

# **Internal Audit Annual Report 2023-24**

# Internal Audit Annual Report 2023/24

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## 1. Introduction and background

- 1.1 This report outlines the internal audit work that Internal Audit has been carried out for the financial year 1 April 2023 to 31 March 2024.
- 1.2 The Accounts and Audit (Wales) Regulations 2014 require the review of governance arrangements to be reported within the authority, in the Council's case the Governance & Audit Committee, and externally with the published accounts of the authority. The Annual Governance Statement (AGS) is an annual review of the systems of internal control and gathers assurance from various sources to support it. Internal Audit is a key contributor and the Chief Internal Auditor (CIA) should provide a written annual report to those charged with governance to support the AGS.
- 1.3 The Public Sector Internal Audit Standards (PSIAS) require the 'chief audit executive', in the Council's case the Chief Internal Auditor (CIA), to deliver an annual internal audit opinion and report that the organisation can use to inform its Annual Governance Statement.
- 1.4 This is achieved through a risk-based plan of work, agreed with management and the Governance & Audit Committee. The opinion does not imply that Internal Audit has reviewed all risks relating to the Council.

## 2. Internal Audit Opinion 2023-24

- 2.1 The CIA has based his 2023-24 opinion on the following:
  1. The scope and outcome of Internal Audit's work during the year,
  2. Any follow up action taken in respect of audits from previous periods,
  3. Internal Audit report opinions and assurance ratings,
  4. The issues and risks that Internal Audit has raised during the year,
  5. The effectiveness of management's response to the issues and risks that Internal Audit has raised,
  6. Risks and issues identified from the work completed around special

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investigations,

7. Assurances received from external regulators and other sources,
8. The outcome of the Council's review of its Corporate Governance framework and governance arrangements 2023-24.

2.2 This year's annual opinion needs to consider a number of key factors:

- The Chief Internal Auditor has re-evaluating what skill gaps have been created after losing two experienced internal auditors in December 2022 and January 2023. Initially adverts were placed for experience auditors wishing to progress into Senior positions, but no applications were received. After numerous discussions with Human Resources (HR), the Chief Internal Auditor decided to go down the route of appointing three Career Pathway – Senior Auditors.
- The three new Career Pathway – Senior Auditors have been in post for between 10 and 15 months and are making good progress. Two have started studying for their Association of Accounting Technician qualification and the third is about to start their professional studies with the Institute of Internal Auditors in the autumn. Over the next couple years these new appointments will address the skill gap.
- The last 12 months has seen an unprecedented seven special investigations which has placed a considerable strain on the new team. With an experienced team this number of special investigations would have been a challenge, but with a new team it has meant the reviews have taken longer, but it has been a good learning curve.

2.3 This has taken time and has meant the delivery of the Internal Audit Plan for 2023-24, has been disrupted and prompting a refocusing of the plan on areas of greatest priority to the council which can be delivered within the resources available to Internal Audit.

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- 2.3 My opinion is largely based on the completion of the risk based internal plan, see Appendix 2 for a list of audit results and assurance ratings definitions. No audit during the year received 'Low' or 'No' assurance, the others being awarded 'High' or 'Medium' Assurance ratings. Where significant issues have been identified, overall, these have been appropriately addressed, which confirms that management is responsive to our work.
- 2.5 Internal Audit has completed one item of advisory work during the year which demonstrates that management is willing to engage with Internal Audit to establish good risk and control environments. Although an assurance rating is not given for this work, the outcome is used to inform our overall opinion on the adequacy of governance, risk management and control arrangements.
- 2.6 Our work has highlighted some areas of weakness in management of risks and/or controls which may put achievement of objectives at risk. Improvements are required to address such areas so that the framework of governance, risk management and control is adequate.
- 2.7 For the purpose of this Annual Report, sufficient audit work was carried out, including the assignments that have been concluded but not yet finalised, which has enabled me to form the Annual Internal Audit Opinion for 2023/24. In reaching my opinion, I have considered the balance of the results of our audit work against this environment and concluded that the major risk issues are not significant in aggregate to the system of internal control. When considering the balance of audit work carried out in 2023/24 and the assurance ratings given, regard is also placed on the response from senior management. Internal Audit has not reviewed all risks and assurances relating to Denbighshire County Council and, therefore, I cannot provide absolute assurance on the internal control environment.
- 2.8 The Chief Internal Auditor's opinion is that the council's governance, risk management and internal control arrangements in the areas audited continue to

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operate satisfactorily. While the scope of assurance work was reduced due to the staff issues mentioned above and seven investigations, reasonable assurance can be given that there have been no major weaknesses noted in relation to the internal control systems operating within the Council.

## 3. Summary of audit work 2023-24

- 3.1 The Internal Audit Strategy is produced to concentrate on key risks facing the Council. The Internal Audit Strategy 2023-24 was agreed with the Governance and Audit Committee on the 14 June 2023, and it has been updated throughout the year to ensure that Internal Audit focuses its resources in areas of greatest priority and risk at the time and provides assurance in the areas where it is most needed. Progress and changes are reported to the Governance & Audit Committee as part of the Internal Audit Update Report.
- 3.2 The Schedule in Appendix 1 contains a list of all audits agreed in the Audit Strategy 2023/24 and the final outcome for the financial year. The table below shows a summary of the audit opinions provided during the last five years, categorised as follows:

Assurance Rating	2019-20	2020-21	2021-22	2022-23	2023-24
High Assurance ●	12	5	8	20	19
Medium Assurance ●	9	10	14	9	5
Low Assurance ●	7	1	2	0	0
No Assurance ●	0	0	0	0	0
Advisory ●	4	6	2	3	1
	32	22	26	32	24

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- 3.3 The assurance opinions were either 'high' or 'medium' this year (100%).
- 3.4 We had no low or no assurance reviews this year, but the process in place for dealing with a low or no assurance review is to put the review on the next Governance and Audit Committee agenda and ask a representative from the service to attend and to confirm that the agreed improvements will be implemented and responding to any challenge from members.
- 3.5 Projects which are at draft stage but are yet to be finalised are listed in Appendix 1.
- 3.6 Additionally, 17 audits from the Audit Strategy 2023-24 financial year were either cancelled or deferred to 2024-25 (shown in Appendix 1). This was due to the reduced capacity of the Internal Audit team during the year, but also the focus of internal audit activity on seven investigations.
- 3.7 As in previous years, there were no reports with 'No Assurance' rating issued during the year.
- 3.8 The Internal Audit Opinion considers the number of no and low assurance reports, particularly the issues raised and the overall impact on the control environment. Where no or low assurance review have been followed up during the year, consideration is given to the management response and progress made with implementing the agreed action plan.
- 3.9 The last year 12 months has seen internal audit working within the Council's New Agile Working Policy. The Agile approach links to the council's vision to address the climate emergency, placing emphasis on the importance of sustainability and the health and wellbeing of both employees and the community. The benefits of improved work life balance, employee



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engagement and reduced travel make a direct contribution to this strategic priority.

## 4. Counter Fraud summary

4.1 Counter-fraud arrangements are vital to the Council with the aim of protecting public funds and accountability. The responsibility for managing the risk of fraud lies with management; however, Internal Audit is involved in evaluating the risk of fraud and the manner in which it is managed by the council.

## 5. National Fraud Initiative (NFI)

5.1 Audit Wales facilitates a national data matching exercise (National Fraud Initiative – NFI) every two years. Work on the 2022/23 exercise is about to be completed in June and a report will be produced and reported to the Governance and Audit Committee in September 2024. The table below summarises the main results achieved in recent exercises; the 2022/23 exercise is still ongoing:

NFI Results	2020/21	2021/22	2022/23
Housing Benefit	£12,830	£21,040	£3,660
VAT	-	-	-
Council Tax Single Persons Discount	£18,307	£5,622	-
Council Tax rising 18s	£9,913	£7,326	-
Council Tax Reduction Scheme	£74,289	£59,010	£52,081
<b>Total</b>	<b>£115,339</b>	<b>£92,998</b>	<b>£55,741</b>

5.2 Over recent years the number of Housing Benefit (HB) matches have reduced significantly due to the roll out of Universal Credit and the number of Council Tax Reduction (CTR) has remained constant during the last 12 months.

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## 6. Irregularities

6.1 During the 2023/24 financial year, Internal Audit has been informed of seven allegations of fraud. Internal Audit has carried out investigations into each of the allegations and has made appropriate recommendations. Three of the investigations have been completed and the remain four are currently at draft stage and will hopefully be completed by the end of the summer.

Outcome of Investigations	2023/24
Dismissal / contract terminations	0
Resignations accepted after investigation	1
Written warnings issued	0
No further action	0
Investigations pending outcomes	0
Prosecutions	0

## 7. Proactive exercises

7.1 On an annual basis the Internal Audit team has undertaken proactive exercises which are included in the Internal Audit Strategy. The work will normally focus around reviewing direct payments, housing tenancy fraud and reviewing all the Council's financial systems and controls to prevent and detect fraud. Further assurance around fraud is provided by completion of the bi-annual National Fraud Initiative (NFI) exercise which identifies potential fraudulent case and appropriate recover if required.

7.2 As part the Chief Internal Auditors role, I attend the North and Mid Wales Audit Partnership (M&NWAP) and the Welsh Chief Auditors Group (WCAG) and on both agendas, there is a standard item around fraud and corruption. These meetings ensure any fraud issues are shared and discussed.

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7.3 The North Wales Counter Fraud Group of Audit Leads or a person nominated, meet twice a year to provide strategic oversight of the Council's counter-fraud activities across all departments. The role of the group is to:

- Ensure the development and implementation of appropriate counter-fraud strategies across all business areas proportionate to risk;
- To ensure effective co-ordination, liaison and communication of counter-fraud activity;
- To monitor the effectiveness of counter-fraud strategies through the development of appropriate performance indicators and reporting mechanisms;
- To provide guidance and assistance to relevant Heads of Service, senior management and staff on issues relating to fraud;
- To discuss incidences of internal fraud to ensure controls are in place; and
- To discuss and review methods of reducing fraud within Councils.

## 8. Other counter fraud activity

8.1 The Council has a current Strategy for the Prevention and Detection of Fraud, Corruption & Bribery which aligns with the Fighting Fraud and Corruption Locally Strategy for Local Government. A Fraud Response Plan has been updated and was approved at the Governance and Audit Committee in July 2021.

8.2 During the last twelve months the M&NWAP has been considering a number of options available for delivering Fraud and Corruption training across North Wales. Although we have not agreed a training provider yet, the group have identified a provider who can support and provide a tailored on-line learning module that can be rolled out to all staff.

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## 9. Added value

- 9.1 In addition to providing risk-rated assurance reports, Internal Audit has strived to add value wherever possible i.e. going beyond the standard expected and providing something “more” without any added costs.
- 9.2 Discussions with Heads of Service in January /February has identified services are actually seeing the value of performance reviews and therefore, the number of performance reviews will increase in the financial year 2024/25 to support service needs as the Council moves into a more challenging environment.

## 10. Corporate Governance Work

- 10.1 Internal Audit is a lead participant in the Corporate Governance Work to review governance arrangements and update the Corporate Governance Framework and the Annual Governance Statement.

## 11. Collaborative Working

- 11.1 The M&NWAP meetings attended by Chief Audit Executives from all North Wales councils and Betsi Cadwaladr Health Board facilitates collaboration, sharing ideas and improving efficiency and effectiveness of our services. The Chief Internal Auditor also attends the Welsh Chief Auditors Group (WCAG) that coordinates a peer review of conformance against the Public Sector Internal Audit Standards.

## 12. Assurance Advisory Support

- 12.1 Internal Audit has provided advisory support on a number of Boards, projects and other requests, including:
1. Service Performance Challenge
  2. Information Governance Group

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## 3. Climate Change Champion

12.2 Summary reports and presentations are provided to Schools to highlight improvement areas identified during thematic reviews which helps them to identify potential areas of risk or opportunities. Also, we assist the Governing Body to better understand the need for appropriate oversight; and feedback to the Council with the level of support and guidance required for schools where concerns have been identified.

## 13. Agile Auditing

13.1 Since the end of the pandemic, the Council has looked at new ways of work and in May 2023 an agile Working Policy was approved by Cabinet. The policy defines agile working as an employee working flexibly from different locations, at different times and using mobile devices. This new way of working has meant that Internal Audit have been able to revisit agile auditing.

13.2 It is difficult to apply agile auditing with a small team, but we have looked at adopting the main principles around touching base on a daily basis with the Principal Auditor to ensure the team remain focused on the task and all resources are used efficiently and effectively. The team have considered the approach on a few audits during the second half of the year and have had positive feedback from the senior managers working with us on these reviews. With increased collaboration and a joint commitment with the service under review, it is possible to complete audits faster and more efficiently.

## 14. Data Analysis

14.1 We continue to apply Computer Assisted Auditing Techniques to analyse data as part of our auditing wherever possible. This allows us the opportunity to test whole populations of data, or where this is not possible or appropriate, to target our testing in a more effective manner.

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## 15. Assurance Mapping

15.1 Internal Audit performs an annual assurance mapping exercise to map out the key activities performed by the Council and how these are assured. This informs the Internal Audit Strategy so that it focusses on areas of greatest risk and maximise the value from Internal Audit. The assurance map is updated during the year to reflect key changes to risk or the control environment and, where appropriate, the list of audit priority projects is updated. The Chief Internal Auditor meets with Audit Wales officers regularly throughout the year to coordinate audit work and minimise duplication.

## 16. Internal Audit Performance

16.1 There are no national performance indicators for Internal Audit, so we measure performance by benchmarking with other Councils' Internal Audit Services via the Welsh Chief Auditor's Group.

The table below shows Internal Audit's performance for the year.

Performance Target	Target	2022/23 Performance	2023/24 Performance
Discuss, agree and issue scope for each audit	100%	100%	100%
Draft report issued within 10 working days of the closing meeting	Avg. days >10	12.63	6.00
Final report issued within 5 working days of agreeing the draft report and action plan	Avg. days > 5	5.45	3.4
Implementation of Agreed actions	75%	53%	Split into the two lines below to provide more meaningful performance data.

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Percentage of audit agreed actions that have been implemented by services recorded on the performance management system (Verto)	75%	N/A	81%
Percentage of audit agreed actions that have been implemented by schools	75%	N/A	59%

16.2 From the table provided, performance has improved significantly over the last twelve months with both the draft report being issued within 10 working days of the closing meeting and final report issued within 5 working days of agreeing the draft audit report and action plan now being completing in less days than the average agreed.

16.2 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.

16.3 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.

16.4 The Chief Internal Auditor attends Service Management Team meetings to prompt completion and provide an update on the performance. Governance and Audit Committee monitor the completion of improvement actions arising from low assurance reports through Internal Audit's follow up reviews and may invite

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service representatives to explain if insufficient progress is made with audit actions arising from high or medium assurance reports.

16.5 A customer satisfaction survey to recipients of internal audit reviews in 2023/24 allows feedback on our performance - rated as either: "Not at all"; "Limited", "Satisfactory", "Good" or "Very Good". In total, 14 (out of total 25) completed the survey. The survey is anonymous to encourage honest feedback.

Customer Survey Questions	Target	Not At All	Limited	Satisfactory	Good	Very Good	No Reply
Consulted/made aware on the objectives and/or scope of the audit?	100%	0%	7%	7%	36%	50%	0%
Level of consultation throughout the audit?	100%	0%	7%	14%	14%	65%	0%
Professional and approachable auditor?	100%	0%	7%	7%	14%	72%	0%
Results and conclusions of the review explained?	100%	0%	0%	7%	36%	57%	0%
Accurate report that addressed the key issues?	100%	7%	0%	0%	43%	50%	0%
Were you able to comment on the review	100%	0%	7%	7%	14%	72%	0%
Did you have an opportunity to comment on the results of the review?	100%	0%	0%	7%	29%	64%	0%



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Auditor took your views into account?	100%	0%	0%	7%	29%	64%	0%
Was the audit constructive and did it add value overall?	100%	7%	0%	0%	43%	43%	7%

16.6 Since the 1 April 2023, we have redesigned the questionnaire to make it easier and quicker to complete and are also sending it out with the final report to encourage more questionnaires to be returned. The new questionnaire and process has seen an increase in the number of completed questionnaire from 10 in 2022/23 to 14 in 2023/24. However, when you compare this to the number of questionnaires sent out the overall percentage returned has dropped from 59% to 56%.

16.2 In the last two years we have scored consistently in the good/very good, but this year has seen performance dropping with scores ranging from not at all through to very good. For each question, the good/very good percentage ranges from 79% to 93%, so we are still performing at an acceptable level, but during 2024/25, the Chief Internal Auditor will need to follow questionnaires were the team have scored in the categories not at all, limited and satisfactory to establish how the team can improve.

16.7 Here are a few examples of the comments received:

*“New Auditor for our annual review and it went well. No major comments.”*

*“I found the process really helpful for myself and my school. The team were excellent and supportive throughout. Even with the actions that came out in the final report, it wasn’t a surprise as it was clear as to what these would be and why from going throughout the process.”*

*“We were very happy with the audit and its conclusions. The auditors were excellent listeners and captured detailed information very accurately, clarifying*

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*and probing as necessary. They were clear, supportive and interested throughout the process – thank you to Principal Auditor and Career Pathway Senior Auditor.*

*The review has been a valuable confirmation that our processes are fit for purpose and effective, giving us confidence that we are working in the most effective way possible in these areas. Diolch.”.*

16.8 We consider all feedback to ensure we continue to meet our stakeholders' needs.

## **17. Conformance with Public Sector Internal Standards**

17.1 The Accounts and Audit (Wales) Regulations 2014 require the Council to perform an annual review of the effectiveness of its internal audit function. The PSIAS mandates that Internal Audit maintains a Quality Assurance and Improvement Programme (QAIP).

17.2 The results of the QAIP which includes the internal self-assessment by Internal Audit confirms that Denbighshire Internal Audit Service generally conforms to the requirements of the Public Sector Internal Audit Standards (PSIAS) for its internal audit activity.

17.3 Performance of internal audit was consistent with the Internal Audit Charter which sets out the purpose, authority and responsibility of the internal audit activity consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards. Our Internal Audit charter is being submitted to Governance & Audit Committee for approval on the 12 June 2024 meeting.

17.4 The Chief Internal Auditor maintains a quality assessment process which includes reviews of all audit work. The quality assessment process and improvement are supported by a development programme and internal audit manual.

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## 18. Quality Assessment

18.1 PSIAS require an External Assessment to be conducted at least once every five years by a qualified, independent assessor from outside the Council.

18.2 An external assessment has been carried out in 2023-24 by Ceredigion County Council on a peer review basis organised through the Welsh Chief Auditors Group. The results of the review have been scheduled to appear on the next Governance and Audit Committee on the 12 June 2024. The report states that:

*“The evaluator has concluded that the Internal Audit service for Denbighshire County Council currently conforms with 45 of the Public Sector Internal Audit Standards (PSIAS) and partly conforms with six. There are five areas of non-conformance identified”.*

18.3 During the next 24 months the Chief Internal Auditor will work towards completing the action plan agreed to ensure full compliance and progress will be report to the Governance and Audit Committee in the quarterly internal audit updates.

## 19. Improvement Programme

19.1 A quality improvement programme is in place which consists of all recommendations from the external assessment, all improvement actions arising from the external assessment and progress against the action plan.

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## Appendix 1 – Summary of Internal Work 2023-24

The following table provides an overview of Internal Audit work conducted during the year, including the overall Assurance Ratings and the number of risks/issues raised in the action plans (where applicable).

Ref No:	Report Title	Status of Project	Assurance Rating	Risks/Issues Raised		
				Critical	Major	Moderate
D222324	Internal Audit of Housing Support Grant	Complete	High ●	0	0	0
D222318	Internal Audit of ICT Asset Management	Complete	High ●	0	0	1
D232414	Process Review of Library Fees and Charges	Complete	N/A	N/A	N/A	N/A
D232437	Rhuddlan Town Council	Complete	High ●	0	0	0
D222315	Work Force Planning	Complete	Medium ●	0	0	2
D232427	Ysgol Bro Dyfrdwy	Complete	High ●	0	0	1
D232428	Ysgol Bodfari	Complete	High ●	0	0	2
D232431	Ysgol Bryn Collen	Complete	High ●	0	0	2
D232434	AONB Grant	Complete	High ●	0	0	0
D232432	Ysgol Gwernant	Complete	Medium ●	0	1	3
D232429	Ysgol Trefnant & Ysgol Llanbedr	Complete	Medium ●	0	0	4
D232423	Ysgol Dinas Bran	Complete	High ●	0	0	3
D232416	Insurance	Complete	High ●	0	0	0
D232443	Taxi Licensing	Complete	High ●	0	0	3
D232444	Denbigh High School	Complete	High ●	0	0	3
D232421	Treasury Management	Complete	High ●	0	0	0
D232442	HSG	Complete	High ●	0	0	2
D232421	Accounts Payable	Complete	High ●	0	0	1
D232440	Resettlement and Refugees	Complete	Medium ●	0	0	4

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D232422	Revenues & Benefits – Sundry Debtors	Complete	High ●	0	0	1
D232422	Revenue & Benefits – Housing Benefits	Complete	High ●	0	0	1
D232421	Finance Services - Payroll	Complete	High ●	0	0	0
D232440	Revenue & Benefits - Council Tax	Complete	High ●	0	0	0
D232422	Revenue & Benefits – NNDR	Complete	High ●	0	0	0
D232402	ICT Contract Management	Complete	Medium ●	0	1	1

### 2023-24 Audits- Reporting Stage

The following table provides an overview of Internal Audit work started in the 2023/24 financial year but will be completed in the 2024/25 financial year.

Ref No:	Report Title	Status of Project	Comment
D232412	Risk Management	Draft	
D232401	Fostering	Draft	Agreed to merge the two reviews into one review
	Looked after children – Independent Reviewing Officers		
D232403	Rhyl Flood Defence	Draft	
D232412	Health and Wellbeing	Draft	
D232438	Flood Risk Strategy	Draft	
D2324346	Wellbeing Impact Assessment	Final	
D232445	Climate Change and Ecological Change Programme	Final	

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## 2023-24 Audits Cancelled or Deferred

The following table provides a list of audits cancelled or deferred.

Report Title	Status of Project	Comment
Liberty Protection Safeguards	Planned for 2024-25	
Mediquip	Planned for 2024-25	
Court of Protection	Planned for 2024-25	
Community Equipment Service	Planned for 2024-25	
Denbighshire Leisure Limited (DLL)	Deferred	SLA cancelled
Procurement – pre-tender stage	Planned for 2024-25	
Partnership Arrangements	Planned for 2024-25	
Cefndy Healthcare	Planned for 2024-25	
Tackling Poverty	Planned for 2024-25	
Asset Management	Planned for 2024-25	
Planning Applications	Planned for 2024-25	New system introduced in Autumn 2023, service requested Q1 2024.
Council Run Care Homes	Deferred	
Blue Badges	Planned for 2024-25	
Cash Collection	Planned for 2024-25	
ALN	Deferred	
Staff PayScale review	Planned for 2024-25	Awaiting 2024 pay award and then this piece of work can be completed.
Housing Contact Centre / Corporate Call centre	Planned for 2024-25	
Liberty Gas	Planned for 2024-25	

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## Appendix 2 – Audit Coverage by Corporate Risk as at March 2024

Corporate Risk	Coverage	Assurance Rating
CRR00001 The risk of a serious safeguarding error where the council has responsibility resulting in serious harm or death	Reasonable	High ●
CRR00011 The risk of an ineffective response to a serious event, such as severe weather, contamination, public safety (including cyber-attack) or a public health event (such as Covid-19).	Reasonable	Medium ●
CRR00012 The risk of a significantly negative report(s) from external regulators	Reasonable	Medium ●
CRR00014 The risk of a health and safety incident resulting in serious injury or the loss of life (where H&S is referred to, this incorporates fire safety)	Reasonable	Medium ●
CRR00021 The risk that effective partnership interfaces between BCU Health Board and Denbighshire County Council do not develop, leading to significant misalignment between strategic and operational direction of BCU and DCC.	Partial	High ●
CRR00031 The risk of fraud and corruption resulting in financial and reputational loss and possibly impacting on service delivery	Reasonable	Medium ●
CRR00034 The risk that there is insufficient regulated care.	Partial	High ●
CRR00036 The risk that any negative impacts of leaving the European Union cannot be mitigated by the council	Partial	Medium ●
CRR00037 The risk that partners don't have the resources, matching priorities or commitment to support delivery of shared plans and priorities	Reasonable	High ●
CRR00045 The risk to the council's reputation of not responding swiftly of sufficiently enough in making our contribution to tackle climate change and bring	Reasonable	High ●

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about natural recovery following the declaration of a climate change and ecologically emergency in July 2019.		
CRR00048 The risk that recruitment and retention issues, leads to a loss of expertise and capacity resulting in poor or inadequate services	Reasonable	Medium ●
CRR00050 The risk that Welsh Government's commitment to eliminate profit from the care of children Looked After in an unstable or unsuitable supply of placements	Reasonable	High ●
CR00051 The risk that the economic and financial environment worsens and results in the Council's inability to set a balanced budget.	Reasonable	High ●
CR00052 The risk that insufficient funding leads to withdrawal or scaling back of services (even when a balanced budget is delivered).	Reasonable	High ●



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## Appendix 3 – Definitions

### Definitions of assurance ratings

High Assurance ●	Risk and controls well managed and objectives are being achieved
Medium Assurance ●	Minor weaknesses in management of risks and/or objectives but no risk to achievement of objectives
Low Assurance ●	Significant weaknesses in management of risks and/or control that put achievement of objectives at risk
No Assurance ●	Fundamental weaknesses in management of risks and/or controls that will lead to failure to achieve objectives

No opinion / Advisory ● - Advisory opinions are used for audit work carried out at the request of senior management to provide advice on risk, governance and/or control or to develop potential solutions to problems and provide control assurance. They are also used for our reviews of major change projects that are at an early stage where an assurance rating cannot effectively be awarded.

### Definition of risk ratings

Internal Audit reports include an action plan that raises risks/issues that highlight improvement areas. These risks/issues are defined in the following table as per the council's Risk Management Strategy. No 'Critical' risks/issues were raised during the year.

Low ●	Advisory issues discussed with managers during the audit and not included in audit reports and action plans.
Moderate ●	Operational issues that are containable at service level.
Major ●	Corporate, strategic and/or cross-service issues potentially requiring wider discussion at SLT.
Critical ●	Significant issues to be brought to the attention of SLT, Cabinet Lead Members and Corporate Governance & Audit Committee.