts to fill the current governor vacancies. A formal skills gap analysis may further support training and recruitment to the Governing Body. The Governing Body regularly reviews and signs off policies.

There is a proactive approach to matters such as Safeguarding and Health and Safety. Regular safeguarding audits are carried out and a robust system is used to record incidents and responses. Training records are up to date, and all staff have DBS certificates in place. Security arrangements are effective, and the school site is secure, with appropriate fencing and CCTV in place. There have been delays to building renovation work and alterations managed by Property Services within the council. Regular health and safety checks take place, which ensure a safe environment. First Aid training is monitored and up to date. There is a school garden and the installation of LED lights in the building has been requested. Moving forward, it would be beneficial to incorporate discussion of sustainability targets into full governing body meetings.

The school budget appears to be managed well, with effective controls in place for budget monitoring. A deficit is forecast over the coming three years, and a recovery plan will be put in place, with support from the council. The school uses corporate systems for processing income, purchasing, and invoicing, with regular reconciliations, separation of duty for purchasing procedures, and adherence to Contract Procurement Rules. Written procedures for key tasks would support business continuity.

Recent changes of key personnel such as the Headteacher and Finance Manager have enabled the identification and rectification of procedural anomalies. School fund certificates had not been sent to the council in recent years. The Governing Body should

approve the recruitment of the independent auditor and review certificates before they are sent to the council.

PLASC returns have been completed, however the signed PLASC returns had been destroyed in error. Further training has been provided to the data manager and signed PLASC forms will be kept in digital and hard copy for 5 years.

The school operates a “Tier 3 Enhanced” SLA with the council ICT service. Appropriate policies are in place to manage ICT use and security and all staff laptops are encrypted and two-step authentication used. All staff have completed GDPR training.

There is an asset register for all ICT equipment, which is managed by ICT services. At the time of audit, the Governing Body was unaware of the requirements for a full asset register to include furniture and other equipment, has undertaken to investigate further.

## Treasury Management – December 2023

High Assurance ●

Number of Risk Issues:

None

Our review identified effective controls are still in place for the treasury management function. Relevant policies and procedures are in place and are updated as and when required and have been updated to reflect staff changes within the function. Currently policies and procedures are not version controlled. It would be beneficial to include version control as it will provide a clear audit trail when policies are updated.

Testing confirmed treasury management transactions are processed in line with council’s policies and procedures and are accurately recorded and regularly reconciled.

The review identified systems continue to be used effectively by the team. It would be advantageous to have an additional system administrator for the Natwest Bankline and Logotech systems to ensure sufficient continuity in the event of absences, which is currently being reviewed by the Chief Accountant.

Strategic meetings and communications take place between the council and the supplier to review and monitor risks that affect the treasury management function. The risk log is

updated to capture any changes in risks, which confirmed no major risks have identified since December 2022.

Due to a change in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for local Governments, Treasury Management updates are now reported to Governance and Audit every quarter, which is working effectively.

## HSG 2022 - 23 – December 2023

High Assurance ●

Number of Risk Issues:

2 Moderate ●

The review confirmed effective arrangements are still in place for the Housing Support Grant (HSG) which now includes elements of the Homeless Prevention Grant (HPG). Both of which comply with the Welsh Government (WG) HSG Guidance (updated January 2023).

Regular reports are provided to WG to evidence how the funding is spent. Examples include quarterly progress reports, updates on expenditure on a six-monthly basis and an end of year progress report. Most claims were submitted in time as stated in the terms and conditions, however there was an insufficient audit trail as confirmation of submission. (See issue 1)

The service has key documentation in place to ensure that the HSG priorities and outcomes are monitored and reported to WG which include housing support needs assessment along with a single outcome framework and a delivery plan.

The service continues to work with other local authorities and public sector providers, which is part of the requirements of the North Wales Regional Housing Support Collaborative Group (RHSCG). There has been minimal contribution to the group in recent months as the lead authority Conwy County Borough Councils (CCBC) Strategic Lead post is currently vacant, which WG are aware of. In the interim the service maintain contact with RHSCG and to provide necessary updates as required.

Testing confirmed funding is being spent in line with the terms and conditions. Examples of support provided through the grant include floating support, temporary accommodation move in initiatives and support for vulnerable people.

We performed testing on the Temporary Emergency Accommodation Support Project (TEASP) to ensure that the Contract Procedure Rules (CPRs) were adhered to, which confirmed compliance with the terms and conditions.

Grant documentation states that no more than 10% of the funding should be allocated to management costs, which was not clearly evidenced to ensure compliance with the terms and conditions. (See Issue 2)

## Accounts Payable – December 2023

High Assurance ●

Number of Risk Issues:

1 Moderate ●

The review of Accounts Payable, which included reviewing system controls and processes confirmed that arrangements continue to be effective. There is a clear separation of duty for processes performed. Duplicate payment software is working well in identifying duplicate payments. Sample testing of processes, duplicate payments, duplicate suppliers, and emergency payments confirmed system controls are robust.

Comprehensive procedure documents are in place, which are reviewed where there are changes in software or legislation. Staff are aware of the location of documents on the function's shared drive, which provides sufficient business continuity. General housekeeping of all policies and procedures will be completed by 30 April 2024 in line with the Action Plan from last year's review and following the introduction of new financial systems.

A register of declared interests is kept. It is advisable to complete and sign declaration of interests forms on an annual basis. Automated or manual controls and an accompanying written procedure should be established to guide staff when there are connections to creditors.

The majority of NFI data matches have been reviewed by Internal Audit, and no issues have been identified to date.

Since our last review, there have been no changes in the reporting lines for the Accounts Payable function. The introduction of new financial systems over the coming months will make obsolete the Proactis and Creditors systems. The function will need to be mindful of potential challenges as staff are trained in and become accustomed to using the new systems.

## UK Resettlement & Refugees – January 2024

Medium Assurance ●

Number of Risk Issues:

4 Moderate ●

Our review identified that effective controls are not in place for the Syrian Relocation Programme (SRP) and Afghan Relocation Assistance Programme (ARAP). Testing identified concerns in terms of funding management, long-term planning, and delivery, monitoring and reporting against scheme outcomes (See issue 1).

The Syrian and ARAP schemes are overseen by the Home Office, who do not require regular updates from the service. The Ukrainian scheme is overseen by Welsh Government, who require quarterly updates as part of the scheme terms and conditions. Whilst these processes work there is no written documentation to ensure continuity of processes being adhered. (See issue 2).

Reconciliation process is effective with regular reconciliations performed to ensure that payments are being processed in line with the relevant terms and conditions. Contingency arrangements are being strengthened with an officer within Finance Services being trained to perform reconciliations for the SRP, ARAP and Ukraine schemes.

The service is complying with the terms and conditions of the Welcome Centres and Homes for Ukraine schemes. Testing showed that all Thank You Payments (TYPs) were made in line with the terms and conditions, however further improvements are required when families move out of host families' homes. (See issue 3).

During the review it was identified that there were duplicate documents on the service shared drive that need to be reviewed and a housekeeping exercise should be performed to ensure documents have appropriate version control and are appropriately referenced for ease of access.

We reviewed contract arrangements in place for the service, which identified that British Red Cross (BRC) was awarded the contract in 2016 to provide housing-related support to refugees arriving in Denbighshire using the exceptions to tender process. Although this contract has now ended, we identified issues around contract wording and use of incorrect legislation used that could have invalidated the contract, and potential non-compliance with Home Office funding instructions. The service should ensure these errors are not repeated in future contracts.

The Home Office has commissioned Clearsprings to procure accommodation and provide the support under the asylum dispersal scheme but no guidance has been provided to the council about their role or what processes they are expected to perform. (See issue 4).

## Sundry Debtors – February 2024

High Assurance ●

Number of Risk Issues:

1 Moderate ●

The review confirmed that arrangements continue to be effective. Examples include robust processes such as up to date system access and regular backups of data. Written procedures are in place and reviewed annually to support the operational processes. The introduction of a new financial system will replace the current Civica Debtors system, and training and support will be provided. A comprehensive review of procedures will take place following the introduction of the new financial system from April 2024.

Testing identified no duplicate debtor accounts, invoices, or credit notes, with appropriate supporting evidence on the system and we confirmed the correct VAT rate had been applied to invoices in all cases. Write-off procedures are adhered to correctly.

Testing identified a lack of audit trail for some processes. Services raising invoices under £25 do not always evidence the approval of the Chief Finance Officer, which does not



comply with the Council’s Financial Regulations. Not all invoices recorded supply date, making delays in raising invoices more difficult to identify. Testing of aged debt identified that there have been significant improvements in the recovery rate since the end of the Covid-19 pandemic, which was evident across most services. However, testing identified that a high number of aged debts had not been actioned. (See Risk Issue 1)

The suspense account is checked and cleared daily by the team. Sundry Debtors is fully AUDDIS compliant with correct procedures being followed and a variety of payments methods available. Review of Key Performance Indicators (KPIs) and reports confirmed targets have been met, with evidence of improvement since September 2022.

## Housing Benefits – February 2024

High Assurance ●

Number of Risk Issues:

1 Moderate ●

The review confirmed that arrangements continue to be effective, with robust annual external audit processes, appropriate restrictions on access to Department for Work and Pensions (DWP) and council systems, and efficient internal quality assurance processes in place.

Recent changes have produced resource savings, which include the Homeless Navigator working within the Job Centre being withdrawn due to the reduction in face-to-face contact after the Covid-19 pandemic, and reduced pressure on Housing Benefits officers with the rollout of Universal Credit, as DWP complete checks and assessment of most applications.

System access lists, performance, and reporting on Key Performance Indicators (KPIs) were tested. Appropriate controls are in place to restrict access to sensitive data with accounts automatically deactivated if not accessed within a set period, and access to relevant sections of the service’s shared drive is limited. KPIs remain stringent to ensure a high level of service delivery and improvements on last year’s performance are evident. Training documents and written procedures are in place. A housekeeping exercise to

ensure consistency of filing and to archive out-of-date materials would be beneficial. (See Risk Issue 1)

Testing of assessments and processing of claims confirmed that systems are working effectively. Appropriate separation of duty is in place for Discretionary Housing Payments, and regular reconciliations are performed to ensure that claims are not processed without authorisation. A proactive approach is being taken to recover overpayments promptly. Our review identified best practice in the regular preparation and monitoring of subsidy claims.

## Payroll – February 2024

High Assurance ●

Number of Risk Issues:

None

The review identified there were no significant changes following our previous review. Effective controls are in place including segregation of duty for processes. Policies and procedures are reviewed and updated when needed, which are accessible to staff.

All staff members must sign a Declaration of Interest forms (DOI) ensuring known conflicts are managed effectively.

The reconciliation process remains the same, where for each payroll run a reconciliation verifies the correct amounts have been paid to staff and irregular payments authorised appropriately.

Testing confirmed payroll processes were effective. Testing included review of duplicate addresses and bank account details, where no issues were identified.

## Council Tax – February 2024

High Assurance ●

Number of Risk Issues:

0 Moderate ●

The processes for Council Tax continue to be effective with good system controls, regular monitoring, quality assessment processes performed, clear separation of duties and good compliance with data security. The service uses digital communication which has strengthened their relationships with their customers.


The service continues to process write-offs, refunds and monitor customer accounts effectively, whilst adapting to staff changes, legislation updates and the current cost of living crisis.

The service key performance indicators (KPIs) continue to be monitored, with one being red status at the end of November. This was anticipated and foreseen that year end statistics will achieve their KPI target. However, the service expects potential changes for 2024-25 KPIs, with the cost-of-living crisis which is likely to have a greater financial impact over Covid with less financial support for taxpayers.

The service has completed all previous audit actions (see appendix 1).

# Internal Audit Update – March 2024

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	Draft discussed at the Governance & Audit committee on 20 September 2023 and signed off by the Audit General 21 September 2023.	<a href="https://www.denbighshire.gov.uk/en/your-council/budgets-and-finance/statement-of-accounts.aspx">https://www.denbighshire.gov.uk/en/your-council/budgets-and-finance/statement-of-accounts.aspx</a>
Audit of the Council's 2022-23 statement of accounts	Fieldwork to start in January 2024 and will be taken to the Governance & Audit Committee on 6 March 2024.	
Grants certification 2021-22		
Local Report on Council's Corporate Support Functions	Draft went to Governance & Audit Committee on 14 June 2023.	 3461A2023_Denbighshire_Draft_Corpor
Assurance and Risk Assessment	Fieldwork to start in January 2024.	
Cross-sector review focusing on the flow of patients out of hospital		
Digital Strategy Review	A draft report is due to be issued in early November 2023.	
Examination of the Setting of Well-being Objectives by Denbighshire County Council	Due to be completed in December 2023.	
Use of Performance Information – Service	A draft report is due to be issued at the end of October 2023.	
Welsh Housing Quality Standard local project	Looking at completing in quarter 4.	

## 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	A draft report is due to be issued in early November 2023.	
Thematic review – Financial Sustainability	To be undertaken in March – June 2024.	
Thematic review – commissioning and contract management	Looking at completing in quarter 4.	

## 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.

# Internal Audit Update – March 2024

Review	Link to report
Building Social Resilience and Self reliance	<a href="https://www.audit.wales/sites/default/files/publications/Together we can Community resilience and self reliance English 2.pdf">https://www.audit.wales/sites/default/files/publications/Together we can Community resilience and self reliance English 2.pdf</a>
Building safety	Published August 2023
Planning for sustainable development – Brownfield regeneration	Report due November / December 2023 – Jan 24
Governance of special purpose authorities – National Parks	Report due November / December 2023 – Jan 24
Corporate Joint Committees (CJCs)	Report due October / November 2023 – Published.





## Estyn visits / reports update within the last 12 months

School Name	Report status	Link to report
Christ the Word	Special Measures	<a href="https://www.estyn.gov.wales/provider/6635902">https://www.estyn.gov.wales/provider/6635902</a>
Ysgol Uwchradd Glan Clwyd	LA to review	<a href="https://www.estyn.gov.wales/system/files?file=2022-">https://www.estyn.gov.wales/system/files?file=2022-</a>
Ysgol Llywelyn	No Follow Up	<a href="https://www.estyn.gov.wales/system/files?file=2022-">https://www.estyn.gov.wales/system/files?file=2022-</a>
Ysgol Y Castell	No follow Up	<a href="https://www.estyn.gov.wales/system/files/2022-">https://www.estyn.gov.wales/system/files/2022-</a>
Rhyl High	No Follow Up	<a href="https://www.estyn.gov.wales/system/files/2022-">https://www.estyn.gov.wales/system/files/2022-</a>
Ysgol Borthyn	No Follow Up	<a href="https://www.estyn.gov.wales/system/files/2022-">https://www.estyn.gov.wales/system/files/2022-</a>
Ysgol Carrog	No Follow Up	<a href="https://www.estyn.gov.wales/system/files?file=2023-">https://www.estyn.gov.wales/system/files?file=2023-</a>
Ysgol Caer Drewyn	No Follow Up	<a href="https://www.estyn.gov.wales/system/files?file=2023-">https://www.estyn.gov.wales/system/files?file=2023-</a>
Prestatyn High School	No Follow Up	<a href="https://www.estyn.gov.wales/system/files?file=2023-03/Inspection%20report%20Prestatyn%20High%20School%202023_0.pdf">https://www.estyn.gov.wales/system/files?file=2023-03/Inspection%20report%20Prestatyn%20High%20School%202023_0.pdf</a>

# Internal Audit Update – March 2024

School Name	Report status	Link to report
Denbigh High School	Monitoring Visit	<a href="https://www.estyn.gov.wales/system/files?file=2020-08/Denbigh%2520High%2520School_0.pdf">https://www.estyn.gov.wales/system/files?file=2020-08/Denbigh%2520High%2520School_0.pdf</a> 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	<a href="https://www.estyn.gov.wales/system/files?file=2023-03/Inspection%20report%20Ysgol%20Penmorfa%202023.pdf">https://www.estyn.gov.wales/system/files?file=2023-03/Inspection%20report%20Ysgol%20Penmorfa%202023.pdf</a>
Ysgol Pendref	Estyn Follow up	<a href="https://www.estyn.gov.wales/system/files?file=2023-03/Inspection%20report%20Ysgol%20Pendref%202023.pdf">https://www.estyn.gov.wales/system/files?file=2023-03/Inspection%20report%20Ysgol%20Pendref%202023.pdf</a>
Ysgol Gynradd Pentrecelyn	No Follow Up	<a href="https://www.estyn.gov.wales/system/files?file=2023-05/Inspection%20report%20Ysgol%20Gynradd%20Pentrecelyn%202023_0.pdf">https://www.estyn.gov.wales/system/files?file=2023-05/Inspection%20report%20Ysgol%20Gynradd%20Pentrecelyn%202023_0.pdf</a>
Ysgol Bro Famau	No Follow Up	<a href="https://www.estyn.gov.wales/system/files?file=2023-06/Inspection%20report%20Ysgol%20Bro%20Famau%202023.pdf">https://www.estyn.gov.wales/system/files?file=2023-06/Inspection%20report%20Ysgol%20Bro%20Famau%202023.pdf</a>
Ysgol Frongoch	No Follow Up	<a href="https://www.estyn.gov.wales/system/files?file=2023-07/Outcome%20of%20Estyn%20review%20Ysgol%20Frongoch%202023.pdf">https://www.estyn.gov.wales/system/files?file=2023-07/Outcome%20of%20Estyn%20review%20Ysgol%20Frongoch%202023.pdf</a>
Ysgol Emmanuel	No Follow Up	<a href="https://www.estyn.gov.wales/system/files?file=2023-07/Inspection%20report%20Ysgol%20Emmanuel%202023_0.pdf">https://www.estyn.gov.wales/system/files?file=2023-07/Inspection%20report%20Ysgol%20Emmanuel%202023_0.pdf</a>
Ysgol Christchurch	No Follow Up	<a href="https://www.estyn.gov.wales/system/files?file=2023-10/Inspection%20report%20Ysgol%20Christchurch%202023.pdf">https://www.estyn.gov.wales/system/files?file=2023-10/Inspection%20report%20Ysgol%20Christchurch%202023.pdf</a>
Ysgol Bro Dyfrdwy	No Follow Up	<a href="https://www.estyn.gov.wales/system/files?file=2023-12/Inspection%20report%20Ysgol%20Bro%20Dyfrdwy%202023_0.pdf">https://www.estyn.gov.wales/system/files?file=2023-12/Inspection%20report%20Ysgol%20Bro%20Dyfrdwy%202023_0.pdf</a>
Ysgol Brynhyfryd	No Follow Up	<a href="https://www.estyn.gov.wales/system/files?file=2023-12/Inspection%20report%20Ysgol%20Brynhyfryd%202023_2.pdf">https://www.estyn.gov.wales/system/files?file=2023-12/Inspection%20report%20Ysgol%20Brynhyfryd%202023_2.pdf</a>

## CIW / Other reports update for 2023/24

Area Reviewed	Link to Report
Dolwen Care Home	<a href="https://www.careinspectorate.wales/sites/default/files/inspection-reports/00009247-mgnd_c_27042022_e.pdf">https://www.careinspectorate.wales/sites/default/files/inspection-reports/00009247-mgnd_c_27042022_e.pdf</a>
Cysgod Y Gaer	<a href="https://www.careinspectorate.wales/sites/default/files/inspection-reports/00009248-hclp_c_05052022_e.pdf">https://www.careinspectorate.wales/sites/default/files/inspection-reports/00009248-hclp_c_05052022_e.pdf</a>
Domicillary Support Sevices	  CIW - INSP00055851DBKV · Inspection Response Form-.DO
Joint Inspection of Child Protection Arrangements: Denbighshire County Council, Betsi Cadwaladr University Health Board, North Wales Police	  230517-Denbighshi re-JICPA-en-easyreac 230517-Denbighshi re-JICPA-en.pdf

### Progress in Delivering the Internal Audit Assurance

The HoS for Finance and Audit has been in post for just over three months and regular meetings are in place with the Chief Internal Auditor to discuss current issues and monitor progress against the internal audit plan. On 14 February Finance and Audit had their Service Challenge.

We have now been fully staffed for approximately seven months and the new members of the team have settled into their new roles and are enjoying the variety of work. Training is being provided to support and progress the three career pathway auditors and two of them have started their Association Accounting Technicians course and are making good progress.

The last three months has seen the team undertake a number of special investigations with four currently at draft stage and three nearing fieldwork completion. The team has complete 12 reviews since the last update and these have been around financial systems, revenues and benefits and service review.



Work is progressing in completing the NFI exercise for 2022-23. A total of 1475 matches were identified at the beginning of the exercise, with 900 matches processed to date equating to 61% and 57 (4%) are currently being investigated. The remaining matches to be processed are Blue badges and Housing, which are due to be started in March 2024. To date a total of £48,488.31 in overpayments has been identified and in the process of being recovered by the council with all overpayments identified through the council tax matches.

Internal audit monitors performance to address actions arising from audit reviews. It is management's responsibility to address these 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:

- Partnership Arrangements;
- Programme & Project Management;
- Flood Risk Strategy;
- Wellbeing Impact Assessment; &
- Health and Wellbeing;

## Internal Audit FWP

Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment
Risk Management	Not yet started	-	-	-	-	
Fostering	Draft	-	-	-	-	Agreed to merge the two reviews into one review
Looked after children – Independent Reviewing Officers	Draft	-	-	-	-	
Programme & Project Management	Scope	-	-	-	-	
Financial Systems	Completed	See Individual Financial Systems reviews				
Revenues & Benefits	Field Work	-	-	-	-	
Internal Audit of Housing Support Grant 2021/22	Completed	High ●	0	0	0	
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	Fieldwork	-	-	-	-	
Cefndy Healthcare	Not yet started	-	-	-	-	

# Internal Audit Update – March 2024

Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment
Tackling Poverty	Not yet started	-	-	-	-	
Denbigh High School	Completed	High ●	0	0	3	
Ysgol Esgob Morgan	Scope	-	-	-	-	
Ysgol Pentrecelyn	Scope	-	-	-	-	
Ysgol Dinas Bran	Completed	High ●	0	0	3	
Ysgol Bro Famau	Scope	-	-	-	-	
Ysgol Emmanuel	Scope	-	-	-	-	
Ysgol Henllan	Scope	-	-	-	-	
Ysgol Bro Dyfrdwy	Completed	High ●	0	0	1	
Ysgol Bodfari	Completed	High ●	0	0	2	
Ysgol Trefnant/Llanbedr	Completed	Medium ●	0	0	4	
Ysgol Plas Brondyfryn	Scope	-	-	-	-	
Ysgol Bryn Collen	Completed	High ●	0	0	2	
Ysgol Gwenant	Completed	Medium ●	0	1	3	
Rhuddlan Town Council 2022-2023	Completed	High ●	0	0	0	
Asset Management	Not yet started	-	-	-	-	
Health and Wellbeing	Scope	-	-	-	-	
Flood Risk Strategy	Scope	-	-	-	-	
Insurance	Completed	High ●	0	0	0	
Planning Applications	Not yet started	-	-	-	-	Agreed to postpone till Q1 2024/25
Post-16 Education Grant	Completed	N/A	N/A	N/A	N/A	Covered in Ysgol Dinas Bran & Denbigh High School
Housing Support Grant 2022/23	Completed	High ●	0	0	2	
Council Run Care Homes	Not yet started	-	-	-	-	
Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment

# Internal Audit Update – March 2024

Blue Badges	Not yet started	-	-	-	-	
AONB Grant	Completed	High ●	0	0	0	
Cash Collection	Not yet started	-	-	-	-	
ALN	Not yet started	-	-	-	-	
Wellbeing Impact Assessment	Fieldwork	-	-	-	-	
National Fraud Initiative	Fieldwork	-	-	-	-	
UK Resettlement Team	Completed	Medium ●	0	0	4	
Taxi Licensing	Completed	High ●	0	0	3	
Staff PayScale review	Not yet started	-	-	-	-	Agreed to postpone till Q1 2024/25
Housing Contact Centre / Corporate Call centre	Not yet started	-	-	-	-	
Liberty Gas	Not yet started	-	-	-	-	
Contract Management of ICT system	Draft	-	-	-	-	
Climate Change & Ecological Change Programme	Draft	-	-	-	-	
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 – Work has started on the data matches for the 2022-23 exercises and as we complete the financial reviews additional work will be undertaken on 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 held a repeat training exercise on 1 February 2024.
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. These are on-going investigations, and the findings will be shared with relevant officer.

## Referrals 2023/24

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.

During the first 10 months of 2023/24 financial year, we have been asked by three separate services to investigate potential frauds. In three cases the issues were around misappropriation of grant funding, three were service specific and the last was a petty cash investigation.

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 2023/24.

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	6.0 days
Issue final report within 5 days after agreeing the draft report and action plan	Average days less than 5	3.4 days
Percentage of audit agreed actions that have been implemented by services recorded on the performance management system (Verto)	75%	81%
Percentage of audit agreed actions that have been implemented by schools	75%	59%

Following on from a piece of work completed in August/September and then undertaken again in December, I am now able to provide figures for the percentage of audit agreed actions that have been implemented by services using the performance management system (Verto) and also a separate figure for schools whose actions are not recorded on the performance management system Verto.

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.