

**CYNGOR SIR POWYS COUNTY COUNCIL.**

**AUDIT COMMITTEE**

**27<sup>th</sup> June 2011**

**REPORT AUTHOR: Internal Audit Manager**

**SUBJECT: Opinion on Internal Control 2010/11**

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**REPORT FOR: Information**

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**1.0 Introduction**

- 1.1 A change of emphasis in the Accounts & Audit Regulations (Wales) 2005 now places an explicit requirement on the Authority to be responsible for ensuring sound systems of internal control for all of the Council's functions and services.

The CIPFA Code of Practice for Internal Audit in Local Government requires that the Head of Internal Audit presents a report to the Audit Committee that:-

- includes an opinion on the overall adequacy and effectiveness of the Council's internal control environment
- gives a summary of the audit work undertaken to formulate the opinion

Therefore, the objective of this report is to fulfil the above requirements.

**2.0 Internal Control Opinion**

- 2.1 Management is responsible for setting in place policies and procedures to help ensure that there are robust and sound systems of internal control in operation.
- 2.2 On behalf of the Head of Finance and Corporate Performance (Section 151 Officer), Internal audit appraises and reports on the efficiency, effectiveness and economy of financial and other management controls. This is done by undertaking a number of risk-based assignments and offering an audit opinion that outlines the corrective actions to be taken by management.
- 2.3 Over the course of the year, each Service has many different and conflicting opinions on its individual service areas, which do not easily lend themselves to forming an overall judgement. Consequently, a report has been developed that groups the individual assignments for each service under its respective risk category using a traffic light system i.e. ranging from green (low risk) to red (high risk).
- 2.4 This collective information has been used to calculate, using a weighted formula, an overall opinion for both the overall Council and Individual Strategic Directorates. The possible opinions are:

- **High Assurance** - Key controls exist that are consistently and effectively applied; key service objectives are being achieved.
- **Satisfactory Assurance** – Majority of key controls exist, but some areas of inconsistent application. These should not significantly affect the key service objectives.
- **Limited Assurance** – Significant evidence that some key controls and application do not exist. Some risk that service objectives will not be achieved.
- **Inadequate Assurance** - Fundamental failure of key controls that represent a significant risk of failing to meet service objectives.

2.5 Appendix A contains the finalised report for the financial Year 2010-11, which shows the assurance levels in the Strategic Directorates ranging from “Inadequate” to “High”.

### 3.0 **Conclusion**

- 3.1 No system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance; this statement is intended to provide reasonable assurance.
- 3.2 Therefore, based on the Internal Audit work undertaken in the year and the positive findings of the fundamental systems reviews, it is the opinion of the Internal Audit Manager that Powys County Council has demonstrated for the financial year 2010-2011:

#### **Satisfactory Levels of Internal Control**

i.e. a sound control environment exists with no fundamental breakdowns in control resulting in material discrepancy.

### 4.0 **Corporate Improvement Plan**

N/A

### 5.0 **Other Consultations Undertaken**

N/A

### 6.0 **Comments of Local Members**

N/A

Recommendation:	Reason for Recommendation:
The report and appendix on the annual internal control opinion be noted.	To contribute to the Annual Governance Statement.

<b>Relevant Policy (ies):</b>			
<b>Within Policy:</b>	<b>Y / N</b>	<b>Within Budget:</b>	<b>Y / N</b>

<b>Relevant Local Member(s):</b>	<b>N/A</b>
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<b>Person(s) To Implement Decision:</b>	
<b>Date By When Decision To Be Implemented:</b>	

<b>Contact Officer Name:</b>	<b>Tel:</b>	<b>Fax:</b>	<b>Email:</b>
Ian Halstead	01597 826821		ian.halstead@powys.gov.uk

## REVISED Corporate Governance / Internal Control Reports

AUTHORITY: **POWYS COUNTY COUNCIL**  
PERIOD: **1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2011**

This is a management information report prepared by the Internal Audit Section to enable the Directors and Service Heads to fulfil their responsibility of maintaining sound systems of Internal Control. The report is a consolidation of the Internal Audit work, opinions and recommendations undertaken in the Financial Year. Services areas / Systems are grouped in four main assurance categories using a traffic light system, which are:-

- **HIGH Assurance** - Key controls exist that are consistently and effectively applied; key service objectives are being achieved.
- **SATISFACTORY Assurance** – Majority of key controls exist, but some areas of inconsistent application. These should not significantly affect the key service objectives.
- **LIMITED Assurance** – Significant evidence that some key controls and application do not exist. Some risk that service objectives will not be achieved.
- **INADEQUATE Assurance** - Fundamental failure of key controls that represent a significant risk of failing to meet service objectives.

Directorate	High Risk		Medium Risk		Low Risk		Assurance Level
	Audits	%	Audits	%	Audits	%	
Care & Well-Being	6	26%	10	44%	7	30%	<b>INADEQUATE</b> bordering Limited
Finance & Infrastructure	2	12%	4	25%	10	63%	<b>SATISFACTORY</b>
Law & Governance	0	0%	4	25%	12	75%	<b>HIGH</b> bordering Satisfactory
Performance, Partnership & Communication	1	7%	4	29%	9	64%	<b>SATISFACTORY</b> bordering High
Community, Skills & Learning	3	7%	11	26%	28	67%	<b>SATISFACTORY</b> bordering High
<b>TOTALS (Overall)</b>	<b>12</b>	<b>11%</b>	<b>33</b>	<b>30%</b>	<b>66</b>	<b>59%</b>	See below

### OVERALL OPINION

The overall Internal Control Opinion for the **POWYS COUNTY COUNCIL** is :

**SATISFACTORY ASSURANCE**

## Detailed Control Report - CARE &amp; WELL-BEING

2010-11

Final

ADULT CARE											
Risk	Service	Audit Area	Report Issue date	Assurance Opinion	Weaknesses			Agreed Actions			% Accept
					Fund	Sig	Mer Att	Fund	Sig	Mer Att	
High	Adult	Adult Social Care Agency Investigation	18 May 2010	Irregularity	0	0	0	0	0	0	100%
High	Adult	Pool Car Investigation	05 August 2010	Irregularity	0	0	0	0	0	0	N/A
High	Adult	Grants to Voluntary Bodies	30 June 2010	Low	6	3	1	6	3	1	100%
High	Adult	Direct Payments	30 November 2010	Low	6	10	0	6	10	0	100%
High	Adult	Business Continuity- Adult Services	04 May 2011	Low	6	0	0	6	0	0	100%
Medium	Adult	Appointeeship	06 April 2011	Limited	5	13	0	5	13	0	100%
Medium	Adult	Draig	22 March 2011	Limited	4	0	0	4	0	0	100%
Medium	Adult	Investigation of Complaints	23 May 2011	Limited	1	4	2	1	4	2	100%
Medium	Adult	Out of Hours Emergency Service	21 April 2011	Limited	0	3	0	0	3	0	100%
Medium	Adult	Ty Hapus Investigation	07 July 2010	Irregularity	0	0	0	0	0	0	N/A
Low	Adult	Blue Badge	08 June 2010	Qualified	0	12	3	0	12	3	100%
Low	Adult	Fairer Charging	01 November 2010	Qualified	1	1	4	1	1	4	100%
Low	Adult	Mashabane	01 June 2010	Advisory	0	0	0	0	0	0	N/A
<b>TOTAL</b>					<b>29</b>	<b>46</b>	<b>10</b>	<b>29</b>	<b>46</b>	<b>10</b>	

CHILDRENS SERVICES											
Risk	Service	Audit Area	Report Issue date	Assurance Opinion	Weaknesses			Agreed Actions			% Accept
					Fund	Sig	Mer Att	Fund	Sig	Mer Att	
High	Children	Direct Payments	15 June 2011	Low	4	9	1	4	9	1	100%
Medium	Children	Investigation of Complaints	23 June 2011	Limited	1	4	2	1	4	2	100%
Medium	Children	Out of Hours Emergency Service	21 April 2011	Limited	0	3	0	0	3	0	100%
<b>TOTAL</b>					<b>5</b>	<b>16</b>	<b>3</b>	<b>5</b>	<b>16</b>	<b>3</b>	

HOUSING & REGULATORY											
Risk	Service	Audit Area	Report Issue date	Assurance Opinion	Weaknesses			Agreed Actions			% Accept
					Fund	Sig	Mer Att	Fund	Sig	Merit	
Medium	Public Protection	Infectious Diseases	04 November 2010	Limited	2	5	1	2	5	1	100%
Medium	Public Protection	Licensing (Alcohol)	16 March 2011	Limited	1	6	3	1	6	3	100%
Medium	Trading Standards	Trading Standards	17 November 2010	Limited	2	7	2	2	7	2	100%
Low	Public Protection	Cemeteries	18 April 2011	Qualified	0	2	4	0	2	4	100%
Low	Housing	Rent System	11 March 2011	High	1	0	0	1	0	0	100%
Low	Housing	Housing Evictions	03 June 2010	Qualified	0	3	2	0	3	2	100%
Low	Housing	Allocation Investigation	17 June 2010	Irreg	0	0	0	0	0	0	100%
<b>TOTAL</b>					<b>6</b>	<b>23</b>	<b>12</b>	<b>6</b>	<b>23</b>	<b>12</b>	

## Detailed Control Report - FINANCE &amp; INFRASTRUCTURE

2010-11

FINAL

FINANCE											
Risk	Service	Audit Area	Report Issue Date	Assurance Opinion	Weaknesses			Agreed Actions			% Accept
					Fund	Sig	Mer	Fund	Sig	Mer Att	
High	Finance	Purchase Cards	16 May 2011	Low	6	7	2	6	7	2	100%
Low	Finance	Housing Benefits	28 June 2010	Qualified	4	1	0	4	1	0	100%
Low	Finance	NFI Download (2010)	On-going	Irregularity	0	0	0	0	0	0	N/A
Low	Finance	Bank Reconciliation	12 October 2010	High	0	1	0	0	1	0	100%
Low	Finance	Pension System	19 January 2011	Qualified	1	2	4	1	2	4	100%
Low	Finance	Cash Receipting	03 May 2011	Qualified	0	4	0	0	4	0	100%
Low	Finance	NFI Investigation (2008)	On-going	Irregularity	0	0	0	0	0	0	N/A
Low	Finance	Council Tax Recovery & Enforcement	16 March 2011	High	0	0	2	0	0	2	100%
Low	Finance	Risk Management	18 August 2010	Qualified	0	3	4	0	3	4	100%
TOTAL					11	18	12	11	18	12	

LOCAL & ENVIRONMENTAL SERVICES											
Risk	Service	Audit Area	Report Issue Date	Assurance Opinion	Weaknesses			Agreed Actions			% Accept
					Fund	Sig	Mer	Fund	Sig	Mer Att	
High	Waste	Waste Services (contracts)	10 March 2011	Low	10	0	0	10	0	0	100%
Medium	Waste	Dec of Gifts & Hosp Investigation	01 May 2010	No Opinion	0	0	0	0	0	0	N/A
Medium	Fleet	Vehicle Maintenance	05 November 2010	Limited	1	13	1	1	13	1	100%
Medium	Property	Property Letting	26 May 2011	Limited	3	3	6	3	3	6	100%
Medium	Grounds	Ground Maintenance Investigation	16 August 2010	Irregularity	0	0	0	0	0	0	N/A
Low	Highways	Abandoned Vehicles	21 May 2010	Qualified	0	0	3	0	0	3	100%

Low	Highways	Section 38 & 278 Agreements	04 April 2011	Qualified	0	3	2	0	3	2	100%
<b>TOTAL</b>					<b>14</b>	<b>19</b>	<b>12</b>	<b>14</b>	<b>19</b>	<b>12</b>	

## Detailed Control Report - LAW &amp; GOVERNANCE

2010-11

FINAL

HUMAN RESOURCES											
Risk	Service	Audit Area	Report Issue Date	Assurance Opinion	Weaknesses			Agreed Actions			% Accept
					Fund	Sig	Mer Att	Fund	Sig	Mer Att	
Medium	HR	Fire Safety	11 March 2011	Limited	0	3	5	0	3	5	100%
Low	HR	Performance Capability	08 July 2010	Qualified	2	6	1	2	6	1	100%
Low	Employment	Travel Expenses	18 January 2011	Qualified	6	2	0	6	2	0	100%
Low	HR	Recruitment & Selection	31 May 2011	Qualified	0	3	4	0	3	4	100%
Low	Employment	Payroll	04 May 2010	Qualified	0	5	1	0	5	1	100%
<b>TOTAL</b>					<b>8</b>	<b>19</b>	<b>11</b>	<b>8</b>	<b>19</b>	<b>11</b>	

ICT & CUSTOMER SERVICES											
Risk	Service	Audit Area	Report Issue Date	Assurance Opinion	Weaknesses			Agreed Actions			% Accept
					Fund	Sig	Mer Att	Fund	Sig	Mer Att	
Medium	Customer	Customer Services (Welshpool)	21 October 2010	Limited	0	3	3	0	3	3	100%
Medium	Customer	Customer Services (Newtown)	21 October 2010	Limited	0	3	3	0	3	3	100%
Medium	Customer	Customer Services (Builth)	21 October 2010	Limited	0	5	2	0	5	2	100%
Low	ICT	Software Licenses	05 October 2010	Qualified	1	3	1	1	3	1	100%
Low	ICT	ICT Procurement	04 May 2011	Qualified	1	5	3	1	5	3	100%
Low	Customer	Customer Services (Brecon)	26 August 2010	Qualified	1	8	0	1	8	0	100%
Low	Customer	Customer Services (Hay)	15 September 2010	Qualified	0	3	1	0	3	1	100%



## APPENDIX A

Low	Information	RIPA	21 April 2010	Qualified	0	3	2	0	3	2	100%
Low	Customer	Registrar (Llandrindod)	30 March 2011	High	0	5	5	0	5	5	100%
Low	Customer	Registrar (Builth)	30 March 2011	High	0	5	7	0	5	7	100%
Low	Customer	Registrar (Llanidloes)	30 March 2011	High	0	3	3	0	3	3	100%
<b>TOTAL</b>					<b>3</b>	<b>35</b>	<b>22</b>	<b>3</b>	<b>35</b>	<b>22</b>	

## Detailed Control Report - PERFORMANCE, PARTNERSHIP &amp; COMMUNICATION

2010-2011

PERFORMANCE, PARTNERSHIPS & COMMUNICATION											
Risk	Service	Audit Area	Report Issue Date	Assurance Opinion	Weaknesses			Agreed Actions			% Accept
					Fund	Sig	Mer Att	Fund	Sig	Mer Att	
High	Policy	Energy Management	18 January 2011	Low	1	12	0	1	12	0	100%
Medium	Policy *	Environmental - Leisure (Builth)	01 December 2010	No Opinion		5					
Medium	Policy *	Environmental - Depot (Newtown)	28 June 2010	No Opinion		8					
Medium	Policy *	Environmental - Office (Brycheiniog)	31 January 2011	No Opinion		8					
Medium	Policy *	Environmental - Depot (Rhayader)	24 January 2011	No Opinion		6					
Low	Policy *	Environmental - Leisure (Llanidloes)	30 April 2010	No Opinion		1					
Low	Policy *	Environmental - Leisure (Flash)	14 September 2010	No Opinion		1					
Low	Policy *	Environmental - Office (Maldwyn)	15 December 2010	No Opinion		4					
Low	Policy *	Environmental - Leisure (Crickhowell)	14 December 2010	No Opinion		4					
Low	Policy *	Environmental - Depot (Welshpool)	27 January 2011	No Opinion		4					
Low	Policy *	Environmental - Leisure (Maldwyn)	30 April 2010	No Opinion		1					
Low	Policy *	Environmental - EMS	04 April 2011	No Opinion		1					
Low	Policy *	Environmental - Depot (Boughrood)	29 September 2010	No Opinion		3					
Low	Policy *	Environmental - Depot (Crickhowell)	24 September 2010	No Opinion		4					
<b>TOTAL</b>						<b>62</b>					

\* Non-Conformances under Green Dragon Framework (Internal Audit not responsible for implementation).

## Detailed Control Report - COMMUNITIES, SKILLS &amp; LEARNING

2010-11

FINAL

SCHOOLS & INCLUSION											
Risk	Service	Audit Area	Report Issue date	Assurance Opinion	Weaknesses			Agreed Actions			% Accept
					Fund	Sig	Merit	Fund	Sig	Merit	
High	Schools	Special School - Ysgol Cedewain	13 April 2011	Low	2	24	5	2	24	5	100%
High	Schools	School Registrations Investigation	21 April 2010	Irregularity	0	0	0	0	0	0	N/A
Medium	Schools	Primary School - Glanrhyd CP	10 June 2010	Limited	1	6	0	1	6	0	100%
Medium	Schools	Primary School - Whitton Aided	30 June 2010	Limited	2	5	1	2	5	1	100%
Medium	Schools	Primary School - Coelbren CP	09 November 2010	Limited	2	9	1	2	9	1	100%
Medium	Schools	Primary School - Llanellwedd CP	24 February 2011	Limited	1	7	0	1	7	0	100%
Medium	Schools	High School - Newtown	08 April 2011	Limited	5	13	0	5	13	0	100%
Medium	Schools	School Voluntary/ Unofficial Funds	10 May 2011	Limited	3	6	3	3	6	3	100%
Low	Schools	Primary School - Oldford Infants	09 June 2010	Qualified	0	7	0	0	7	0	100%
Low	Schools	Primary School - Abermule CP	07 September 2010	Qualified	0	8	5	0	8	5	100%
Low	Schools	Primary School - Ladywell Green	26 August 2010	High	0	0	1	0	0	1	100%
Low	Schools	Primary School - Brynhafren CP	09 November 2010	Qualified	0	5	6	0	5	6	100%
Low	Schools	Primary School - Ysgol Dafydd Llwyd	12 November 2010	Qualified	0	9	3	0	9	3	100%
Low	Schools	Primary School - Ysgol Maesydre	13 December 2010	High	0	10	3	0	10	3	100%
Low	Schools	Primary School - Crickhowell CP	10 December 2010	Qualified	1	5	1	1	5	1	100%
Low	Schools	Primary School - Beguildy CIW	24 January 2011	High	0	4	4	0	4	4	100%
Low	Schools	Primary School - Llandinham CP	08 February 2011	Qualified	0	6	2	0	6	2	100%
Low	Schools	Primary School - Builth Wells	24 February 2011	High	0	2	1	0	2	1	100%
Low	Schools	High School - Brecon	25 May 2010	Qualified	1	1	8	1	1	8	100%
Low	Schools	High School - Builth	12 July 2010	High	0	3	8	0	3	8	100%
Low	Schools	High School - Llanidloes	06 April 2011	Qualified	1	0	4	1	0	4	100%
Low	Schools	Grant - Breakfast Club	01 August 2010	No Opinion	0	0	0	0	0	0	N/A

Low	Schools	Grant - CBT	16 October 2012	No Opinion	0	0	0	0	0	0	N/A
Low	Schools	Grant - Community Focused Schools	31 January 2011	No Opinion	0	0	0	0	0	0	N/A
<b>TOTAL</b>					<b>19</b>	<b>130</b>	<b>56</b>	<b>19</b>	<b>130</b>	<b>56</b>	

## LEISURE &amp; RECREATION

Risk	Service	Audit Area	Report Issue date	Assurance Opinion	Weaknesses			Agreed Actions			% Accept
					Fund	Sig	Merit	Fund	Sig	Merit	
High	Leisure	Vending	24 February 2011	Low	2	5	0	2	5	0	100%
Medium	Leisure	Leisure Centre - Bro Dyfi	12 April 2011	Limited	3	8	0	3	8	0	100%
Medium	Policy	Secondary School Catering Review	07 April 2011	Limited	1	10	9	1	10	9	100%
Low	Leisure	Leisure Centre - Brecon	26 August 2010	Qualified	1	8	0	1	8	0	100%
Low	Leisure	Leisure Centre - Rhayader	10 November 2010	Qualified	0	1	3	0	1	3	100%
Low	Leisure	Leisure Centre - Crickhowell	09 February 2011	Qualified	0	3	1	0	3	1	100%
Low	Leisure	Leisure Centre - Gwernyfed	18 March 2011	Qualified	1	7	3	1	7	3	100%
Low	Leisure	Leisure Centre - Ystradgynlais	19 April 2011	Qualified	1	1	2	1	1	2	100%
Low	Recreation	Outdoor Pursuits Centres	08 November 2010	High	0	1	3	0	1	3	100%
Low	Countryside	Rights of Way	09 March 2011	High	0	0	4	0	0	4	100%
<b>TOTAL</b>					<b>9</b>	<b>44</b>	<b>25</b>	<b>9</b>	<b>44</b>	<b>25</b>	

REGENERATION & DEVELOPMENT											
Risk	Service	Audit Area	Report Issue date	Assurance Opinion	Weaknesses			Agreed Actions			% Accept
					Fund	Sig	Merit	Fund	Sig	Merit	
Medium	Regen	Community First Investigation	01 October 2010	No Opinion	0	0	0	0	0	0	N/A
Medium	Regen	Middletown Show Grant Investigation	02 October 2010	No Opinion	0	0	0	0	0	0	N/A
Medium	Regen	Workshops *	08 March 2011	Limited	4	5	1	4	5	1	100%
Low	Develop	Grant - ISpeed (Claim 1)	16 August 2010	No Opinion	0	0	0	0	0	0	N/A
Low	Develop	Grant - B2N (Claim1)	17 August 2010	No Opinion	0	0	0	0	0	0	N/A
Low	Regen	Community First (Ystradgynlais)	09 March 2011	Qualified	0	3	2	0	3	2	100%
Low	Develop	Grant - ISpeed (Claim 2)	18 March 2011	No Opinion	0	0	0	0	0	0	N/A
Low	Develop	Grant - B2N (Claim2)	18 March 2010	No Opinion	0	0	0	0	0	0	N/A
<b>TOTAL</b>					<b>0</b>	<b>3</b>	<b>2</b>	<b>0</b>	<b>3</b>	<b>2</b>	
*The workshops have been transferred to an external company											