

# Internal Audit Update

**September 2024**

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## Internal Audit Reports Recently Issued

Since the last Internal Audit update report in March 2024, Internal Audit has completed:

- Ten reviews and a full copy of each report has been circulated to members of the committee.
- The team have also been involved in two special investigations that have taken up a considerable amount of time and currently are still on going.
- Between Middle of June through to the middle of August, three members of the Internal Audit Team have been seconded to the Waste project to support. Initially staff went over on a part time basis, but then two were seconded full time.
- 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
D2232422	Revenue & Benefits - NNDR	High ●	0	0	0
D2232402	ICT Contract Management	Medium ●	0	1	1
D232446	Wellbeing Impact Assessment	Medium ●	0	0	2
D232445	Climate and Ecological Change	Medium ●	0	1	1
D232448	Risk Management	High ●	0	0	0
D242502	Rhuddlan Town Council	High ●	0	0	0
D232438	Flood Risk Strategy	Medium ●	0	0	4
D242504	AONB 2023-24	High ●	0	0	0
D242503	HSG 2023-24	High ●	0	0	0
D242528	Liberty Gas	High ●	0	0	1

## Revenues and Benefits – NNDR – March 2024

High Assurance ● Number of Risk Issues: None

Our review confirmed relevant controls continue to be effective. Process documentation is currently being updated to comply with relevant legislations coming in force in April 2024. It was evident throughout testing that processes are being followed and the service are compliant with UK legislation. Further training is being provided to staff to strengthen business continuity arrangements within the service.

Day-to-day processes have not changed and continue to be effective. Processes include changes in liability, write offs, refunds, valuations and reconciliations, which was confirmed as part of our testing.

Controls continue to be effective for data protection, including appropriate system access, staff compliance with data protection guidance and completion of mandatory training.

The service regularly monitors performance, Key Performance Indicators (KPIs) are being achieved with no areas of concern/risks raised in the last 3 years.

## ICT Contract Management – March 2024

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

Our review identified effective controls in place, which include training for officers on contract management and Contract Procurement Rules (CPRs) refresher training. Testing of a sample of seven contracts included one contract over £1,000,000 and three contracts over the Official Journal of the European Union (OJEU) threshold. Where documentation was available, testing confirmed that all contracts met the minimum requirements for the CPRs; however, full documentation for a contract over the value of £1,000,000 could not be located. In some cases, key documentation relating to procurement and contract monitoring was not captured on the Proactis system. (See Issue 1)

The CPRs clearly document what is expected of services in relation to processes and

documents, including thresholds for contracts, detail contract requirements which is dependent on the value of the contract. For contracts over £25,000 community benefits<sup>1</sup> are encouraged and for contracts over £1,000,000 community benefits are mandatory unless the Crown Commercial Services (CCS) Framework makes an exception. Community benefits should be monitored during the contract term; however, our review did not identify that such monitoring was in place. Our testing identified good practice with community benefits being included in one contract under £1,000,000.

For contracts issued from 2022 onwards, the CPRs state that regular contract performance reviews should be captured on Proactis when the risk level is high or medium (CPR 6.3.1); this applied to two of the contracts sampled, both of which are still in the implementation phase, therefore monitoring is not yet in progress. The contract over £1,000,000 was also tested for monitoring arrangements. In all cases, there was evidence that contract monitoring and management were in place to mitigate risk, but formal records were not always retained. The Proactis system should be systematically updated with records of monitoring activity (see issue 2).

The Well-Being of Future Generations (Wales) Act 2015 came into force in 2016 where public bodies were required to review well-being objectives every year and are part of the procurement process for contracts. Wellbeing Impact Assessments are mandatory for contracts over £1,000,000 and optional for contracts under this threshold. Our review identified good practice with Wellbeing Impact Assessments being completed even in cases where this was not required.

## Wellbeing Impact Assessment – April 2024

Medium ● Number of Risk Issues: 2 Moderate ●

Well-being Impact Assessments (WIAs) are integrated screening assessments, which assess the impact of proposals on the social, economic, environmental, and cultural well-being of Denbighshire, Wales, and the wider community. Completion of WIAs demonstrates compliance with legislation such as the Wellbeing of Future Generations

(Wales) Act 2015, the Equality Act 2010, and the Environment Act. Further changes to the Public Health Wales Act will be implemented in 2024, making the publication of Health Impact Assessments a legislative requirement.

Guidance documents and videos are available for officers and members, however signposting to these resources is unclear and needs strengthening. Refresher training is advised to ensure officers and members are familiar with the new legislative requirements, and also provides an opportunity to re-emphasise the function of WIAs and best practice in completing them.

Training was provided to responsible officers completing WIAs in 2016 when the tool was launched, however further training is unavailable. Training for members was provided in June 2022, although take-up was only 27%. Interviews with members and officers identified that there is a need for additional training. (See risk issue 1).

WIAs are completed for all projects and contracts over £1,000,000 in value as well as reports to relevant committees when WIA assessments are required. Our review tested a sample of WIAs to assess the quality of the reports, which identified a significant level of variation in the way that WIAs are completed and used. Testing also identified no quality assurance process is in place currently. Scrutiny and committee members assume WIAs have been completed according to guidance and best practice. (See risk issue 2).

The Wellbeing Impact Assessment web tool was developed to guide officers through the process of assessing the impacts and risks of planned projects and changes to services. The WIA tool provides prompts and guidance to officers as they complete WIAs. Guidance is also provided by Planning and Performance Officers according to service demand and capacity.

Our review confirmed all services are completing WIAs with good engagement with the web tool. All WIAs are stored on the cloud-based web tool. Our testing identified a high volume of WIAs on the system are incomplete or abandoned and old reports must be archived manually. Further improvements to the web tool would provide services with greater functionality. (See risk issue 3).

## Wellbeing and Ecological Change – June 2024

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

There are robust governance arrangements in place, including all relevant documents in place such as carbon impact and biodiversity impact statement reports, good knowledge and awareness of policies and legislation. The climate and ecological change strategy is currently under review and a public consultation has started, where it is predicted that some actions will be changed to help achieve the agreed target.

Carbon literacy training is now requested for all SLT officers and elected members, with middle managers and key officers having been encouraging to complete the course previously. While we were able to confirm that 68% of elected members had completed the course, we were unable to confirm how many of the current middle managers had completed the course due to training records not being regularly reviewed and maintained. A separate climate change e-learning module is available to all staff, which is currently non-mandatory. Our testing confirmed only 11% of staff have completed the e-learning module. Further work is required to raise awareness to all staff and elected members (See issue 1).

Effective performance monitoring is in place with good evidence of monitoring performance captured on the corporate performance monitoring system. Highlight reports are authorised and reported on a quarterly basis to Senior Leadership Team (SLT) with appropriate reporting to internal working groups, such as the Climate Change and Ecological Emergency Political Working Group and Greener Denbighshire Board.

The council have introduced new processes to become a net carbon zero council by 2030, including the New Ways of Working strategy. Good progress is being made in some areas to achieve the target of net carbon zero by 2030, examples include meeting targets for waste and street lighting emissions, fleet and business travel emissions. Progress in some areas is slow and the Council is experiencing difficulties in meeting the agreed timescales, including supply chain and non-domestic building emissions. (See issue 2).



Effective communications are in place with evidence that the service is proactively engaging with staff, members and other stakeholders. Examples include communication platforms like council internet and intranet pages, social media and local press. A Climate Champion Staff group is currently being developed with Climate champions from all services to raise awareness and educate staff and services of their roles and responsibility.

## Risk Management – June 2024

High Assurance ●

Number of Risk Issues:

None

A comprehensive Risk Management Strategy is in place and accessible to officers and members, which provides clear support and guidance that managers and officers can use as a toolkit for managing risks. The strategy is currently being reviewed to reflect changes in reporting risk to the appropriate committees, which was confirmed during our review, that there is appropriate consultation process in place.

The Corporate Risk Register has recently been reviewed with the number of corporate risks reducing from 20 to 13 corporate risks. The revised Corporate Risk Register includes risks in relation to additional budget and financial pressures, following a reduction in the funding settlement. The Corporate Risk Register is supported by Services, Programme and Project Risk Registers that ensure all risks to the council's business are monitored by appropriate risk owners.

Testing of a sample of corporate risks was performed to confirm appropriate controls are in place to manage risks identified. We reviewed the inherent risk score, controls in place to manage or mitigate risks from materialising and the residual risk score, which confirmed there were effective controls in place and are regularly monitored by relevant risk owners.

Training and support for risk management has been provided to managers, members and relevant officers managing risks. The Strategic Planning and Performance team provide

regular support and guidance to officers and members as appropriate and officers new to the council are given one to one training when requested. It would be beneficial to maintain and update records for training and support that has been provided to members and officers.

Testing confirmed there are robust controls in place for monitoring risks. Effective mechanisms include: capturing progress of corporate and service risks on the corporate monitoring system, regular reports to the Corporate Executive Team (CET), Senior Leadership Team (SLT), and Governance and Audit Committee. Services also produce highlight reports on a quarterly basis, which feeds into the Corporate Risk Register.

The council declared a climate change and ecological emergency in July 2019 and has committed to becoming a Net Carbon Zero and Ecologically Positive Council by 2030. A corporate risk for climate change has been captured in the Corporate Risk Register and has also been included in the relevant Service Risk Registers. The council has introduced new processes to manage the risks, which include the new ways of working strategy, strengthening procurement processes and strengthening business cases to include climate control plans.

## Rhuddlan Town Council – June 2024

High Assurance ●

Number of Risk Issues:

None

Our review of Rhuddlan Town Council for the financial year 2023/24 found that they have robust governance and financial controls in place with an effective standard of record keeping, supported by the electronic financial system 'Rialtas'.

Comprehensive policies including financial regulations, are in place and available on the town council's website which are reviewed regularly and complied with, and terms of reference are in place for committees.

Testing confirmed compliance with financial regulations, with effective controls in place over income and expenditure, including the treatment of VAT. Regular reconciliations are performed and presented at Town Council meetings on a quarterly basis for approval, which are minuted. Further improvements of the reconciliation process have been identified by appointing a second signatory to sign off the accounts each month. The review of the Annual Return for 2023/24 identified larger variances than expected, however where variances were identified, valid explanations were provided to support the variances.

An asset register is in place and insurance has been reviewed to ensure sufficient cover for assets recorded. There is a comprehensive risk assessment in place to identify and manage risks, which was last reviewed in June 2023.

## Flood Risk Strategy – June 2024

Medium ● Number of Risk Issues: 4 Moderate ●

Our review identified satisfactory governance arrangements for flood risk management. The council are still working to the 2013-17 Flood Risk Strategy while work is progressing in drafting the new 2024-29 Flood Risk Strategy. There have been delays in the new strategy being drafted due to Welsh Government not releasing their new strategy template until 2022 and day-to-day working pressures within the team.

A task and finish group has been established to progress the new Flood Risk Strategy, which includes a combination of officers and members. Terms of reference are in place and the group have only met twice so far and no date has been agreed for the next meeting. We were unable to view the minutes of the group as they were not available at time of audit.

While work is progressing on the new Flood Risk Strategy, there are no milestones or agreed timescales to ensure the new strategy is on target for completion and all risks and issues are considered. (See Risk Issue 1)

The service are representative on the North Wales flood management group and Risk Management Authorities group, which has provided opportunities to work with other local authorities, National Resource Wales and Welsh Government in a collaborative way to ensure Flood Risk Strategies are aligned.

There is no completed communication strategy in place for the new Flood Risk Strategy. A communications strategy would support in stakeholder engagement to ensure all key stakeholders are identified. (See Risk Issue 2)

Testing of documentation identified the Flood Risk Strategy for 2013-17 was approved by Cabinet in 2014. However, information is not readily available in relation to the 2013-17 strategy and we couldn't evidence that all the consultation process was completed. This was due to the officer involved in the previous strategy has left the council and this therefore demonstrates a lack of business continuity. (See Risk Issue 3)

There are effective processes in place for monitoring, identifying and reducing areas where there is a risk of flooding, where proactive works have been carried out to reduce the risk of flooding. Examples include repair work carried out at Barkby Beach and Ffrith beach in Prestatyn. All completed work is recorded on the service's data management tool, AMX system. To strengthen the overall process, it would be beneficial to have written procedures as there are currently no formal written procedures in place for the management and monitoring of flood assets. (See Risk Issue 4)

The team deliver smaller scale projects for the delivery preventative flood work, which is not promoted effectively. There is a need to strengthen communication with key stakeholders such as residents, members and the relevant committees to promote works on smaller scale projects.

## AONB 2023 -24 – September 2024

High Assurance ●

Number of Risk Issues:

None

Our review identified effective controls in place for monitoring of income and expenditure with supporting documentation in place. Examples include providing financial reports to

the Clwydian Range and Dee Valley AONB Committee on a quarterly basis and regular reconciliations of AONB accounts. Appropriate treatment of VAT, National Insurance and PAYE were in place and comply with corporate financial regulations for purchases.

We reviewed petty cash transactions which identified that a small number of VAT receipts were not correctly treated. While the unclaimed VAT amount was not significant with a value of £30.18 further guidance has been provided to the service on the treatment of VAT when purchasing through petty cash. We will perform further testing in our next review to verify VAT is properly accounted.

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

A review of the completed annual returns for 2023-2024 identified some variations in income and expenditure in comparison to 2022-2023. Through discussion with officers, we were satisfied that the variances were reasonable and have no concerns.

The AONB risk register is regularly reviewed to ensure risks and mitigating actions are effective.

Our review identified that the service is working towards the sustainable development principles and supporting the council to achieve carbon net zero targets by 2030.

## HSG 2023 -24 – August 2024

High Assurance ●

Number of Risk Issues:

None

Our review confirmed there are still effective arrangements in place to ensure compliance with the Housing Support Grant (HSG) terms and conditions and guidance, which was

updated in January 2023. Testing confirmed the grant has been allocated to relevant projects.

Regular reports are provided to Welsh Government (WG), which include an outcomes framework, quarterly claims, six-monthly update reports, expenditure statements and end of year progress report. With the exception of one claim, reports and claims have been submitted within the agreed timescales.

The service has produced a statement of needs, which captures current and future demands on the service as well as regional needs where the needs are met by the council. This is due to be reviewed by the service through a light touch review and submitted by June 2024. The HSG delivery plan is also regularly updated where a light touch review was performed and submitted to WG in January 2024.

The service are representatives on the Regional Housing Support Collaborative Group (RHSCG), where discussions include updates from WG, updates on local delivery, sharing best practice and risks. Previously Conwy County Borough Council were the strategic lead for this group, but the post is now vacant. During the audit, Denbighshire County Council were in discussions to become the strategic lead on this group, this is yet to be confirmed. This group meets bi-annually with the last meeting held in December 2023. Comprehensive minutes are in place, with the exception of December 2023 minutes due to regional lead not yet in post.

Testing of expenditure confirmed compliance with the council's Contract Procurement Rules and the grant terms and conditions with supporting evidence in place, which included purchase orders and invoices.

The management costs for external projects are currently 10.2%, however, internal projects do not charge management costs as per the definition in the grant conditions. Therefore, it is likely that the overall percentage of management costs in relation to the total grant award is lower than 10%. Management costs will be monitored for the grant going forward and not split between internal and external projects, which will give a true reflection in line with the grant conditions and total grant award.

In June 2023 the service made the decision to decommission the projects which were funded by the grant. There is sufficient evidence in place to demonstrate appropriate processes were followed and shared with relevant individuals as part of the decommissioning process.

The service has areas of good working practice to demonstrate contribution to working sustainably, which is included in quarterly progress report submitted to WG. The service is working towards contributing to achieving Denbighshire's Climate and Ecological Change strategy, which includes implementing carbon reduction plans for all provider contracts and reduction in staff commuting.

## Liberty Gas – August 2024

High Assurance ●

Number of Risk Issues:

1 Moderate ●

The current contract with Liberty Gas was awarded through the delegated decision process under the Fusion 21 Framework Agreement, which provides annual gas safety checks and routine maintenance, repairs and replacement of gas appliances in council-owned housing. The review showed that Liberty Gas is performing at a high level and is meeting contractual requirements. The framework agreement provides additional checks on performance and Key Performance Indicators (KPIs), where the contractors are regularly audited by an independent auditor.

A review of KPIs was performed, which identified high levels of compliance with gas safety check requirements. Safety checks are generally completed early, and robust mitigation measures are in place to ensure that safety is not compromised when access to properties cannot be obtained before certificates expire. Works in relation to emergency and non-emergency repair rates are also very high, and missed appointments are rare. A full audit trail with photographic evidence is provided by Liberty Gas to show their attempts to access properties and the work completed, which provides additional assurance in case of Health and Safety Executive investigations or legal proceedings.

Liberty Gas maintain good levels of stock of parts for the most common boilers so that the majority of repair work is completed in one appointment. Testing confirmed that follow-up work is not often required. Boiler and radiator replacements constitute most of the additional work commissioned, and the programme of replacements to install new, hydrogen-ready and energy efficient boilers forms part of the service's work towards the sustainable development plan.

Performance and contract monitoring takes place through monthly meetings with regular contact with Liberty Gas by email and phone. However, meetings are not rearranged when cancelled, and minutes do not always give a comprehensive record of discussions. Additional measures to strengthen business continuity would be beneficial, as the day-to-day management of the contract relies on a small team (see Risk Issue 1).





The service follows the corporate complaints procedure for the handling of complaints received. A minimal number of complaints and feedback has been received in relation to Liberty Gas, where responses were provided within corporate timescales. Complaints received directly by Liberty Gas are reported to the council through KPIs, and this was confirmed in testing. Monitoring meetings should also be used to track and manage the complaints and feedback that goes directly to Liberty Gas.

Our review confirmed that the contract with Liberty Gas is running well. Service delivery levels are excellent and a constructive and efficient working relationship is established between the council and Liberty Gas.



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WAO reports specific to Denbighshire County Council that have either been completed or are due to be undertaken in 2024/25

Review	Report status	Link to report
Audit of the Council's 2022-23 statement of accounts		
Audit of the Council's 2023-24 statement of accounts		
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	Report issued February 2024	 4081A2024 NW Regional Report - M
Examination of the Setting of Well-being Objectives by Denbighshire County Council	Report issued February 2024.	 AUDIT WALES REPORT - SETTING C
Use of Performance Information – Service	Report issued December 2023	 3811A2023 Report Use of performance
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.

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Review	Report status	Link to report
Thematic review – Digital	Report issued January 2024.	 AUDIT WALES - DIGITAL STRATEGY R
Thematic review – Financial Sustainability	Report issued August 2024.	 4441A2024_Financi al Sustainability Rev
Thematic review – commissioning and contract management		

## Local government national studies planned/in progress

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

Review	Link to report
Building Social Resilience and Self reliance	<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	 Sustainable_develo pment_making_best
Governance of special purpose authorities – National Parks	<a href="https://audit.wales/publication/governance-national-park-authorities">https://audit.wales/publication/governance-national-park-authorities</a>
Corporate Joint Committees (CJCs)	<a href="https://audit.wales/publication/corporate-joint-committees-commentary-their-progress">https://audit.wales/publication/corporate-joint-committees-commentary-their-progress</a>




## 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>
Denbigh High School	No Follow Up	<a href="https://www.estyn.gov.wales/system/files?file=2023-07/Monitoring%20report%20Denbigh%20High%20School%202023.pdf">https://www.estyn.gov.wales/system/files?file=2023-07/Monitoring%20report%20Denbigh%20High%20School%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>
Ysgol Hiraddug	No Follow Up	<a href="https://www.estyn.gov.wales/system/files?file=2024-01/Inspection%20report%20Ysgol%20Hiraddug%202023_0.pdf">https://www.estyn.gov.wales/system/files?file=2024-01/Inspection%20report%20Ysgol%20Hiraddug%202023_0.pdf</a>
Ysgol Bryn Collen	No follow up	<a href="https://www.estyn.gov.wales/system/files?file=2024-04/Inspection%20report%20Ysgol%20Bryn%20Collen%20Llangollen%202024.pdf">https://www.estyn.gov.wales/system/files?file=2024-04/Inspection%20report%20Ysgol%20Bryn%20Collen%20Llangollen%202024.pdf</a>
Ysgol Llanfair Dyffryn Clwyd	No follow up	<a href="https://www.estyn.gov.wales/system/files?file=2024-04/Inspection%20report%20Ysgol%20Llanfair%20Dyffryn%20Clwyd%202024_0.pdf">https://www.estyn.gov.wales/system/files?file=2024-04/Inspection%20report%20Ysgol%20Llanfair%20Dyffryn%20Clwyd%202024_0.pdf</a>
Ysgol Clawdd Offa	Significant Improvement	<a href="https://www.estyn.gov.wales/system/files?file=2024-03/Inspection%20report%20Ysgol%20Clawdd%20Offa%202024.pdf">https://www.estyn.gov.wales/system/files?file=2024-03/Inspection%20report%20Ysgol%20Clawdd%20Offa%202024.pdf</a>
St Brigid's School	No follow up	<a href="https://www.estyn.gov.wales/system/files?file=2024-03/Inspection%20report%20St%20Brigid%27s%20School%202024.pdf">https://www.estyn.gov.wales/system/files?file=2024-03/Inspection%20report%20St%20Brigid%27s%20School%202024.pdf</a>
Ysgol Plas Brondyffryn	No follow up	<a href="https://estyn.gov.wales/system/files/2024-04/Inspection%20report%20Ysgol%20Bryn%20Collen%20Llangollen%202024.pdf">https://estyn.gov.wales/system/files/2024-04/Inspection%20report%20Ysgol%20Bryn%20Collen%20Llangollen%202024.pdf</a>

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School Name	Report status	Link to report
Ysgol Gymraeg Henllan	No follow up	<a href="https://estyn.gov.wales/system/files/2024-06/Inspection%20report%20Ysgol%20Gymraeg%20Henllan%202024_0.pdf">https://estyn.gov.wales/system/files/2024-06/Inspection%20report%20Ysgol%20Gymraeg%20Henllan%202024_0.pdf</a>
Adult Learning in the Community (ALC)	No follow up	<a href="https://estyn.gov.wales/education-providers/conwy-denbighshire-adult-learning-in-the-community-partnership/#inspection-reports">https://estyn.gov.wales/education-providers/conwy-denbighshire-adult-learning-in-the-community-partnership/#inspection-reports</a>

## CIW / Other reports update for 2024/25

Area Reviewed	Link to Report
Dolwen Care Home	 CIW - INSP00064565MBHM
Joint Inspection of Child Protection Arrangements: Denbighshire County Council, Betsi Cadwaladr University Health Board, North Wales Police	 230517-Denbighshire-JICPA-en-easyread  230517-Denbighshire-JICPA-en.pdf
An Estyn Report on Little Acorns at Christ the Word	<a href="https://estyn.gov.wales/inspection-report-little-acorns-at-christ-the-word-2024">Inspection report Little Acorns at Christ the Word 2024 (gov.wales)</a>

## Progress in Delivering the Internal Audit Assurance

The HoS for Finance and Audit has been in post for just over 10 months and regular meetings are in place with the Chief Internal Auditor to discuss current issues and monitor progress against the internal audit plan. The week commencing the 9 September the Council had an independent Panel Peer Assessment carried out and CET, SLT, Cabinet, key officer and Chair and Vice Chair of the Governance and Audit Committee were interviewed. The initial feedback was good and the Council are now waiting for the report.

We have now been fully staffed for approximately 14 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 just completed and passed their level two Association Accounting Technicians exams and are starting the level three course on the 11 September 2024.

On 3 June, the Council's waste service rolled out a new waste collection and recycling service across the whole of the county. The new service moved away from comingled recycling waste to kerbside collections via a trolley system. The roll out encountered several issues which has resulted in the service requiring support from services across the Council.

As a result, three members of the Internal Audit team were seconded over to support the waste service initially a part-time basis, two of them then went over on full-time basis for a short period. This has resulted in the Audit Plan falling behind schedule. Now we are fully staffed we are working towards completing the plan again.

Since April this year we have had two special investigations that have been very challenging and demanding on Internal Audit resources. Neither investigation has been completed. The first one was following a whistleblowing complaint, and the second investigation was via a service request.

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 1202 matches processed to date equating to 81.5% and 272 (18.5%) are currently being investigated. The remaining matches to be processed are Housing, which are in progress. To date a total of £55,741.88 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:

- Closure of Caledfryn;
- 3% budget cuts in schools;
- Asset Management; &
- Financial Service Audits

## Internal Audit FWP

The five tables below provide a list of all projects required to be completed within the financial year 2024/25. The status level provides you with progress made on the outstanding projects:

**Table 1 – Major savings proposals / non-strategic savings**

Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment
Fostering - changes coming into force at the end of 2024	Not yet started	-	-	-	-	
Libraries (Q1) savings of 21% costs looking back at 2023/24 savings	Scoped	-	-	-	-	
Impact of budget cuts for schools (3% based on school budget)	Scoped	-	-	-	-	
Closure of Caledfryn	Fieldwork	-	-	-	-	
Maintenance of DCC properties in portfolio including school and non-school properties	Not yet started	-	-	-	-	
Tracking of budget savings	Not yet started	-	-	-	-	
Car parking fees	Fieldwork	-	-	-	-	
Public conveniences	Fieldwork	-	-	-	-	
Homelessness prevention service	Not yet started	-	-	-	-	
Review of adult social care and double-handed care packages	Not yet started	-	-	-	-	
<b>Overtime and Agency Payments</b>	<b>Fieldwork</b>	-	-	-	-	

## Table 2 – Process Reviews and Advisory work

Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment
Liberty protection safeguards	Not yet started	-	-	-	-	
Grant funding – Children and Communities Grant (CCG)	Not yet started	-	-	-	-	
RIF funding due to end 2027	Not yet started	-	-	-	-	
Edge of Care Team	Not yet started	-	-	-	-	
Review of Building Control	Draft Report	-	-	-	-	
School transport	Draft Report	-	-	-	-	
Local bus service funding commission	Scoped	-	-	-	-	
To consider options available to fleet services to maximise commercial fleet usage	Draft Report	-	-	-	-	
To review the processes in place for making decisions around commission within specific services	Not yet started	-	-	-	-	



## Table 3 – Service reviews

Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment
New CRM system for customer services.	Not yet started	-	-	-	-	
Liberty Gas	Final	High ●	0	0	1	
Housing Contact Centre	Final	High ●	0	0	2	
Review of Planning Applications	Scoped	-	-	-	-	
AONB 2023-24	Final	High ●	0	0	0	
AONB	Not yet started	-	-	-	-	
Schools in financial difficulty (SIFD)	Fieldwork	-	-	-	-	
EAL - use of agency staff for English as an additional language	Not yet started	-	-	-	-	
PLASC post-16	Scoped	-	-	-	-	
Procurement - to cover legislative changes, processes, and strategy	Not yet started	-	-	-	-	
Blue badges process	Not yet started	-	-	-	-	
Staff Pay Scale Review	Not yet started	-	-	-	-	
Contracts where 90% of work completed and waiting for retention work to be completed	Not yet started	-	-	-	-	
Levelling Up Funding (LUF 1)	Not yet started	-	-	-	-	

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Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment
Disposal of property under Community asset policy as policy does not include timeframes for disposing of assets.	Not yet started	-	-	-	-	
Cash Collection	Not yet started	-	-	-	-	
Direct Payments/Court of Protection	Not yet started	-	-	-	-	
Community Equipment Service	Not yet started	-	-	-	-	
Use of corporate purchasing cards	Not yet started	-	-	-	-	
Budget setting process	Not yet started	-	-	-	-	
Technology One	Scoped	-	-	-	-	
<b>Asset Management</b>	<b>Scoped</b>	-	-	-	-	

## Table 4 – Assurance for the Annual Governance Statement

Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment
Risk Management	Not yet started	-	-	-	-	
Programme and Project Management	Not yet started	-	-	-	-	
Partnerships	Draft	-	-	-	-	
DLL - review of Teckle agreement	Not yet started	-	-	-	-	
General Ledger	Scoped	-	-	-	-	
Payroll	Scoped	-	-	-	-	
Accounts payable (AP)	Scoped	-	-	-	-	
Treasury Management	Scoped	-	-	-	-	
Bank Reconciliation	Scoped	-	-	-	-	
Council Tax	Scoped	-	-	-	-	
Sundry Debtors	Scoped	-	-	-	-	
Housing Benefits	Scoped	-	-	-	-	
NNDR	Scoped	-	-	-	-	
NFI 2022-24	Fieldwork	-	-	-	-	
Whistleblowing	Fieldwork	-	-	-	-	
Follow up reviews	Fieldwork	-	-	-	-	

## Table 5 – Other projects

Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment
Tackling poverty	Not yet started	-	-	-	-	
Housing First follow-up	Not yet started	-	-	-	-	
Cefndy follow up	Not yet started	-	-	-	-	
Cynnig follow up	Not yet started	-	-	-	-	
Christ the Word Follow up	Fieldwork	-	-	-	-	
Rhuddlan Town Council	Completed	High ●	0	0	0	
School funds	Not yet started	-	-	-	-	

*Items in lists above in bold and italic have been identified since the start of the financial year and added to the plan*

### 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 2024-25 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

5. We have purchased a Fraud Corruption and Bribery E-learning module that we are currently working with the provider to tailor to Denbighshire County Council's requirements.
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 2024/25

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 6 months of 2024/25 financial year, we have been asked by three separate services to investigate potential frauds. The first request was around a whistleblowing complaint, and it was agreed that the service manager would carry out the investigation and report back on completion of the investigation.

The second referral was a whistleblowing complaint around governance arrangements, and we are currently carrying out an investigation. The third complaint was as request from the Head of HR around potential fraud and misappropriation of funds and following discussions with the service manager it was agreed that Internal Audit would carry out the work and this review is again on-going.

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 2024/25.

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	13 days
Issue final report within 5 days after agreeing the draft report and action plan	Average days less than 5	3.15 days
Percentage of audit agreed actions that have been implemented by services recorded on the performance management system (Verto)	75%	Information not available
Percentage of audit agreed actions that have been implemented by schools	75%	Information not available

Due to staff being seconded to waste and on their return, we have been concentrating on one special investigation and plan, the follow up spreadsheet and school e-mails have not been completed. This will be addressed and reported in the next update.

Also the issue draft report within 10 days of the closing meeting has gone above the target 10 days due to staff having the closing meeting and then being seconded to waste.

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.