

Internal Audit Update

January 2025

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Internal Audit Reports Recently Issued

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

- Eight reviews and a full copy of each report has been circulated to members of the committee.
- The team have been involved in two special investigations that have taken up a considerable amount of time. The first investigation is still on going and the second investigation is due to be completed by the middle of January 2025.
- Between the middle of June through to the middle of August, three members of the Internal Audit Team provided support to the Waste project. Initially they went across on a part time basis, but two then went full time. This has meant that during this period Internal audit have lost 48 days.
- 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
D242527	Housing Contact Centre	High ●	0	0	2
D232403	Coastal Rhyl Flood Defence Project	Medium ●	0	1	0
D242514	Closure of Caldefryn	Medium ●	0	1	2
D242510	Review of Building Control	N/A	0	1	4
D242507	School Transport	N/A	0	0	1
D242509	Fleet Service Review	N/A	0	0	4
D242558	Asset Management	Medium ●	0	0	3
D242531	Schools in financial difficulty	High ●	0	0	2

Housing Contract Centre – September 2024

High Assurance ● Number of Risk Issues: 2 Moderate ●

The service uses an effective housing software, which supports them to comply with statutory requirements. System constraints mean that calls are not recorded in voice format however all communications are recorded on the system to provide a clear audit for business continuity purposes.

The service has good governance arrangements in place and have thorough guidance and user guides, which act as a step-by-step guide for receiving and responding to calls. For business continuity they could benefit from undertaking regular documentation reviews to confirm the detail captured in the procedures are still relevant. (See Risk Issue 1).

There is evidence of training and support for staff, including regular one to ones which is in line with corporate policy. As part of the induction processes, training and shadowing of experienced staff is included as well as completing the corporate induction checklist. There is good business continuity in the team to handle complex queries with the call centre manager and two experienced team members. Training records should be formalised to include evidence of software training, call handling and the date training was provided to identify gaps in training or refresher training. (See Risk Issue 2)

There is a dashboard to help the service monitor their performance and they present to performance scrutiny on a thematic basis. Testing for the year showed that they received 31,850 customer contacts which is comparable looking over the last three years. The average call wait time is 2 minutes which is in line with industry standards. Testing found that the 'first contact resolution' rate of 83.64%, where calls are resolved during the first call is above global benchmark of 75%.

The service has agreed targets and timescales for responding to repair requests by priority with appropriate reporting mechanisms in place to ensure these are met.

A review of calls identified that complaints equated to 0.17% of the calls received. Testing confirmed that the service is complying with the corporate complaints policy, with 60% of

complaints being dealt with at pre-stage one and 30% dealt with before stage two. Only 10% were escalated to stage two with the relevant officers.

Our review confirmed that the service has effective risk management controls in place to manage or mitigate risks, with relevant risks and controls being captured on the service risk register.

The council have introduced new processes to become a net carbon zero council by 2030. While legal constraints require the service to send letters for specific correspondence; the service send texts where possible and are looking at ways they can communicate via text or the email portal for other instances, to save both time and money and help meet net carbon zero targets.

Coastal Rhyl Flood Defence Project – October 2024

Medium ● Number of Risk Issues: 1 Major ●

The review identified satisfactory governance arrangements are in place, which include, approved communication strategy and terms of reference for the Coastal Defence, Highways and Public Realm Project Board. Regular project board meetings are held, to review and monitor progress. Highlight reports are presented to the project board on a regular basis and provide details including estimated costs, risks and benefits.

A business case has been completed and approved by Full Council. This is reported to other committees as required. Project aims detailed in the business case are in line with the council corporate priorities.

A Communication Strategy has been completed for the project to ensure relevant stakeholders are consulted throughout. Consultation with the public has taken place with stakeholder engagement workshops with businesses, residents, Welsh Government and other relevant stakeholders engagement. However, we were unable to confirm what consultation was performed during the design phase of the project as not all information was accessible. (See Risk Issue 1)

We performed a review of the financial management of the project and while we were able to view the financial evaluation for the construction phase of the project we were unable to view the full audit trail of the financial evaluation for the design phase of the project. While we were satisfied that the project is managed effectively, we were unable to review all key documentation due to a lack of business continuity. (See Risk Issue 1)

Strategic procurement has not been involved in the procurement process for this project as the contractor was procured through the Scape framework in place, which is a national framework for construction works.

Closure of Caldefryn – November 2024

Medium ● Number of Risk Issues: 1 Major ● 2 Moderate ●

The review identified effective governance arrangements are in place including the recently approved New Ways of Works Strategy, approved business case, options appraisal, cost benefits analysis and a communications strategy which demonstrate that the decision-making process is effective.

Project milestones are set to ensure the project is delivered within the agreed timescales. There are clear roles and responsibilities of officers and members captured on the corporate performance monitoring system 'Verto.' However, from the review of the project members it was apparent that representatives from Finance have not been included as a member of the project. (See Risk Issue 1)

Regular monitoring on the project is performed, examples include officer monthly meetings and meetings with the service's Lead Member. While there are supporting minutes in place for officer's meetings there is no written documentation to capture discussions held in with the Lead Member. Our review also identified that there was an insufficient audit trail for the financial documentation in relation to the project due to officers leaving the council. (See Risk Issue 2).

The service is working towards the agreed financial savings of £150,000, which is part of the major savings for the council for 2024-25. Caldefryn has now closed and staff have

been relocated to other buildings owned by the council. While some savings have already been realised through the reduction in utility costs it is too early to provide an assessment of whether the overall savings will be achieved in the 2024-25 financial year. Once the process of the disposal of Caledfryn has been completed the full savings and potential income will be known.

Risk management arrangements are good, with a risk register maintained and updated regularly by key officers involved in the project. Risks are also captured on the corporate performance management system for reporting purposes with evidence that the risks are regularly reviewed and monitored.

As part of the project management programme, five milestones have been set which are captured on the corporate performance management system. Of the five milestones three have been completed and two are still in progress. While the two remaining milestones have not impacted on the closure of Caledfryn, revised timescales have been provided to ensure all milestones are completed. Our review of the milestones has identified that they are not being updated to the corporate performance system on a regular basis to capture the actual progress of the agreed milestones (See Risk Issue 3).

As part of the project scope consideration of the council's sustainable development principles were captured, which was evident from reviewing the wellbeing impact assessment and supporting documentation. While the closure of Caledfryn has resulted in some staff travelling further to work, the project is contribution to reducing the council's carbon emissions by reducing the level of energy used in their civic buildings.

Review of Building Control – November 2024

Assurance Rating N/A Number of Risk Issues: 1 Major ● 4 Moderate ●

Our review identified good working practices and effective processes in place for compliance with statutory obligations for the provision of Building Control. The team deal with a range of applications, including full plans, building notices, dangerous structures, reversions, regularisations, unauthorised works, disability facility grants and demolition

notices. There is good knowledge and experience in the team and written procedures are in place for all processes for business continuity.

Inspections are planned for the next working day, ensuring officers time is planned efficiently using most cost-effective routes as well as meeting the customers' needs. Due to changes in legislation, building control officers are now required to complete competency qualifications to perform their role. The Principal Control Officer (PCO) and the two Built Project Surveyors (BPS) can perform domestic inspections within the role following completion of the competency qualification. The PCO is the only officer who can perform commercial inspections for the team as they are the only one with the Band B qualification. This has identified a lack of business continuity for performing commercial inspections.

Budget monitoring is performed on a regular basis with the acting building control manager and the senior finance and assurance officer. It would be beneficial to include the PCO within the budget monitoring process as they can support the acting building control manager in achieving income targets and budget savings. Building control service is a fee generating service with agreed fees in place for appropriate processes. While building control fees are reviewed annually it is unclear how fees are reviewed and increased. The service should use the CIPFA matrix when reviewing building control fees, which was identified as a recommendation in a recent review by Audit Wales for all building control services in Wales.

The team use the web-based system Tascomi, which is used to process applications. While the system is functional there is no online portal in place to allow applicants to upload applications and plans. Another element that would be beneficial is to give building contractors the opportunity to use the system app to request site inspections. These additional tools would assist in officers time being allocated to other priority tasks.

Officers use their own vehicles for site inspections, and occasionally their personal vehicles have been damaged when carrying out site visits. Consideration should be given to using council electric fleet vehicles, which would reduce damage to personal vehicles,

reduce budget costs and contribute to the council's objective of becoming a carbon net zero council by 2030.

The service offers a competitive service for carrying out inspections to compete with external private inspectors. Examples include offering next day inspections and re-inspections of sites where required at no additional costs. Consideration of a building control charter would be beneficial to generate additional income.

The team perform internal benchmarking on a number of applications received and perform comparisons from previous years. No external benchmarking is performed with other local authorities and competitors due to geographical and other factors.

Due to the size of the team as well as carrying a vacancy for a BPS there is currently a lack of business continuity and resilience. While the team have outsourced plan checking and some inspections during busier times further investigations would be beneficial to explore collaborative or partnership working, which would strengthen business continuity and resilience.

Conclusion

The process review identified that effective controls are in place to ensure statutory duties are met. However, risks and issues were identified that the service need to review and address (please see the risks issues below).

School Transport – November 2024

Assurance Rating N/A Number of Risk Issues: 1 Moderate ●

Our review identified good working practices and effective processes in place for compliance with statutory obligations for the provision of school transport. There is good knowledge and experience within the team and written procedures are in place for key elements of the process to ensure business continuity is in place.

School transport applications are processed in line with the council's School Transport Policy, which provides comprehensive guidance and establishes eligibility criteria.

Applications received are allocated and processed by transport officers based on their area of responsibility. Transport is provided for eligible learners residing in Denbighshire and for looked-after children under the care of the council and in placements out of county.

Assessments of applications are reviewed and approved by the School Support Team, Inclusion Team, Pupil Referral Unit (PRU) or Children's Services and are sent to the School Transport team for processing. Routes are planned to ensure they are cost effective. Collaborative arrangements are made with other local authorities to minimise costs and reduce carbon emissions. Where learners require extra equipment in vehicles the team will purchase additional equipment such as safety harness, which can reduce overall costs and help to maintain contracts. Occasionally where transport is complex or it is more cost effective, parents are reimbursed using the fixed mileage rate for ALN learners requiring their transport.

Budget monitoring and forecasting is difficult due to the decision making in relation to school transport being made by other departments. For mainstream learners bus passes are provided, which incur postage costs for the team. For Arriva buses, a QR code for the pass is provided, which has reduced postage costs. For the closed school contracts the posting of bus passes to pupils home addresses is the most cost-effective method to ensure pupils receive bus passes. An app or QR code rather than paper-based bus passes may become viable in the future. Additional budget pressures include increased costs per learner for non-mainstream learners due to their more complex needs, which the council are required to provide for.

The tendering and procurement process appears to be effective with the service using the Dynamic Purchasing System (DPS). This allows the service to use pre-approved transport operators which makes the contract award process more efficient and helps to get the most competitive price for transport. The council's contracts include a reduced notice period of 14 days to terminate contracts where there are issues or concerns.

The DPS provides additional checks on the financial practices and insurance of transport operators. Insurance certificates are currently monitored by the transport assistant

although longer-term responsibility for this task needs to be established. Contract monitoring takes place mainly when issues are raised.

The team use the regionally procured system Synergy, which is used for processing mainstream applications but have limitations in relation to the team's needs. For other applications the team use spreadsheets as they offer additional functions to manage other applications effectively, which include Additional Learning Needs (ALN), pupil referral units (PRU), discretionary and Looked-After Children (LAC) applications. Technology One (T1) and Proactis are used for purchasing and tendering procedures.

Effective processes are in place for safeguarding and risk management. Disclosure and Barring Service (DBS) checks are performed and monitored by the licensing team for taxi operators and by the school transport team for bus operators. The team use a framework to assess concerns identified during the DBS process, which needs further clarification as to whether the framework needs formal approval.

Specialist training is provided for Passenger Transport Assistants who accompany ALN learners. Training is provided to neighbouring local authorities to reduce costs. Risk assessments and wheelchair passports are required for wheelchair users, which are arranged in groups to reduce costs.

Conclusion

The process review identified that effective controls are in place to ensure statutory duties are met. The unpredictable demands on the service mean that forecasting and budget management are not within the control of the team. Risks are managed well and every effort is made to reduce costs and contribute to sustainable development targets. Our process review identified one issue, which is detailed below.

Fleet Service Review – November 2024

Assurance Rating N/A Number of Risk Issues: 4 Moderate ●

Our review identified good working practices in place for compliance with legislation and we noted there were effective processes in place.

The Fleet Service Manager is the Transport Manager for the council and responsible for ensuring fleet vehicles are maintained to the minimum standard, operating centres are fully functional, drivers' hours are monitored, induction training is provided for staff and ensuring the council are complying with relevant legislation for fleet vehicles. The role continues to be effective, with effective communication channels, however business continuity arrangements need to be strengthened to ensure key tasks performed by the Transport Manager are completed.

Regular driver training is provided to staff, which is provided by a specialist officer employed by the council. Specialist training on driving forklifts and UTV was provided by an officer from the Corporate Health and Safety team. Due to sickness absence training on forklifts and UTV has not been provided in recent months and no other alternatives have been sourced to provide training. This is a risk for the council as staff are currently not accessing forklift and UTV training for their roles.

Compliance checks are performed within the service, including checking drivers are complying with drivers' hours, reviewing drivers' infringements and regular checks of fleet users' drivers' licences.

Effective processes are in place to ensure fleet vehicles are taxed, maintained and serviced regularly as required. The service adheres to the corporate purchasing procedures using the corporate system and monitor use of fuel cards including fuel consumption of fleet vehicles.

The service provides local transport for the community, examples of services provided include flexi bus service for Ruthin and Denbigh, community bus service from Melin Y Wig to Llangollen and transportation for rural schools. While this is working well the service

have a vacancy for the fleet transportation officer, with duties being performed by others in the service until a decision is made on the role.

Procurement arrangements are effectively managed with some contracts procured within the council's collaborative frameworks and individual contracts as required. Contract monitoring is currently performed to a minimum level by other officers within the service due to the Fleet Contract and Procurement Officer vacancy.

The garage function provides a range of services, which includes vehicle safety inspections and appropriate checks to comply with the vehicle agency standards operating over a two-shift pattern. The garage service is currently experiencing difficulties in recruiting mechanics due to the specialist job description and specifications being advertised and level of salary being offered.

The service has made significant progress in decarbonising the council's fleet and working towards the council achieving their target of becoming a carbon net zero council by 2030. There are currently 81 electric fleet vehicles on the fleet asset register and there are electric charging points for electric vehicles in most public car parks and civic building car parks.

Additional income is being generated through vehicle livery and vinyl, which is proving to be a good way of generating additional income.

An external consultation was commissioned to identify opportunities to strengthen fleet services, which identified that the service would develop further as well as generate additional income through an alternative delivery model.

Conclusion

The process review identified areas where good controls are in place to ensure statutory duties are met and compliance with legislation. However, risks and issues were identified that the service need to review and address (please see the risks issues below).

Asset Management – November 2024

Medium ● Number of Risk Issues: 3 Moderate ●

Our review identified there is an up-to-date Asset Management Strategy (AMS) in place for 2024-2029, which was approved by Cabinet in October 2024. The previous version of the AMS for 2021-2024 was not approved due to covid-19 and staff changes, resulting in the team working towards the 2017-2021 approved AMS.

The team is responsible for the reviewing and approval of Legionella, Fire Safety and Asbestos processes, which are reviewed every two years and approved by the corporate landlord. There has been a delay in reviewing the Fire Safety Procedure due to staff changes, which has now been reviewed and is up to date. The policies do not capture reviews and changes to demonstrate regular reviews of policies have been performed. (See Risk Issue 1).

The Asset Management Group (AMG) meetings take place on a quarterly basis to discuss all matters relating to the effective use of council owned land and buildings in an advisory capacity. With the exception of three months in 2023 meetings have been held regularly where attendance is good. The AMG's Terms of Reference need to be reviewed and updated to be in line with the recently approved Strategy (See Risk Issue 2).

The service has developed portfolio plans for eight areas to ensure there is effective asset management in place. Discussions are ongoing between the service and portfolio holder to identify key performance indicators (KPI's), roles and responsibilities. The team are in the process of strengthening asset management arrangements with portfolio holders by setting up formal working groups to ensure effective monitoring and discussions take place (See Risk Issue 3).

The service use an asset management system called Tech Forge, which is utilised effectively for the recording of all asset management information.

Conditional surveys of the council's assets are performed every five years, which the service has commissioned an external contractor to perform on their behalf. Going

forward the Asset Management team will perform the conditional surveys. While the surveys are not a mandatory requirement the conditional surveys are performed as good practice to provide assessments on council's assets conditions and identify works required. Our testing confirmed that 94% of the service's assets have been subject to a conditional survey.

The team has a programme for planned maintenance work, which includes the areas of works from the conditional surveys. Annually the building maintenance draft a programme of works based on works required and available funding. An approved framework is in place for planned and reactive building maintenance work.

The team is contributing towards the council's sustainable development principles and the council becoming a net zero council by 2030 through proactively ensuring all council buildings they have responsibility for are sustainable.

Schools in financial difficulty – November 2024

High Assurance ● Number of Risk Issues: 2 Moderate ●

There are clear procedures and processes in place for schools in financial difficulty (SIFD), which was evident during the review as schools and relevant departments within the council are complying with the Schools in Financial Difficulty framework.

The framework is reviewed when changes are required, which are approved by the School Budget Forum. The framework did not capture reviews and agreed changes to demonstrate regular reviews have been performed. Education Services have since introduced version control to the framework for the recording of reviews and changes to ensure future reviews and changes are captured to demonstrate regular reviews are performed (Issue 1).

Regular training events are provided to support schools with the SIFD Framework process, with other training events due to take place in October and November, which will include school governors.

Effective monitoring is in place, which includes attending a range of meetings such as school governing body meetings, school finance meetings, School Budget Forums and one-to-one meetings with the Head Teachers and Finance Managers to ensure schools are reducing deficit balances. Schools are also providing regular budget reports to the School Funding team, which are also included as part of the Section 151's financial report to Cabinet and more recently to the Budget and Transformation forum. Governing bodies should utilise current forums and meetings to engage with the School Funding team, other governing bodies and other schools on identifying a deficit. This will enable the school to carry out appropriate steps in reducing deficits and gaining feedback such as lessons learnt and areas of good practice.

As part of the SIFD process the Head of Education and the Section 151 Officer are required to scrutinise and approve licensed deficits. There are good business continuity arrangements in place for the approval of licenced deficits for the Section 151 Officer. However, there was no business continuity for the Head of Education due to the service structure. Following our review, business continuity arrangements are now in place to ensure there are no delays in the approval process (issue 2).

There are currently 33 schools in a deficit balance or predicting a deficit for 2024/25 in comparison to 13 schools in 2023/24. Testing was performed, which confirmed that five out of the seven schools tested have had their licensed deficits approved. There were delays for two schools, one was due to ongoing discussions around submitting a revised recovery plan. The other school has been issued with a notice of concern, which is in line with the SIFD process and will be monitored. For one school in our sample, we were unable to view the full audit trail of the licensed deficits prior to 2017 due to data protection legislation and relevant document retention schedules. From the evidence provided we are satisfied that the SIFD process has being complied with for this school.

The service is contributing to the council's sustainable development principles and Climate and Nature Strategy by working collaboratively with schools to improve the economic, social, environmental and cultural well-being of schools.

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	Fieldwork on going and will be taken to Governance & Audit Committee when work has been completed and signed off by Audit Wales	
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_Denbig hshire_Draft_Corpor
Assurance and Risk Assessment	Project brief issued September 2024 -see attached. Fieldwork started, and meeting set for 6 February 2025.	 4462A2024_ARA 2024-25 - Project Bri
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 2024/25, for the 22 LA in Wales

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

Review	Report status	Link to report
Thematic review – Digital	Report issued January 2024.	 AUDIT WALES - DIGITAL STRATEGY R
Thematic review – Financial Sustainability	Report issued August 2024.	 4441A2024_Financial Sustainability Rev
Thematic review – commissioning and contract management	Report Issued June 2024	 4169A2024_CommissioningArrangemen

Local government national studies planned / in progress

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

Review	Link to report
Building Social Resilience and Self reliance	https://www.audit.wales/sites/default/files/publications/Together_we_can_Community_resilience_and_self_reliance_English_2.pdf
Building safety	Published August 2023
Planning for sustainable development – Brownfield regeneration	 Sustainable_development_making_best
Governance of special purpose authorities – National Parks	https://audit.wales/publication/governance-national-park-authorities

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Corporate Joint Committees (CJCs)	https://audit.wales/publication/corporate-joint-committees-commentary-their-progress
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Estyn visits / reports update within the last 12 months

School Name	Report status	Link to report
Christ the Word	Special Measures	https://www.estyn.gov.wales/provider/6635902
Denbigh High School	No Follow Up	https://www.estyn.gov.wales/system/files?file=2023-07/Monitoring%20report%20Denbigh%20High%20School%202023.pdf
Ysgol Frongoch	No Follow Up	https://www.estyn.gov.wales/system/files?file=2023-07/Outcome%20of%20Estyn%20review%20Ysgol%20Frongoch%202023.pdf
Ysgol Emmanuel	No Follow Up	https://www.estyn.gov.wales/system/files?file=2023-07/Inspection%20report%20Ysgol%20Emmanuel%202023_0.pdf
Ysgol Christchurch	No Follow Up	https://www.estyn.gov.wales/system/files?file=2023-10/Inspection%20report%20Ysgol%20Christchurch%202023.pdf
Ysgol Bro Dyfrdwy	No Follow Up	https://www.estyn.gov.wales/system/files?file=2023-12/Inspection%20report%20Ysgol%20Bro%20Dyfrdwy%202023_0.pdf
Ysgol Brynhyfryd	No Follow Up	https://www.estyn.gov.wales/system/files?file=2023-12/Inspection%20report%20Ysgol%20Brynhyfryd%202023_2.pdf
Ysgol Hiraddug	No Follow Up	https://www.estyn.gov.wales/system/files?file=2024-01/Inspection%20report%20Ysgol%20Hiraddug%202023_0.pdf
Ysgol Bryn Collen	No follow up	https://www.estyn.gov.wales/system/files?file=2024-04/Inspection%20report%20Ysgol%20Bryn%20Collen%20Llangollen%202024.pdf
Ysgol Llanfair Dyffryn Clwyd	No follow up	https://www.estyn.gov.wales/system/files?file=2024-04/Inspection%20report%20Ysgol%20Llanfair%20Dyffryn%20Clwyd%202024_0.pdf
Ysgol Clawdd Offa	Significant Improvement	https://www.estyn.gov.wales/system/files?file=2024-03/Inspection%20report%20Ysgol%20Clawdd%20Offa%202024.pdf

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School Name	Report status	Link to report
St Brigid's School	No follow up	https://www.estyn.gov.wales/system/files?file=2024-03/Inspection%20report%20St%20Brigid%27s%20School%202024.pdf
Ysgol Plas Brondyffryn	No follow up	https://estyn.gov.wales/system/files/2024-04/Inspection%20report%20Ysgol%20Bryn%20Collen%20Llangollen%202024.pdf
Ysgol Gymraeg Henllan	No follow up	https://estyn.gov.wales/system/files/2024-06/Inspection%20report%20Ysgol%20Gymraeg%20Henllan%202024_0.pdf
Adult Learning in the Community (ALC)	No follow up	https://estyn.gov.wales/education-providers/conwy-denbighshire-adult-learning-in-the-community-partnership/#inspection-reports
Ysgol Caer Drewyn	Interim visits	https://estyn.gov.wales/app/uploads/2024/10/Interim-visit-letter-Ysgol-Caer-Drewyn-2024-1.pdf
Ysgol Gynradd Carrog	Interim visits	https://estyn.gov.wales/app/uploads/2024/10/Interim-visit-letter-Ysgol-Gynradd-Carrog-2024-1.pdf
Ysgol Pant Pastynog	Interim visits	https://estyn.gov.wales/app/uploads/2024/12/Interim-visit-letter-Ysgol-Pant-Pastynog-2024-2.pdf
Denbigh High School	Monitoring Report	https://estyn.gov.wales/system/files/2023-07/Monitoring%20report%20Denbigh%20High%20School%202023.pdf
Ysgol Brynhyfryd	No Follow Up	https://estyn.gov.wales/app/uploads/2023/12/Parents-and-carers-Inspection-Report-Ysgol-Brynhyfryd-2023_0.pdf
Ysgol Pendref	School is judged to have made sufficient Progress	https://estyn.gov.wales/app/uploads/2024/12/Outcome-of-Estyn-review-Ysgol-Pendref-2024-1.pdf
Ysgol Twm o'r Nant	Interim visits	https://estyn.gov.wales/app/uploads/2024/12/Interim-visit-letter-Ysgol-Twm-or-Nant-2024.pdf
DCC LA	Enhanced LALI visit	 Enhanced LALI visit Denbighshire Count

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	Inspection report Little Acorns at Christ the Word 2024 (gov.wales)

Progress in Delivering the Internal Audit Assurance

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

Since the last update in September, a member of the team has been successful in securing a new role within Finance and Audit and since the 25 November 2024 Internal Audit have been operating with a vacancy at Senior Auditor – Career Pathway level.

Training is being provided to support and progress the remaining two Senior Auditors - Career Pathway and the Principal Internal Auditor to ensure that we have a good mix of qualified and part qualified staff. The Principal Internal Auditor has successfully completed the ILM level 4 qualification and is resuming her Institute of Internal Auditors qualification. One of the Senior Auditor – Career Pathway has just enrolled onto the Institute of Internal Auditors and is about to start the Practitioner level qualification and the second one has successfully passed her level two Association Accounting Technicians and is currently studying for the level three qualification.

This year has been a challenging year for Internal Audit with a number of factors outside the control of the team which include: -

- Three whistleblowing complaints to date and after initial discussions with the Corporate Director – Governance and Business, Internal Audit have undertaken two investigations with the other being carried out by the service.
- Three members of the team volunteered to support Highways and Environmental service with the roll out of the new waste service.
- We have had an unusually high amount of sickness since 1 April to 31 December 2024 resulting in 136 days being lost, and
- Finally, one of the Career Pathway Senior Auditors resigned on 25 November 2024, which will have an impact on the plan as we will have one less auditor.

Work is progressing in completing the NFI exercise for 2022-23. A total of 1657 matches were identified at the beginning of the exercise, with 1657 matches processed to date equating to 100% investigated. To date a total of £48,620.99 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:

- Financial service audits;
- Tracking budget savings;
- Overtime and agency payments;
- PLASC post-16;
- Use of corporate purchasing cards; and
Technology one.

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	Final	Medium ●	0	1	2	
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	On hold	-	-	-	-	
Homelessness prevention service	Not yet started	-	-	-	-	
Review of adult social care and double-handed care packages	Not yet started	-	-	-	-	
Overtime and Agency Payments	Fieldwork	-	-	-	-	

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	Final	N/A	0	1	5	
School transport	Final	N/A	0	0	0	
Local bus service funding commission	Scoped	-	-	-	-	
To consider options available to fleet services to maximise commercial fleet usage	Final	N/A	0	0	0	
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.	On hold	-	-	-	-	
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)	Final	High ●	0	0	2	
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	On hold	-	-	-	-	
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	-	-	-	-	
HSG 2023-24	Final	High ●	0	0	0	
Asset Management	<i>Final</i>	Medium ●	0	0	3	

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	Draft	-	-	-	-	
Bank Reconciliation	Fieldwork	-	-	-	-	
Council Tax	Fieldwork	-	-	-	-	
Sundry Debtors	Scoped	-	-	-	-	
Housing Benefits	Fieldwork	-	-	-	-	
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 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 due to the complexity of the complaint, we have paused the investigation as there are additional factors that need to be resolved first before we can complete our 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. The investigation has now been completed and a report has been produced and we are meeting with the Head of Service and HR on the 16 January 2025.

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	7 days
Percentage of audit agreed actions that have been implemented by services recorded on the performance management system (Verto)	75%	71%
Percentage of audit agreed actions that have been implemented by schools	75%	Information not available due to resources

Internal Audit performance has dropped below the agreed levels due to the following challenges that the team has faced: -

- Three members of the team volunteering to support the new waste roll out;
- Higher than normal amount of sickness;
- A vacancy; and
- Two investigations.

The issuing of a “draft report within 10 days of the closing meeting” and “final report within 5 days after agreeing the draft report and action plan” has gone above the agreed days due to the team supporting the waste project and secondly one review where the manager retired at the point the draft report was issued and this resulted in a long delay.

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.

Revised Internal Audit Plan

Due to the challenges that Internal Audit have faced over the last nine months; the Internal Audit Plan has been revised. I have attached the revised plan and a full explanation in Appendix 2.

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.

Appendix 2 – Revised Internal Audit Plan

Breakdown of the Revised Internal Audit Plan

Available days left in Quarter 4 for the Internal Audit Team: -

Auditor	Jan	Feb	March	Total days	Holidays	Total Available Days
Bob	15	15	15	45	6	39
Sam	18	20	21	59	5	54
Sonia	18	20	21	59	5	54
Sara	0	20	21	41	5	35
Nia	0	0	0	0	0	0
Total days available for the whole team						182

This year has been a challenging year for Internal Audit with a number of factors outside the control of the team meaning we will not be able to complete the whole plan. Therefore, we have come up with a revised plan that will ensure that we provide a minimum coverage of 45% in each of the five tables and will ultimately allow the Chief Internal Auditor to provide assurance that the Annual Governance Statement appropriately reflects the conditions of the Council.

The days available to the team until the 31 March 2025 are 182 days and the revised plan will require 155 days. This means that we have a contingency of 27 days.

Despite these challenges, the team have worked extremely hard and have currently achieved 23% of the plan and if the revised plan is completed then overall, we would achieve 62% of the Internal Audit Plan for 2024/25.

Reviews to be completed in tables 1 to 5 in remaining period: -

Table 1 – Major savings proposals/non-strategic savings

Review title	Auditor	Comment	Days required	Potential start date
Fostering - changes coming into force at the end of 2024	On hold at request of Service			
Libraries (Q4) savings of 21% costs looking back at 2023/24 savings	Scoped and ready to start			Q1 2025-25
Impact of budget cuts for schools (3% based on school budget)	Scoped and ready to start			Q1 2025-26
Closure of Caledfryn	Completed			
Maintenance of DCC properties in portfolio including school and non-school properties	On hold			
Tracking of budget savings	Bob	Scoped and ready to start	20	February 2025
Car parking fees	Sonia	Fieldwork stage	2	
Public conveniences	On hold at request of Service			
Homelessness prevention service	Sonia	Needs to be scoped	8	March 2025
Review of adult social care and double-handed care packages	On hold as the service has requested this will need to be reviewed either Q4 2025/26 or Q 1 2026/27			
<i>Overtime and Agency Payments</i>	Sam	Fieldwork stage	3	February 2025
			33	

Currently completed one review, but by the 31 March will have completed an additional four review equating to five out of 11 reviews (45%)

Table 2 – Process Reviews and Advisory work

Review title	Auditor	Comment	Days required	Potential start date
Liberty protection safeguards		On hold		
Grant funding – Children and Communities Grant (CCG)	Sam/Sonia	Need to Scope	4	March 2025
RIF funding due to end 2027	Sam/Sonia	Need to Scope	4	March 2025
Edge of Care Team		On hold		
Review of Building Control		Completed		
School transport		Completed		
Local bus service funding commission		On hold		
To consider options available to fleet services to maximise commercial fleet usage		Completed		
To review the processes in place for making decisions around commission within specific services		On hold		
			8	

Currently completed three reviews, but by the 31 March will have completed an additional two review equating to five out of nine reviews (56%)

Table 3 – Service reviews

Review title	Auditor	Comment	Days required	Potential start date
New CRM system for customer services.	On hold at request of the service			
Liberty Gas	Completed			
Housing Contact Centre	Completed			
Review of Planning Applications	Sam	Scoped	4	March 2025
AONB 2023-24	Completed			
AONB	Completed			
Schools in financial difficulty (SIFD)	Completed			
EAL - use of agency staff for English as an additional language	On hold			
PLASC post-16	Sara	Scoped	3	February 2025
Procurement - to cover legislative changes, processes, and strategy	On hold – as new legislation has only just been implemented.			
Blue badges process	On hold at request of the service			
Staff Pay Scale Review	On Hold at request of the service			
Contracts where 90% of work completed and waiting for retention work to be completed	On hold			
Levelling Up Funding (LUF 1)	TBC	Projects are now coming to completion and so will start auditing process in March	10	March 2025
Disposal of property under Community asset policy as policy does not include timeframes for disposing of assets.	On hold			
Cash Collection	On hold			
Direct Payments/Court of Protection	On hold – due to Management changes, the new manager has			

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	requested a process review in Q1 2025/26			
Community Equipment Service	On hold			
Use of corporate purchasing cards	Sonia & Sara	Needs to be scoped	20	February/March 2025
Budget setting process	Bob	Needs to be scoped.		Q1 2025-26
Technology One	Sam	Scoped	10	BC to contact RWE re timescales
HSG 2023-24	Completed			
Asset Management	Completed			
			47	

Currently completed seven reviews, but by the 31 March will have completed an additional six review equating to 13 out of 23 reviews (57%)

Table 4 – Assurance for the Annual Governance Statement

Review title	Auditor	Comment	Days required	Potential start date
Risk Management	Sara	Needs to be scoped	6	March 2025
Programme and Project Management	Completed			
Partnerships	Bob	Part completed	5	March 2025
Housing Support Grant 2023 - 24	Completed			
DLL - review of Teckle agreement	On hold – due to several issues that are currently going on within DLL.			
General Ledger	Sam	Scoped	9	February 2025
Payroll	Sonia	Scoped	8	January/February 2025
Accounts payable (AP)	Sara	Scoped	9	January/February 2025
Treasury Management	Sara/Sam	Fieldwork	1	
Bank Reconciliation	Sara/Sam	Fieldwork	1	
Council Tax	Sonia	Fieldwork	3	
Sundry Debtors	Sonia	Scoped	9	February 2025
Housing Benefits	Sara/Sam	Fieldwork	4	
NNDR	Sonia	Scoped	5	
NFI 2022-24	Sam / Sonia	Fieldwork	5	January 2025

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Whistleblowing	As required	
Follow up reviews	As required	
		65

Currently completed two reviews, but by the 31 March will have completed an additional 12 review equating to 14 out of 15 reviews (93%)

Table 5 – Other projects

Review title	Auditor	Comment	Days required	
Tackling poverty		On hold		
Housing First follow-up	TBC	Needs to be scoped	2	March 2025
Cefndy follow up		On hold		
Cynnig follow up		On hold		
Christ the Word Follow up		Completed		
Rhuddlan Town Council		Completed		
School funds		Last School Fund completed, but just needs to be reviewed.		March 2025
			2	

Currently completed two reviews, but by the 31 March will have completed an additional two review equating to four out of seven reviews (57%)