

Internal Audit Strategy 2024-25

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1. Introduction

- 1.1 The Internal Audit Service is an independent and objective internal team that provides assurance and advice to all levels of management and elected members on the quality of operations within the Council. We particularly focus on governance, risk management and control arrangements.
- 1.2 Internal Audit will continue to deliver its services in accordance with the Public Sector Internal Audit Standards (PSIAS) and the Internal Audit Charter, which sets out its purpose, authority and principal responsibilities.
- 1.3 The Internal Audit Strategy for 2024-25 aims to support the council in making the best use of its resources and considers strategic risks and the corporate priorities. The internal audit plan and the work of internal audit must focus on the things that matter to the organisation. This year we have reviewed the internal audit plan with the Corporate Executive Team (CET) and have split the plan into the following five headings:
 - Major savings proposals / non-strategic savings,
 - Process reviews & advisory work,
 - Service reviews,
 - Assurance for the Annual Governance Statement, and
 - Other projects.
- 1.4 The new headings will assist internal audit to provide an opinion and suggestions for improvement that will help the organisation achieve its objectives and be valued by stakeholders.
- 1.5 This Internal Audit Strategy contains the proposed internal audit activity for the year and gives an outline scope of coverage for each area of work. The plan must retain sufficient flexibility to allow us to react to changes in the risk environment. Any changes will be agreed with management and reported to the Governance and Audit Committee.

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- 1.6 The plan of work provides the council with objective opinions on the effectiveness of the organisation's risk management, governance and control arrangements. These are key elements of the evidence that informs the:
- Internal Audit Annual Report, and
 - Annual Governance Statement.
- 1.7 The Internal Audit structure comprises six full-time equivalent (FTE) members of staff, comprising the Chief Internal Auditor, 1 Career Pathway Principal Auditor, 3 Career Pathway Senior Auditors and 1 Auditor. This equates to 1,160 days available for productive assurance work. The number of productive days does not include "non-productive" days such as annual leave, training, illness, management (e.g. 121s) and team meetings.

2. High-Level Audit Plan

2.1 The Audit Plan 2024-25 takes into account:

- The Council's corporate and service risk registers;
- New work around the major savings proposals / non-strategic savings;
- Looking at providing services with process reviews / advisory work around potential savings expected in the financial year 2025-26;
- Corporate assurance requirements, including the Annual Governance Statement;
- The outcome of previous audits and of reviews by other assurance providers;
- Discussions with service management teams; and
- Planned work deferred from 2023-24.

2.2 The plan remains flexible to ensure that it reflects any emerging or changing risks and priorities of the Council. It will be regularly reviewed with services and updated as necessary to ensure it remains valid and appropriate, so that internal audit resource is deployed effectively. As a minimum, the plan will be reviewed after six months.

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2.3 Tables 1 to 5 starting on page 7 list the priority audit areas for the year.

3. Counter-Fraud and Corruption Work including NFI

- 3.1 Counter-fraud arrangements are a high priority for the Council and assist in the protection of public funds and accountability. As per the Internal Audit Charter, Internal Audit is not responsible for managing the risk of fraud – this lies with the Council's senior management.
- 3.2 Internal Audit will continue to investigate instances of potential fraud and irregularities referred to it by management and will also carry out pro-active counter-fraud and corruption testing of systems considered to be most at risk of fraud. This is informed by CIPFA's "Code of Practice on Managing the Risk of Fraud and Corruption". Notable areas of fraud nationally include: Housing Benefit, Council Tax, Housing and Tenancy, Procurement, Insurance, Abuse of Position, Blue Badges and Direct Payments (Social Care).
- 3.3 Audit Wales facilitates a national data matching exercise (National Fraud Initiative – NFI) every two years. Work on the 2022-23 exercise is due to be completed in June and a report will be produced and presented to the Governance and Audit Committee in September 2024.
- 3.4 Internal Audit captures details of referrals where there are allegations/suspensions of fraud or corruption taking place and this is reported to the Governance and Audit Committee as part of the Internal Audit Update Report. An Annual Fraud Report will be included as part of the Internal Audit Annual Report to summarise and reflect on the work that has taken place during 2023/24.

4. Partnership Working with Other Auditors

- 4.1 We continue to work to develop effective partnership working arrangements with other local authority audit services. We participate in audit networks, locally and nationally, which provide for a beneficial exchange of information and practices.

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This often improves the effectiveness and efficiency of the audit process through avoiding instances of “re-inventing the wheel”, particularly in new areas of work that have been covered in other authorities. We continue to maintain an effective working relationship with the Council’s external auditors, Audit Wales, with whom we meet regularly to exchange information and minimise potential duplication.

5. Proposed Audit Priorities for 2024-25

5.1 This year’s audit plan has been developed through discussions with the Corporate Executive Team (CET), Cabinet and Heads of Service and aligned with the corporate priorities and corporate and service risk registers and the council’s risk appetite. Following discussions with CET, the plan this year has changed and has been broken down into the following headings:

- Major savings proposals / non-strategic savings,
- Process reviews and advisory work,
- Service reviews,
- Assurance for the Annual Governance Statement, and
- Other projects

5.2 Any significant deviation from the approved internal audit plan will be communicated to senior management and the Governance and Audit Committee through the Internal Audit Update Report.

5.3 All audit areas identified as high priority within the plan will be undertaken together with annual audits of financial areas for the Section 151 Officer with particular focus on key changes around the major savings proposals / non-strategic savings and process reviews and advisory work. Audit areas rated as medium priority will be kept under review and any changes or emerging risks will be captured and the audit plan updated as necessary.

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5.4 The following list shows the current priority projects for 2024-25 that has been agreed between the Chief Internal Auditor, CET, Cabinet and Heads of Service. The Governance and Audit Committee will continue to receive a regular progress update on Internal Audit work undertaken, which will include a list of upcoming work from the project priority schedule.

5.5 A summary brief for each audit area is listed in the five tables below. A detailed scope of work will be developed and agreed with management prior to the start of each review. This is to ensure that key risks to the operation or function can be considered during the review.

Table 1 – Major savings proposals / non-strategic savings

Council Service	Audit Project	Audit Brief
Children’s Services	Fostering - changes coming into force at the end of 2024	To review the process in place for making the budget savings. To confirm there is an appropriate system in place to monitor the service is achieving the budget savings. To monitor how the service is performing/delivering as a consequence of budget savings.
Communities & Housing	Libraries (Q1) savings of 21% costs looking back at 2023/24 savings	To review the process in place for making the budget savings. To confirm there is an appropriate system in place to monitor the service is achieving the budget savings. To monitor how the service is performing/delivering as a consequence of budget savings.
Education Services	Impact of budget cuts for schools (3% based on school budget)	To review the process in place for making the budget savings. To confirm there is an appropriate system in place to monitor the service is achieving the budget savings. To monitor how the service is performing/delivering as a consequence of budget savings.

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Council Service	Audit Project	Audit Brief
Corporate Services - Performance, Digital & Assets	Closure of Caledfryn	<p>To review the process in place for making the budget savings.</p> <p>To confirm there is an appropriate system in place to monitor the service is achieving the budget savings.</p> <p>To monitor how the service is performing/delivering as a consequence of budget savings.</p>
Corporate Services - Performance, Digital & Assets	Maintenance of DCC properties in portfolio including school and non-school properties	<p>To review the process in place for making the budget savings.</p> <p>To confirm there is an appropriate system in place to monitor the service is achieving the budget savings.</p> <p>To monitor how the service is performing/delivering as a consequence of budget savings.</p>
Finance and Audit	Tracking of budget savings	<p>To review the process in place for making the budget savings.</p> <p>To confirm there is an appropriate system in place to monitor the service is achieving the budget savings.</p> <p>To monitor how the service is performing/delivering as a consequence of budget savings.</p>
Planning, Public Protection & Countryside Services & Highways & Environmental Services	Car parking fees	<p>To review the process in place for making the budget savings.</p> <p>To confirm there is an appropriate system in place to monitor the service is achieving the budget savings.</p> <p>To monitor how the service is performing/delivering as a consequence of budget savings.</p>
Highways & Environmental Services	Public conveniences	<p>To review the process in place for making the budget savings.</p> <p>To confirm there is an appropriate system in place to monitor the service is achieving the budget savings.</p> <p>To monitor how the service is performing/delivering as a consequence of budget savings.</p>
Adult Social Care & Homelessness	Homelessness prevention service	<p>To review the process in place for making the budget savings.</p> <p>To confirm there is an appropriate system in place to monitor the service is achieving the budget savings.</p> <p>To monitor how the service is performing/delivering as a consequence of budget savings.</p>

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Council Service	Audit Project	Audit Brief
Adult Social Care & Homelessness	Review of adult social care and double-handed care packages	<p>To review the process in place for making the budget savings.</p> <p>To confirm there is an appropriate system in place to monitor the service is achieving the budget savings.</p> <p>To monitor how the service is performing/delivering as a consequence of budget savings.</p>

Table 2 – Process Reviews and Advisory work

Council Service	Audit Project	Audit Brief
Children's Services	Liberty protection safeguards	Support/advise the Council on its response to new Liberty Protection Safeguards (DOLS/DIDS).
Children's Services	Grant funding – Children and Communities Grant (CCG)	<p>To review the current grant process to ensure funds are being used appropriately.</p> <p>To evaluate what controls are in place to ensure the service can still function to an appropriate level if grant funding is removed.</p>
Children's Services & Adult Social Care & Homelessness	RIF funding due to end 2027	<p>To review the current grant process to ensure funds are being used appropriately.</p> <p>To evaluate what controls are in place to ensure the service can still function to an appropriate level if grant funding is removed.</p>
Children's Services	Edge of Care Team	<p>To review the current grant process to ensure funds are being used appropriately.</p> <p>To evaluate what controls are in place to ensure the service can still function to an appropriate level if grant funding is removed.</p>
Planning, Public Protection & Countryside Services	Review of Building Control	<p>To review the process in place for compliance with legislation.</p> <p>For the service to operate more effectively.</p>

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Council Service	Audit Project	Audit Brief
Planning, Public Protection & Countryside Services	School transport	To review the process in place for compliance with transport needs. For the service to operate more effectively or review current routes and consider alternative service delivery.
Planning, Public Protection & Countryside Services	Local bus service funding commission	To review the process in place for compliance with transport needs. For the service to operate more effectively or review current routes and consider alternative service delivery.
Highways & Environmental Services	To consider options available to fleet services to maximise commercial fleet usage	To review the process in place for delivering the council's commercial fleet. To consider external assessors proposals against current service delivery. To consider potential savings depends on the outcome of the external assessment/in-house analysis.
Finance and Audit	To review the processes in place for making decisions around commission within specific services	To provide assurance to the Chief Internal Auditor for the annual governance statement (AGS). To review processes and procedures in place and compliance with financial policies.

Table 3 – Service reviews

Council Service	Audit Project	Audit Brief
Corporate Services - People	New CRM system for customer services.	To review the process in place to consider a new CRM system. Consideration of cost of new service in terms of effectiveness, efficiency and compliance with legislation.
Communities & Housing	Liberty Gas	To review the arrangements in place between the council and the contractor to ensure compliance with the contract.

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Council Service	Audit Project	Audit Brief
Communities & Housing	Housing Contact Centre	To provide assurance around the controls in place to support an efficient and effective call centre, with the scope looking at: <ul style="list-style-type: none"> - call centre's compliance with the council's policies and procedures - Enquires are dealt with in a timely manner. Monitoring of customer feedback.
Planning, Public Protection & Countryside Services	Review of Planning Applications	Review effectiveness of key controls in place around the processing of planning applications to ensure that applications are assessed appropriately and objectively, and decisions are made in line with delegated officer responsibilities. Proactive counter-fraud review of the controls in place to mitigate the risk of fraud or conflicts of interests impacting on the planning application process.
Planning, Public Protection & Countryside Services	AONB 2023-24	Annual grant certification work on behalf of the AONB.
Planning, Public Protection & Countryside Services	AONB	To review how each council is contributing to the AONB project. To consider the following: <ul style="list-style-type: none"> - Apportionment of funding from each council; - How budget savings are impacting on AONB; - What agreement is in place for financial contributions.
Education Services	Schools in financial difficulty (SIFD)	To sample a number of schools across Denbighshire that are in financial difficulty and review the action plan they have in place to reduce the deficit.
Education Services	EAL - use of agency staff for English as an additional language	To review the EAL spend on agency staff to provide assurance that value for money is being achieved and the outcome is being met.
Education Services	PLASC post-16	Assurance over the grant claim preparation and authorisation process.

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Council Service	Audit Project	Audit Brief
Corporate Services - People	Procurement - to cover legislative changes, processes, and strategy	To review the Council's procurement process to confirm all new legislative changes have been communicated across the council and all policies and procedures have been updated.
Corporate Services - People	Blue badges process	Following on from the process review completed in 2022/23, we will undertake an audit of the service concentrating on the issues raised in the process review.
Corporate Services - People	Staff Pay Scale Review	To review the key piece of work completed by HR around Staff Pay Scale and remuneration. <i>(This will take place once the Council knows the 2024/25 Pay Award).</i>
Corporate Services - Performance, Digital & Assets	Contracts where 90% of work completed and waiting for retention work to be completed	To review the process in place for monitoring DCC contracts and to consider why delays are happening.
Corporate Services - Performance, Digital & Assets	Levelling Up Funding (LUF 1)	To assurance that each individual LUF project has spent grant monies in accordance with the LUF 1 Clwyd South criteria and project outcomes have been delivered.
Corporate Services - Performance, Digital & Assets	Disposal of property under Community asset policy as policy does not include timeframes for disposing of assets.	To review the process in place for making the budget savings. To confirm there is an appropriate system in place to monitor the service is achieving the budget savings. To review the process/policy in place for disposal of community assets.
Corporate Risk	Cash Collection	Review corporate arrangements in place for cash collection and current banking arrangements.
Adult Social Care & Homelessness	Direct Payments/Court of Protection	Review to cover the following areas: <ul style="list-style-type: none"> • Governance and procedures; • Management of client finances including investments; • Fees; • Access controls; • Performance monitoring and reporting.

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Council Service	Audit Project	Audit Brief
Adult Social Care & Homelessness	Community Equipment Service	<p>Review to cover:</p> <ul style="list-style-type: none"> - Governance arrangements over partnership; - Procurement – compliance with financial regulations and contract procedure rules; - Financial management and monitoring to include pooled budget; - Inventory, stock of equipment, and equipment servicing; - Compliance with GDPR; - Section 33; - Potential of Conwy County Borough council joining; - KESY.
Finance and Audit	Use of corporate purchasing cards	<p>Annual assurance for the S151 Officer.</p> <p>To review processes and procedures in place and compliance with all financial policies.</p>
Finance and Audit	Budget setting process	<p>Annual assurance for the S151 Officer.</p> <p>To review processes and procedures in place and compliance with all financial policies.</p>
Finance and Audit	Technology One	<p>Annual assurance for the S151 Officer.</p> <p>To review processes and procedures in place and compliance with all financial policies.</p>

Table 4 – Assurance for the Annual Governance Statement

Council Service	Audit Project	Audit Brief
Corporate Services - Performance, Digital & Assets	Risk Management	<p>Review will focus on corporate risks in Corporate Risk Register that have not been covered elsewhere in the Audit Plan, with a specific review of the effectiveness of the mitigating controls and further actions specified against each risk.</p>
Corporate Services - Performance, Digital & Assets	Programme and Project Management	<p>Review of a sample of key council programmes or projects to give assurance over governance, risk management, and controls.</p>

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Council Service	Audit Project	Audit Brief
Corporate Risk	Partnerships	<p>Review to inform the Annual Governance Statement to assess adequacy of corporate arrangements to manage key partnership risks and for a sample of individual partnership arrangements review:</p> <ul style="list-style-type: none"> • Governance arrangements • Achievement of expected outcomes • Data protection arrangements • Monitoring of financial management <p>Funding agreements and monitoring arrangements where grants are involved.</p>
Adult Social Care & Homelessness	Housing Support Grant 2023-24	Assurance on the preparation of the grant claim and authorisation process.
Finance and Audit	DLL - review of Teckle agreement	To provide assurance that DLL are complying with the terms of the Teckle agreement.
Finance and Audit	General Ledger	<p>Annual assurance for the S151 Officer.</p> <p>To review processes and procedures in place and compliance with all financial policies.</p>
Finance and Audit	Payroll	<p>Annual assurance for the S151 Officer.</p> <p>To review processes and procedures in place and compliance with all financial policies.</p>
Finance and Audit	Accounts payable (AP)	<p>Annual assurance for the S151 Officer.</p> <p>To review processes and procedures in place and compliance with all financial policies.</p>
Finance and Audit	Treasury Management	<p>Annual assurance for the S151 Officer.</p> <p>To review processes and procedures in place and compliance with all financial policies.</p>
Finance and Audit	Bank Reconciliation	<p>Annual assurance for the S151 Officer.</p> <p>To review processes and procedures in place and compliance with all financial policies.</p>
Finance and Audit	Council Tax	<p>Annual assurance for the S151 Officer.</p> <p>To review processes and procedures in place and compliance with all financial policies.</p>
Finance and Audit	Sundry Debtors	<p>Annual assurance for the S151 Officer.</p> <p>To review processes and procedures in place and compliance with all financial policies.</p>

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Finance and Audit	Housing Benefits	Annual assurance for the S151 Officer. To review processes and procedures in place and compliance with all financial policies.
Finance and Audit	NNDR	Annual assurance for the S151 Officer. To review processes and procedures in place and compliance with all financial policies.
Proactive Fraud Work	NFI 2022-24	To complete the matching process during this financial year.
Reactive Fraud Work	Whistleblowing	As required.
Follow ups	Follow up reviews	As required.

Table 5 – Other projects

Council Service	Audit Project	Audit Brief
Cross-cutting services review	Tackling poverty	As required.
Adult Social Care & Homelessness	Housing First follow-up	As required.
Adult Social Care & Homelessness	Cefndy follow up	As required.
Adult Social Care & Homelessness	Cynnig follow up	As required.
Education Services	Christ the Word Follow up	As required.
Income reviews	Rhuddlan Town Council	As required.
Income reviews	School funds	As required.

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6. Internal Audit Performance

6.1 Internal Audit will continue to use the following performance measures from 1 April 2024 to measure its customer service and its efficiency and effectiveness in following up action plans and ensuring that agreed improvement is delivered by services following an internal audit review.

Service Standards	Target
Internal Audit will discuss, agree and send services the Internal Audit Project Scoping Document before it commences work.	100%
At the conclusion of its work, Internal Audit will hold a closing meeting with all relevant people to discuss the outcome of its work, and then send services a draft report as soon as possible after that meeting.	Average Days (less than 10)
Internal Audit will issue a final audit report as soon as possible after agreeing the report and its action plan with services.	Average Days (less than 5)
Using performance management system (Verto), Internal Audit will monitor and report on the % of agreed improvement actions that have been implemented by services to show that Internal Audit's service is effective in helping to deliver improvement.	75%

7. Public Sector Internal Audit Standards (PSIAS)

7.1 PSIAS 1312 states that "External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The CAE [Chief Audit Executive, which in Denbighshire's case is currently the Chief Internal Auditor] must discuss with the board:

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- The form and frequency of external assessments.
- The qualifications and independence of the assessor or assessment team, including any potential conflict of interest.”

7.2 An external assessment was 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”.

7.2 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.