

Internal Audit Update

April 2025

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Internal Audit Reports Recently Issued

Since the last Internal Audit update report in January 2025, Internal Audit has completed 10 reviews and a full copy of each report has been circulated to members of the committee. The team has been involved in five special investigations that have taken up a considerable amount of time and work has started on the NFI data matching exercise for the financial year 2024/25 which will be on-going during 2025/26.

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
D242517	Car Parking Fees	High ●	0	0	3
D242530	AONB	Medium ●	0	0	5
D242550	Payroll	High ●	0	0	0
D242551	Accounts Payable	High ●	0	0	2
D242552	Treasury Management	Medium ●	0	0	5
D242553	Bank Reconciliation	High ●	0	0	1
D242554	Council Tax	Medium ●	0	1	0
D242555	Sundry Debtors	High ●	0	0	1
D242556	Housing Benefits	High ●	0	0	0
D252657	NNDR	Medium ●	0	1	1

Car Park Fees – February 2025

High Assurance ● Number of Risk Issues: 3 Moderate ●

The review identified robust governance arrangements in place for the decision-making process for increasing car parking fees. Fee-related decisions can be made by the Head of Service, which demonstrates compliance with the Council's constitution. Member involvement in the decision-making process was evident with reports being presented to Communities Scrutiny Committee and member workshops. The notification process with the public has been complied with, with Section 35C notices being issued to advise the public of increased fees.

Fees were increased in March 2024 following a review. However, fees had not been reviewed between 2016 and 2023 to take into consideration factors such as baselines, benchmarking, inflation, etc. Following consultation with members and officers, the service adopted a blanket approach for the increase having three fixed tariffs: short stay, long stay and beaches. This approach does not benefit some car parks where other factors need to be taken into consideration. (See Risk Issue 1).

Parking Services is responsible for the collection of income from machines at 47 car parks and on street parking sites across the county, including car parks that belong to other services such as Countryside Services, Llangollen Pavilion and St Asaph Cathedral who are charged a fee for the collection. The service is aware that there is no formal agreement or Service Level Agreements (SLAs) in place and at the time of the audit were looking at strengthening this process. (See Risk Issue 2)

The service uses Security Plus, an external provider for the collection of car park income. Security Plus have a clear schedule in place for emptying the pay and display machines to ensure the income is regularly collected and the necessary paperwork sent through to Parking Services.

An Income Report is reconciled on a regular basis with two officers involved in the process, ensuring there is separation of duty in place. Regular spot checks are carried out by the Senior Finance and Assurance Officer to provide independent checking of income

received. Written procedures are in place to cover reconciliation of income, which assist with business continuity.

As part of the Council's major savings, the service had identified £700,000 income that would contribute to achieving savings for the Council for 2024-25. However, the service is unlikely to achieve the proposed income projected due to reasons beyond its control. (See Risk Issue 3)

The service is performing in accordance with the sustainable development principles by contributing the Council's corporate plan objective 'Prosperous Denbighshire' by offering car parking facilities. The service also uses recycled resurfacing materials which contributes towards the Connected Denbighshire theme. Electric charging ports, LED lighting, solar machines pay and display machines; and use of pay-by-phone ensures the service contributes to our carbon net zero target.

Areas of Outstanding Natural Beauty (AONB) – January 2025

Medium ● Number of Risk Issues: 1 Moderate ●

The AONB covers parts of Denbighshire, Flintshire and Wrexham. Denbighshire County Council is the lead authority on the AONB, which includes the monitoring and management of the AONB project. Contributions are received from all three local authorities and Natural Resources Wales (NRW), which has been apportioned in accordance with area allocated within the three local authorities. While Flintshire County Council (FCC) and Wrexham County Borough Council (WCBC) both contribute financially to the AONB, there is no audit trail to demonstrate how financial contributions were agreed when all three local authorities were part of the AONB in 2013. This is a longstanding agreement, which needs reviewing to consider costs such as inflation, staff costs and other budget pressures. (See Risk Issue 1)

While there is effective financial monitoring in place for the AONB budget, the service has identified a reduction in funding for 2024-25 and 2025-26. This makes it difficult to plan for the future in terms of staff costs and project delivery. (See Risk Issue 2)

Legal arrangements are in place for the AONB, which include a deed of agreement in place between the authorities and outlines the terms and conditions, and contributions paid by each authority. This is reviewed every five years, with an agreement in place in 2013 and 2019 and is currently being reviewed for 2024. This legal agreement is discussed and approved at point of review within the AONB Joint Committee meetings, which is evidenced in supporting minutes. Any of the authorities can withdraw from the agreement, giving 18 months' notice, therefore contingency planning is required as part of this process. (See Risk Issue 2)

The Clwydian Range and Dee Valley Area of Outstanding Natural Beauty Joint Committee meet three times a year. Membership includes lead officers from each authority, NRW lead and lead member representative from each authority. A review of the minutes has confirmed that membership is not always quorate, resulting in the committee not being able to make key decisions. (See Risk Issue 3)

Feedback from officers and members of DCC, FCC, WCBC and NRW has confirmed that the AONB has an effective collaborative working arrangement in place. Examples of feedback include work carried out by AONB is invaluable with good partnership arrangements in place. Whilst the partnership is working well, there needs to be further discussion around the clarity of works and liability responsibilities with WCBC i.e. if any damage is caused due to a tree falling on WCBC land, who would be liable. (See Risk Issue 4)

Assets have been purchased using AONB funding. However, there is no asset register or loan register in place. (See Risk Issue 5)

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 by reducing light pollution using sky lights at Loggerheads, planting trees, sustaining the moorlands and planting wildflowers.

Payroll – February 2025

High Assurance ● Number of Risk Issues: None

Our review confirmed processes continue to be effective for the Payroll function with no significant changes since our previous review. Written procedures are up-to-date and reviewed regularly to ensure business continuity.

Testing performed of payroll records including new starters and leavers confirmed effective controls are in place for all payroll processes with good separation of duty in place.

Declaration of Interest forms are reviewed and updated quarterly to ensure conflicts are managed effectively. Controls continue to be effective in terms of system access, with relevant officers having appropriate access rights, with the function complying with data protection legislation.

The reconciliation process verifies that the correct number of staff have been paid the correct amounts and irregular payments are authorised appropriately. The system provides an effective audit trail by way of a digital imprint of who has input, processed or authorised a payment.

As part of the National Fraud Initiative exercise for 2024-25 further testing will be performed of payroll matches including payroll to creditor matches, which will be reported separately once the exercise has concluded.

The service is performing in accordance with the sustainable development principles making cost reductions through payroll practices and is contributing to the Council's corporate plan objective 'Prosperous Denbighshire'. The service uses digital communication which supports the Council achieving the carbon net zero targets.

Accounts Payable – April 2025

High Assurance ● Number of Risk Issues: 2 Moderate ●

Our review of Accounts Payable identified that system controls continue to be good with no changes in the reporting lines. The service is now using Technology One (T1), which was rolled out in April 2024. The Accounts Payable Service use the system for processing invoices, which appears to be working well and is processing invoices promptly. As part of the roll out of T1 in April 2024 user guides and videos were provided to the team as part of guidance for navigating the new system. Further procedures are being prepared by the Senior Accounts Payable Officer to provide additional support to the team when using T1.

Testing performed confirmed that effective controls are in place for processing invoices, which included a review of duplicate payments, duplicate suppliers, emergency payments and changes to bank details.

A review of the IR35 process was performed, which confirmed that the process for checking new suppliers remains effective. The new system T1 has controls in place to ensure all suppliers have been subject to IR35 checks, which provides assurance that the Council is complying with Off-payroll working (IR35) legislation, which was introduced in April 2020.

A register of declared interests is kept. A review of the declaration of interests (DOIs) forms identified that not all staff have completed DOIs within in the agreed time, which was also raised in our previous review. (See Risk Issue 1)

Discussions confirmed that there are no automated or manual controls in place for the new system T1 to restrict staff access to suppliers' records where there are confirmed staff connections to suppliers. (See Risk Issue 2)

The NFI matches for 2022-24 have now been completed with no issues identified and will be reported as part of a separate NFI report. The 2024-25 for Accounts payable NFI matches are due to be reviewed in the next few months, which will be reported separately.

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 by contributing to the Council being a well-run, high performing council where regular invoices are processed and paid promptly. Examples where the team are contributing to the Council becoming a net zero council include operating a paperless system and having electronic processes for payment of invoices.

Treasury Management – January 2025

Medium ● Number of Risk Issues: 5 Moderate ●

Our review identified satisfactory controls are in place for the Treasury Management function, with appropriate authorisation levels and continuity arrangements in place. During 2023/24 review, we identified that it would be advantageous to have an additional system administrator for the NatWest Bankline and Logotech systems to ensure sufficient continuity in the event of absences. Currently there is only one system administrator for the Logotech system. (See Risk Issue 1)

While the relevant policies and procedures are in place, they have not been updated to reflect staff changes and changes in financial systems, which currently refers to the previous financial system Proactis and needs to be amended to capture the new system Technology One (T1). It would also be beneficial to include version control as it will provide a clear audit trail when policies and procedures are updated (See Risk Issue 2).

There have been changes in the Treasury Management structure, including a replacement Senior Finance and Assurance Officer. There is one vacant post, which is currently being advertised and another member of the team due to retire soon.

Meetings continue to take place with the independent treasury advisory company Arlingclose on a quarterly basis however, there are no minutes or records captured to reflect discussions held between the Council and Arlingclose. (See Risk Issue 3).

Regular updates on Treasury Management are provided to Governance and Audit committee, on a quarterly basis. An annual report on Treasury Management should be reported to Cabinet. However, no report has been provided to Cabinet during this financial year. (See Risk Issue 4).

Specific risk registers are in place for both strategic and operational risks and issues for the Treasury Management function. While the risk registers were updated in September 2024 there is no scheduled review of the risk registers in place to ensure going forward risks are regularly reviewed and updated. (See Risk Issue 5).

Testing was performed on investments and loans, which confirmed Treasury Management transactions are processed in line with service's policies and procedures. There was supporting evidence in place including approved terms detailing investment payments when matured as well as written confirmation of the monies borrowed. While there have been no major changes since our last review it has become more difficult to borrow money due to increased interest rates. Regular reconciliations are performed using the finance system T1. Our review also confirmed that cashflow statements are prepared daily with projections, which are supported by relevant documentation and agreements.

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. Examples include ensuring investments meet the Environmental, Social and Governance (ESG) criteria, Treasury Management team working in a hybrid approach and operating a paperless system.

Bank Reconciliation – February 2025

High Assurance ● Number of Risk Issues: 1 Moderate ●

Our review identified effective controls and procedures are still in place for the bank reconciliation function, with appropriate separation of duty and continuity arrangements in place.

The Council has recently changed to Technology One (T1) for the bank reconciliation process. Currently there are no documented processes in place to capture key tasks and steps for the bank reconciliations process within the new system. (See Risk Issue 1)

All bank reconciliations are completed promptly with clear separation of duty in place, which are checked and approved by another member of the team. Previously, there was a timetable in place for the bank reconciliation process in previously financial years. However, there is no timetable in place for 2024/25 due to the team adjusting to the T1 system in terms of timings and recording information, but the team are going to re-introduce timetables again for 2025-26.

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 by contributing to the Council being a well-run, high performing council where regular reconciliations are performed in an efficient and effective way. Examples where the team are contributing to the Council becoming a net zero council include operating a paperless system and having automated processes for bank reconciliation.

Council Tax – February 2025

Medium ● Number of Risk Issues: 1 Major ●

The processes for dealing with Council Tax continue to be effective. There are good system controls in place with regular monitoring. Written procedures are up-to-date and reviewed regularly to ensure business continuity and that legislative requirements are followed effectively and testing confirmed compliance with data security.

The service continues to process write-offs, debt recovery and monitor customer accounts effectively, whilst being responsive to legislation updates and emerging issues such as the current cost of living crisis. The service key performance indicators (KPIs) continue to be monitored monthly. Despite there being a clear separation of duty in place when processing refunds, testing identified control weaknesses with the system that need to be mitigated as a matter of priority (See Risk Issue 1).

The service is performing in accordance with the sustainable development principles by contributing to the Council's corporate plan objective 'Prosperous Denbighshire'. The service uses digital communication which has strengthened their relationships with their customers and also contributes to the Council achieving the carbon net zero targets.

Sundry Debtors – March 2025

High Assurance ● Number of Risk Issues: 1 Moderate ●

The review confirmed that arrangements continue to be effective. Examples include robust processes such as up-to-date system access and regular backups of data. Written procedures are in place and have recently been reviewed following the roll out of the new financial system Technology One (T1) where training and support has been provided.

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

Testing of invoices confirmed that the write off exercise being performed on an annual basis has appropriate authorisation in place for writing off bad debts, which complies with the Council's write off procedures.

While the new system T1 has controls in place to prevent invoices under the value of £25 being produced, our testing identified a small number of invoices under £25 were still being raised. Further analysis of these invoices confirmed in the main they were for peppercorn rental payments. (See Risk Issue 1)

Testing of aged debt confirmed that the recovery rate continued to be effective for outstanding debts. There was a slight reduction in the collection of aged debt at the beginning of this financial year due to the roll out of T1. The service is now working well in the collection of aged debts, with the collection rate now closer to the original agreed targets.

The suspense account is checked and cleared daily by the team. Sundry Debtors is fully AUDDIS compliant for the newly implemented T1 system with correct procedures being followed and a variety of payments methods available.

Key Performance Indicators (KPIs) are regularly reviewed and monitored to ensure they are relevant. They are reviewed on a monthly basis by the service to ensure KPIs are achieved. While internal benchmarking is performed there is currently no opportunity for external benchmarking due to variations in what other councils use as KPIs.

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 and is contributing to the Council being 'A well-run, high performing Council' in the recovery of the Council's debts. The service's processes are more electronic with the recovery process using methods such as telephone and SMS, as well as increased usage of e-billing for customers.

Housing Benefits – February 2025

High Assurance ● Number of Risk Issues: None

Our review confirmed that arrangements continue to be effective for the Housing Benefits team. There are written processes and procedures in place to ensure the team is complying with legislation and ensure there is good business continuity. The service is proactive in engaging with potential claimants in attending events organised by Citizens Advice Denbighshire (CAD) and Education.

System controls continue to be effective with separation of duty in place for the Housing Benefits processes. Restricted access to records on the service's system is in place where conflicts of interests have been identified, which are regularly reviewed and monitored by the System Supports Services. Data security arrangements continue to be effective, which enables the team to work in a hybrid approach.

Key Performance Indicators (KPIs) are regularly reviewed and monitored for the Housing Benefits team. Both internal and external benchmarking is performed as part of monitoring. A review of the external benchmarking data confirmed that the Housing Benefit team is in the top four in the 22 counties of Wales for processing housing benefits claims.

Other processes that continue to be effective are Housing Benefit assessments, Discretionary Housing Payments, overpayments, write offs and subsidiary claim. Our testing confirmed there is a good audit trail for the processes as well as having separation of duty in place.

The Housing Benefit team continue to administer grants on behalf of the Council, which includes Free School Meals, Council Tax Reduction Scheme and school equipment.

Our review identified that the service is working towards the sustainable development principles by contributing to the Council's corporate plan objective 'Prosperous Denbighshire'. The service uses digital communication and use of e-claims as well as

making processes automated which has strengthened their relationships with their customers and also contributes to the Council achieving carbon net zero targets.

NNDR – February 2025

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






The processes for dealing with NNDR continue to be effective. Written procedures are up to date and reviewed regularly. Legislative requirements are followed effectively and testing confirmed compliance with data security.

The service regularly monitors that Key Performance Indicators (KPIs) are being achieved, which confirm the team is still performing well. The service continues to process write-offs, debt recovery and monitor customer accounts effectively. Further training of staff would strengthen business continuity (See Risk Issue 1).

There is a clear separation of duty in place when processing refunds, however, testing identified control weaknesses in the system that need to be resolved as a matter of priority (See Risk Issue 2).




The service is performing in accordance with the sustainable development principles by contributing to the Council's corporate plan objective 'Prosperous Denbighshire'. The service uses digital communication where possible which contributes to the Council achieving carbon net zero targets.

AW 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	Fieldwork on going and will be taken to Governance & Audit Committee when work has been completed and signed off by Audit Wales	
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 AW 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_Financi al Sustainability Rev
Thematic review – commissioning and contract management	Report Issued June 2024	 4169A2024_Commis sioningArrangemen

Local government national studies planned / in progress


The local government national studies are undertaken by a specific team within AW 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_develo pment_making_best
Governance of special purpose authorities – National Parks	https://audit.wales/publication/governance-national-park-authorities

Corporate Joint Committees (CJs)	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

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

Internal Audit Update – April 2025

School Name	Report status	Link to report
Bodnant Community School	No Follow Up	https://estyn.gov.wales/app/uploads/2024/11/Inspection-report-Bodnant-Community-School-2025.pdf
Bodfari CP School	No Follow Up	https://estyn.gov.wales/app/uploads/2024/11/Inspection-report-Bodfari-C.P.-School-2024.pdf
Ysgol Penmorfa	Interim visits	https://estyn.gov.wales/app/uploads/2025/02/Interim-visit-letter-Ysgol-Penmorfa-2025-2.pdf
Ysgol Uwchradd Glan Clwyd	Interim visits	https://estyn.gov.wales/app/uploads/2025/02/Interim-visit-letter-Ysgol-Uwchradd-Glan-Clwyd-2025.pdf

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 18 months and regular meetings take place with the Chief Internal Auditor to discuss current issues and monitor progress against the internal audit plan.

Since the last update in January, the team has been operating with a vacancy following the success of one of the Career Pathway – Senior Auditors who secured a new role within Finance and Audit in November 2024.

Training is being provided to support and progress the Internal Audit Team to ensure that the team has the right mix of experience and qualifications. The Career Pathway - Principal Internal Auditor has enrolled with the Institute of Internal Auditors and is due to start studying towards the certified qualification. One of the Career Pathway - Senior Auditors has enrolled with the Institute of Internal Auditors and is about to start the Practitioner level qualification in May 2025, and the Internal Auditor has been given a six-month acting up roll into a Career Pathway - Senior Auditor and has also enrolled with the Institute of Internal Auditors.

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

- We have had six whistleblowing complaints during the financial year and after initial discussions with the Corporate Director – Governance and Business, Internal Audit have been undertaking five investigations, with the sixth investigation carried out by the service.
- 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.
- We have had an unusually high amount of sickness since 1 April to 31 March amounting to 219 days being lost, and
- Finally, one of the Career Pathway - Senior Auditors resigned on the 25 November which has had an effect on the delivery of the plan, as the team has been an auditor down from that date.

Work on the NFI exercise for 2022-23 has been completed and a draft report produced. 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 is 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 against action plans arising from low assurance audits to ensure that necessary improvements are being made.

Audits due to commence shortly include:

- Tracking budget savings;
- Overtime and agency payments;
- Technology One;
- Grant funding and Communities Grants (CCG);
- RIF funding due to end 2027;
- Libraries Savings of 21% costs; and
- Review of Planning Applications

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	-	-	-	-	On Hold
Libraries (Q1) savings of 21% costs looking back at 2023/24 savings	Scoped	-	-	-	-	2025/26 Q:1
Impact of budget cuts for schools (3% based on school budget)	Scoped	-	-	-	-	On Hold
Closure of Caledfryn	Final	Medium ●	0	1	2	Completed
Maintenance of DCC properties in portfolio including school and non-school properties	Not yet started	-	-	-	-	On Hold
Tracking of budget savings	Not yet started	-	-	-	-	On Hold
Car parking fees	Final	High ●	-	-	3	Completed
Public conveniences	On hold	-	-	-	-	On Hold
Homelessness prevention service	Fieldwork	-	-	-	-	
Review of adult social care and double-handed care packages	Not yet started	-	-	-	-	2025/26 Q:4 Or 2026/27 Q:1
<i>Overtime and Agency Payments</i>	<i>Fieldwork</i>	-	-	-	-	

(Item in list above in bold and italic has been identified since the start of the financial year and added to the plan).

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	-	-	-	-	On Hold
Grant funding – Children and Communities Grant (CCG)	Fieldwork	-	-	-	-	
RIF funding due to end 2027	Not yet started	-	-	-	-	2025/26 Q:1
Edge of Care Team	Not yet started	-	-	-	-	On Hold
Review of Building Control	Final	N/A	0	1	5	Completed
School transport	Final	N/A	0	0	0	Completed
Local bus service funding commission	Scoped	-	-	-	-	On Hold
To consider options available to fleet services to maximise commercial fleet usage	Final	N/A	0	0	0	Completed
To review the processes in place for making decisions around commission within specific services	Not yet started	-	-	-	-	On Hold

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	-	-	-	-	On Hold
Liberty Gas	Final	High ●	0	0	1	Completed
Housing Contact Centre	Final	High ●	0	0	2	Completed
Review of Planning Applications	Scoped	-	-	-	-	2025/26 Q:1
AONB 2023-24	Final	High ●	0	0	0	Completed
AONB	Final	Medium ●	0	0	5	Completed
Schools in financial difficulty (SIFD)	Final	High ●	0	0	2	Completed
EAL - use of agency staff for English as an additional language	Not yet started	-	-	-	-	On Hold
PLASC post-16	Draft	-	-	-	-	
Procurement - to cover legislative changes, processes, and strategy	On hold	-	-	-	-	2025/26 Q:1
Blue badges process	Not yet started	-	-	-	-	On Hold
Staff Pay Scale Review	Not yet started	-	-	-	-	On Hold
Contracts where 90% of work completed and waiting for retention work to be completed	Not yet started	-	-	-	-	On Hold
Levelling Up Funding (LUF 1)	Fieldwork	-	-	-	-	

Internal Audit Update – April 2025

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	-	-	-	-	On Hold
Cash Collection	Not yet started	-	-	-	-	On Hold
Direct Payments/Court of Protection	Not yet started	-	-	-	-	2025/26 Q:1
Community Equipment Service	Not yet started	-	-	-	-	On Hold
Use of corporate purchasing cards	Draft	-	-	-	-	
Budget setting process	Not yet started	-	-	-	-	On Hold
Technology One	Scoped	-	-	-	-	2025/26 Q:1
HSG 2023-24	Final	High ●	0	0	0	Completed
<i>Asset Management</i>	<i>Final</i>	Medium ●	0	0	3	Completed

(Item in list above in bold and italic has been identified since the start of the financial year and added to the plan).

Table 4 – Assurance for the Annual Governance Statement

Area of work	Current status	Assurance level	Critical issues	Major issues	Moderate issues	Comment
Risk Management	Fieldwork	-	-	-	-	
Programme and Project Management	Final	-	-	-	-	Completed
Partnerships	Draft	-	-	-	-	
DLL - review of Teckle agreement	Not yet started	-	-	-	-	On Hold
General Ledger	Scoped	-	-	-	-	2025/26 Q:1
Payroll	Final	High ●	0	0	0	Completed
Accounts payable (AP)	Final	High ●	0	0	2	Completed
Treasury Management	Final	Medium ●	0	0	5	Completed
Bank Reconciliation	Final	High ●	0	0	1	Completed
Council Tax	Final	Medium ●	0	1	0	Completed
Sundry Debtors	Final	High ●	0	0	1	Completed
Housing Benefits	Final	High ●	0	0	0	Completed
NNDR	Final	Medium ●	0	1	0	Completed
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	-	-	-	-	On Hold
Housing First follow-up	Fieldwork	-	-	-	-	
Cefndy follow up	Not yet started	-	-	-	-	2025/26
Cynnig follow up	Not yet started	-	-	-	-	2025/26
Christ the Word Follow up	Completed	-	-	-	-	Completed
Rhuddlan Town Council	Final	High ●	0	0	0	Completed
School funds	Completed	0	0	-	-	Completed

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. We have carried out work with a number of town councils to support them with internal issues.
5. The Strategy for the Prevention and Detection of Fraud, Corruption and Bribery and Fraud Response Plan are available on the [Council's website](#).

6. 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.
7. Alerts from the National Anti-Fraud Network (NAFN) reviewed with the relevant service and response taken accordingly.
8. 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 had six whistleblowing complaints and after initial discussions with the Corporate Director – Governance and Business, Internal Audit has undertaken five investigations, the sixth investigation was carried out by the service.

The first whistleblowing complaint was dealt with by the service as they were best placed to carry out the internal investigation and the matter has been concluded and appropriate action taken.

The second referral was a whistleblowing complaint around governance arrangements, which has now been completed and the whistleblower has been notified of the outcome.

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, we met with the Head of Service and HR in January 2025 and the outcome was a dismissal.

This year we have supported two town council's (fourth and fifth investigations), in line with the Charter Denbighshire County Council set up with Denbighshire's city, town and community councils in September 2020. The support has been around ensuring there is good governance arrangements in place and that the accounting records are accurate and true.

The last investigation is due to commence at the end of April 2025, as we have been required to undertake some background checks.

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	9.25 days
Issue final report within 5 days after agreeing the draft report and action plan	Average days less than 5	5.9 days
Percentage of audit agreed actions that have been implemented by services recorded on the performance management system (Verto)	75%	65
Percentage of audit agreed actions that have been implemented by schools	75%	74%

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 absence;
- A vacancy for the last five months of the year; and
- Five investigations.

The issuing of a “final report within 5 days after agreeing an 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, which resulted in a long delay.

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.