

Public Document Pack



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AUDIT COMMITTEE **Friday, 27th April, 2018**

The use of Welsh by participants is welcomed. If you wish to use Welsh please inform us by noon, two working days before the meeting

SUPPLEMENTARY PACK

| | |
|-----------|-------------------------------|
| 1. | WAO - AUDIT PLANS 2018 |
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To consider the Audit Plans for Powys County Council and Powys Pension Fund 2018.

(Pages 1 - 40)

| | |
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| 2. | CORPORATE LEADERSHIP AND GOVERNANCE PLAN (SECTION D) |
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To review progress against the Action Plan.

(Pages 41 - 52)

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WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

2018 Audit Plan – Powys County Council

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This document was produced by the Wales Audit Office

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2018 Audit Plan

Summary

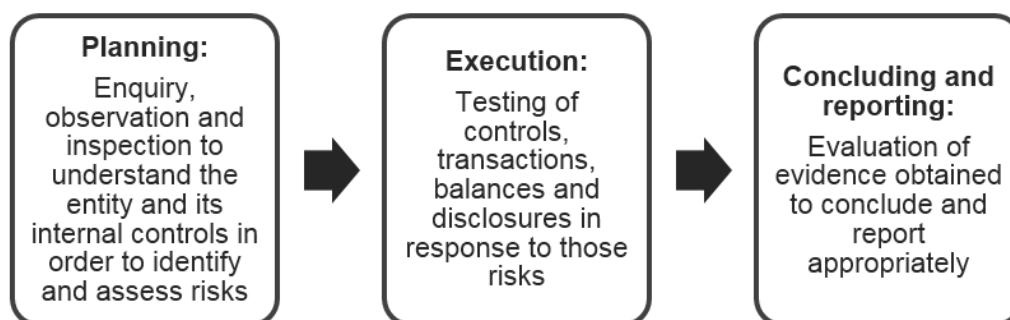
- 1 As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009 (the Measure), Wellbeing of Future Generations (Wales) Act 2015, the Local Government Act 1999, and the Code of Audit Practice, namely to:
 - examine and certify whether your financial statements are 'true and fair';
 - assess whether you have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources;
 - audit and assess whether you have discharged the duties and met requirements of the Measure; and
 - undertake studies to enable me to make recommendations for improving economy, efficiency and effectiveness or for improving financial or other management arrangements.
- 2 The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
- 3 My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

Audit of accounts

- 4 It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on their 'truth and fairness'. This provides assurance that the accounts:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
- 5 I also consider whether or not Powys County Council (the Council) has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception if the Annual Governance Statement does not comply with requirements.
- 6 [Appendix 1](#) sets out my responsibilities in full.
- 7 The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows me to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the financial statements as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

Exhibit 1: my audit approach

My audit approach involves three key stages: planning, execution and finally concluding and reporting



- 8 The risks of material misstatement which I consider to be significant and which therefore require special audit consideration, are set out in **Exhibit 2** along with the work I intend to undertake to address them.

Exhibit 2: financial audit risks

This table summarises the key financial audit risks identified at the planning stage of the audit

| Financial audit risk | Proposed audit response |
|--|--|
| Management Override The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk (ISA 240.31-33). | My audit team will: <ul style="list-style-type: none">• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;• review accounting estimates for biases; and• evaluate the rationale for any significant transactions outside the normal course of business. |
| Items Material by Nature The Council's 2017-18 financial statements will include a number of disclosures that are material by nature. These include the disclosure of Related Parties and Senior Officer's Remuneration. | My audit team will review all notes and disclosures that are material by nature and will substantively test these to ensure that they are in line with the requirements of the Code and all supporting documentation. |

| Financial audit risk | Proposed audit response |
|--|---|
| <p>Heart of Wales Property Services LTD</p> <p>On 3 July 2017, the Council established a joint venture with Kier Support Services named Heart of Wales Property Services LTD.</p> <p>The Council has informed us that the new company will deliver repairs, maintenance, consultancy, advice and statutory testing for both Council Housing stock and for the Council's public and commercial buildings. The company will have an annual budget of approximately £10 million.</p> <p>The Council has also informed us that the company's financial year-end is to be 30 June and therefore the company's accounts will not be audited prior to the Council producing its draft financial statements.</p> <p>There is a risk that the Council does not correctly account for the joint venture within its draft financial statements and that estimates in respect of the joint venture upon which the draft financial statement are based are inaccurate.</p> | <p>My audit team will liaise with management regarding the Council's proposed accounting arrangements and disclosures for the Heart of Wales Property Services Ltd within the Council's financial statements.</p> <p>We will ensure that the proposed arrangements and disclosures are in line with accounting standards and the Code.</p> <p>We will also look to ensure that any estimates included within the Council's draft financial statements are reasonable.</p> |
| <p>Significant financial pressures</p> <p>Our 2017 Annual Audit Letter highlighted that the Council had acknowledged that it was facing significant financial challenges in the 2017-18 financial year and was forecasting an anticipated operating deficit of £4.5 million.</p> <p>The Cabinet Executive meeting held on 9 April 2018, received a Financial Overview and Forecast update position paper for 2017-18 as at February 2018. This highlighted the Service Areas were likely to overspend by approximately £4.765 million at the year-end. The paper also outlined that as a result of the application of a technical accounting adjustment of £4.624 million in respect of the Council's amended Minimum Revenue Provision (MRP) policy, the overspend would reduce to £0.141 million.</p> | <p>My audit team will:</p> <ul style="list-style-type: none"> • undertake appropriate audit procedures over year-end transactions to ensure that income/expenditure is recorded within the correct financial year; and • review the MRP charge included within the Council's financial statements following its adoption of its revised MRP policy. |

- 9 The financial statements are prepared in accordance with the CIPFA / LASAAC Code of Practice on Local Authority Accounting (the Code). We understand there are minimal changes to the Code for 2017-18. However, with the earlier closure of Local Government accounts on the horizon, the Council will continue to revise the accounts preparation process in readiness for the earlier deadlines in future years.
- 10 My audit team will continue to work with and support the Council and its staff to agree the most appropriate presentation in the financial statements and agree improvements to the methodology and working papers supporting the financial statements, where necessary.
- 11 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes, but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Audit Committee prior to completion of the audit.
- 12 For reporting purposes, I will treat any misstatements below a 'trivial' level (ie 5% of materiality) as not requiring consideration by those charged with governance and therefore I will not report them.
- 13 My fees are based on the following assumptions:
- the draft financial statements have been subject to a robust quality assurance review by officers;
 - year-on-year movements in respect of balances, transactions and disclosure notes within the draft financial statements are supported by appropriate explanations;
 - working papers and other information provided to support the financial statements is timely, to the quality expected and has been subject to quality assurance review;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.
- 14 In addition to my responsibilities in respect of the audit of the Council's statutory financial statements set out above, I am also required to certify a return to the Welsh Government which provides information about the Council's to support preparation of the Whole of Government Accounts.

Statutory audit functions

- 15 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
 - Section 31 Right to make objections at audit.
- 16 Audit fees will be chargeable for work undertaken in dealing with electors' questions and objections. Because audit work will depend upon the number and nature of any questions and objections, it is not possible to estimate an audit fee for this work.
- 17 If I do receive questions or objections, I will discuss potential audit fees at the time.

Performance audit

- 18 I need to balance my existing, new and proposed statutory duties with the need to continue to undertake meaningful, risk-based and proportionate audits and assessments. In discharging my responsibilities I will continue to seek to strike the most appropriate balance and add value by:
- providing assurance on the governance and stewardship of public money and assets;
 - offering insight on the extent to which resources are used wisely in meeting people's needs; and
 - identifying and promoting ways by which the provision of public services may be improved.
- 19 As it is likely that the anticipated Local Government Wales Bill will propose that the Local Government (Wales) Measure 2009 no longer applies to councils, I will minimise work that focuses on the process of improvement planning.
- 20 In recent years I have placed reliance on my work under the Measure to help discharge my duty under the Public Audit (Wales) Act 2004 to satisfy myself that councils have made proper arrangements to secure economy, efficiency and effectiveness (value for money) in the use of resources. Given that in the future I will be unable to rely on my work under the Measure, in 2018-19, and subsequent years, the focus of my local performance audit programmes will be more clearly aligned to discharging my Public Audit (Wales) Act 2004 duty.
- 21 In 2017-18 I undertook my first work under the Wellbeing of Future Generations (Wales) Act 2015, the Year One Commentary. This work sought to identify how public bodies are beginning to respond to the Act and share emerging practice. My 2018-19 programme will include the first examinations to be carried out under the Act. These examinations will assess the extent to which you are applying the sustainable development principle when taking steps towards meeting your well-being objectives.

- 22 The Wales Audit Office also undertakes a programme of local government studies. This work is included within the Wales Audit Office estimates for funding from the Welsh Consolidated Fund and not local fees. **Exhibit 3** summarises the present position on the current programme of studies. These studies primarily lead to a national report augmented by good practice and shared learning outputs rather than by local reports. Local findings, where relevant, will be captured in improvement assessment work and reported in annual improvement reports depending on the timing and the focus of conclusions.
- 23 In the spring of 2018 I will also be consulting on my forward programme of studies across all sectors and I would welcome views on the areas I should focus my national reviews on when the consultation is launched.

Exhibit 3: local government studies

In 2016-17 I published three national reports related to local government and will undertake fieldwork for a further three reports during the summer and autumn of 2018

| Study | Status |
|---|--|
| 2016-17 studies | |
| How local government manages demand | Published January 9 2018 |
| Strategic commissioning | Publish in April 2018 |
| Improving wellbeing through housing adaptations | Publish in February 2018 |
| 2017-18 studies | |
| Services to rural communities | Fieldwork – Publish Summer/Autumn 2018 |
| Use of data | Fieldwork – Publish Summer/Autumn 2018 |
| Integrated care fund | Fieldwork February – Publish Autumn 2018 |

- 24 Taking all these factors into consideration, my 2018-19 programme of work will comprise:

Exhibit 4: performance audit programme

My 2018 performance audit programme will include local projects and national studies

| Performance audit programme | Brief description |
|---|---|
| Improvement audit and assessment work including improvement planning and reporting audit | Audit of discharge of duty to publish an improvement plan, and to publish an assessment of performance. |
| Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations | Examination of the extent to which the Council has acted in accordance with the sustainable development principle when taking steps to meet one or more of its wellbeing objectives - which we will discuss and agree with the Council during early 2018-19 |
| Assurance and Risk Assessment | Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Council putting in place proper arrangements to secure value for money in the use of resources. |
| One or more of the theme reviews described opposite. We are currently discussing with the Council which of the review(s) will be undertaken. The outcomes of the discussions will be reported to the next meeting of the Audit Committee. | Environmental Health Review of the arrangements the Council has put in place to deliver environmental health services building on the study previously undertaken by the Auditor General as part of the 'delivering with less' themed studies. |
| | Leisure Services Review of the arrangements the Council has put in place to deliver leisure services building on the 'study previously undertaken by the Auditor General as part of the 'delivering with less' themed studies. |
| We are currently discussing with the Council the details of the local bespoke work to be undertaken during the year. The outcomes of the discussions will be reported to the next meeting of the Audit Committee | |
| 2018-19 Local Government Studies | Funded by the Welsh Government |

| Performance audit programme | Brief description |
|---|--|
| Implementation of the Social Services and Well-being Act | The Social Services and Well-being (Wales) Act 2014 focuses on reforming and simplifying the law relating to social services. The Act introduced new duties for local authorities, local health boards and other public bodies and covers adults, children and their carers, and came into force on 6 April 2016. The study will review progress by authorities in delivering their new duties under the Act and help to identify opportunities for improving current management and delivery arrangements. Further information can be found in our call for evidence report¹ published in August 2017. |
| Implementation of Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015 | The Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015 aims to improve the Public Sector response to violence against women, domestic abuse and sexual violence; provide a strategic focus on these issues; and ensure consistent consideration of preventive, protective and supportive mechanisms in the delivery of services. Our review will focus on the effectiveness of arrangements to improve support for people affected by such abuse and violence. Further information can be found in our call for evidence report² published in August 2017. |

¹ <http://www.audit.wales/publication/findings-our-call-evidence-social-services-and-wellbeing-wales-act-2014>

² <http://www.audit.wales/publication/findings-our-call-evidence-violence-against-women-domestic-abuse-and-sexual-violence>

| Performance audit programme | Brief description |
|--------------------------------------|---|
| Value for Money of Planning Services | <p>The Planning (Wales) Act 2015 (the Act) gained Royal Assent on 6 July 2015. The Act sets out a series of legislative changes to deliver reform of the planning system in Wales, to ensure that it is fair, resilient and enables development. An effective planning service will be at the front of shaping the character, development and prosperity of a local authority or national park. Given the requirements of the Act, it is important that planning authorities ensure that their services are fit for the future to ensure they meet both their statutory responsibilities but also support the delivery of corporate, regional and national priorities. Our review will consider the effectiveness and impact of planning services on local communities in Wales. Further information can be found in our call for evidence report³ published in August 2017.</p> |

- 25 The performance audit projects included in last year's Audit Plan, which are either still underway or which have been substituted for alternative projects in agreement with you, are set out in [Appendix 2](#).

Certification of grant claims and returns

- 26 I have been requested to undertake certification work on the Council's grant claims and returns.
- 27 We expect that the Welsh Government will streamline its assurance arrangements by rolling out the 'Summary Schedule of Certified Welsh Government Grants' to all unitaries. This follows successful piloting at four authorities last year. We will provide further information later in the year to explain how this work will be delivered.
- 28 For this year, the Welsh Government will not require me to provide any report of factual findings related to any activity levels or outcomes.
- 29 My estimated audit fee for this work is set out in [Exhibit 5](#).

³ <http://www.audit.wales/publication/findings-our-call-evidence-planning-services>

Fee, audit team and timetable

Fee

- 30 Your estimated fee for 2018 is set out in [Exhibit 5](#).
- 31 As per our approved Fee Scheme for 2018-19, a small increase has been applied to my fee rates (less than 1%) which we have looked to offset via slight reduction in audit days and skill mix.

Exhibit 5: audit fee

The total audit fee will be £384,972, made up of £207,830 for the audit of accounts, £110,142 for performance audit work and £67,000 for certification of grant claims.

| Audit area | Proposed fee (£) ¹ | Actual fee last year (£) |
|---------------------------------------|-------------------------------|--------------------------|
| Audit of accounts ² | 207,830 | 207,830 |
| Performance audit work ³ | 110,142 | 110,142 |
| Grant certification work ⁴ | 67,000 | 74,187 |
| Total fee | 384,972 | 392,159 |

Notes:

¹ The fees shown in this document are exclusive of VAT, which is no longer charged to you.

² Payable November 2017 to October 2018.

³ Payable April 2018 to March 2019.

⁴ Payable as work is undertaken.

- 32 Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Council.
- 33 Further information on my [fee scales and fee setting](#) can be found on the Wales Audit Office website.

Audit team

- 34 The main members of my team, together with their contact details, are summarised in [Exhibit 6](#).

Exhibit 6: my team

This table provides contact details for the audit team

| Name | Role | Contact number | E-mail address |
|-------------------------------|--|------------------------------|--|
| Anthony Veale | Financial Audit Lead and Engagement Director | 02920 320585 | anthony.veale@audit.wales |
| Huw Rees | Engagement Lead – Performance Audit | 02920 320599 | huw.rees@audit.wales |
| Phil Pugh | Financial Audit Manager | 02920 320645 | phil.pugh@audit.wales |
| Nadeem Ashraf / Dave Burridge | Financial Audit Team Leader | 02920 320639 02920 320634 | nadeem.ashraf@audit.wales dave.burridge@audit.wales |
| Jeremy Evans | Performance Audit Manager | 07825 052861 | jeremy.evans@audit.wales |
| Adam Marshall | Performance Audit Lead | 07989 449661 | adam.marshall@audit.wales |

- 35 There is one potential conflict of interest that I wish to bring to your attention. This relates to a member of my financial audit team who holds a voluntary role as Treasurer of a charity which has a contract to provide a service within Adult Social Care. I have introduced appropriate arrangements to ensure that this officer does not undertake any audit work in respect of this area of the Council's operations. I can confirm that, with the exception of the above, all other members of my team are independent of the Council and your officers.

Timetable

- 36 I will provide reports, or other outputs as agreed, to the Council covering the areas of work identified in this document. My key milestones are set out in [Exhibit 7](#).

Exhibit 7: timetable

This table sets out my proposed timetable for completion and reporting of my audit work at the Authority

| Planned output | Work undertaken | Report finalised* |
|--|-------------------------|---|
| 2018 Audit Plan | January to March 2018 | April 2018 |
| Financial accounts work: <ul style="list-style-type: none">Audit of Financial Statements ReportOpinion on Financial StatementsFinancial Accounts Memorandum | March to September 2018 | September 2018 September 2018 November 2018 |

| Planned output | Work undertaken | Report finalised* |
|--|---|---|
| Performance work: <ul style="list-style-type: none"> Improvement Plan Audit and Assessment of Performance Audit Assurance and Risk Assessment WFG Act Examinations Thematic review(s) Local bespoke projects | April 2018 to December 2018 Throughout the audit year September 2018 to February 2019 April – December 2018 April – December 2018 | May 2018 and December 2018 To inform the 2019-2020 audit programme By end of March 2019 By end of March 2019 By end of March 2019 |
| Annual Improvement Report | April 2018 – May 2019 | May 2019 |
| 2019 Audit Plan | October to December 2018 | February 2019 |

* Subject to timely clearance of draft findings with the Council

Future developments to my audit work

- 37 Details of future developments including changes to key International Financial Reporting Standards (IFRS) and of the Wales Audit Office's Good Practice Exchange (GPX) seminars are set out in [Appendix 3](#).
- 38 The Wales Audit Office's GPX programme seeks to support the improvement of public services across Wales by identifying and sharing good practice. The GPX seminars bring a range of public sector bodies together to share their practical experiences and learning in areas we consider would benefit from sharing good practice. The seminars are provided free of charge to delegates. Forthcoming events include:
- Sustainable Procurement.** Focused upon how to create a mind-set that supports sustainable procurement in relation to the WFG Act.
 - Measuring Outcomes.** Supporting the WFG Act, 44 bodies shift their focus from outputs to outcomes and impact.
 - Adverse Childhood Experiences.** In partnership with ACE's Hub at Public Health Wales and the Future Generations Office.
 - Digital Seminar.** Taking account of the Wales Audit Office 'Using Data Effectively' study. Working in partnership with The Information Commissioners Office and Y Lab.
 - Building Resilient Communities.** Focusing on renewable energy, community skills, Welsh Language, housing and economy and Public Health Wales.

- **Partnership working between Voluntary bodies and Public Sector Bodies.** Will also include the launch of the Good Practice Guide to Grants Management.
- **Financial Audit – Early Closure of Local Government Accounts.** Focusing on cultural and behaviour changes.
- **Alternative Service Delivery Models.** In partnership with WLGA, WCVA, Community Housing Cymru, Welsh NHS Confederation, and Good Practice Wales
- **Cybersecurity.** Focusing on governance arrangements.
- **Preventing Hospital Admissions.** Jointly with NHS, Social Care, Housing and partners from the Third Sector.
- **Youth.** Following thematic reports from Estyn, CSSIW, HIW and the Wales Audit Office on the topic of youth. The GPX team will follow on with a seminar to share the learning.

Appendix 1

Respective responsibilities

Audit of accounts

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on:

- their 'truth and fairness', providing assurance that they:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with the statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
- the consistency of information in the Annual Report with the financial statements.

I must also state by exception if the Annual Governance Statement does not comply with requirements, if proper accounting records have not been kept, if disclosures required for remuneration and other transactions have not been made or if I have not received all the information and explanations I require.

The Public Audit (Wales) Act 2004 requires me to assess whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources. To achieve this, I consider:

- the results of the audit work undertaken on the financial statements;
- the Council's system of internal control, as reported in the Annual Governance Statement and my report thereon;
- the results of other work carried out including work carried out under the Local Government (Wales) Measure 2009 (the Measure), certification of claims and returns, and data-matching exercises;
- the results of the work of other external review bodies where relevant to my responsibilities; and
- any other work that addresses matters not covered by the above, and which I consider necessary to discharge my responsibilities.

The Public Audit (Wales) Act 2004 sets out the rights of the public and electors to inspect the Council's financial statements and related documents, to ask me, as the Appointed Auditor questions about the accounts and, where appropriate, to challenge items in the accounts. I must also consider whether in the public interest, I should make a report on any matter which comes to my notice in the course of the audit.

My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;
- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within the Council from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.

Performance audit

The Public Audit (Wales) Act 2004 requires me, by examination of the accounts or otherwise, to satisfy myself that the body has made proper arrangements for:

- securing economy, efficiency and effectiveness in its use of resources; and
- that the body, if required to publish information in pursuance of a direction under section 47 (performance information) has made such arrangements for collecting and recording the information and for publishing it as are required for the performance of its duties under that section.

The Measure places a general duty on improvement authorities to 'make arrangements to secure continuous improvement in the exercise of [their] functions'. It also places specific requirements on authorities to set improvement objectives, and to publish annual improvement plans and assessments of performance. Improvement authorities are defined as county and county borough councils, national park authorities, and fire and rescue authorities.

The Measure also requires me to carry out an improvement assessment for each improvement authority every year, to determine whether the authority is likely to comply with its general duty and requirements of the Measure. I must also carry out an audit of whether the authority has discharged its improvement planning and reporting duties.

The Auditor General may also in some circumstances carry out special inspections (under section 21), in respect of which he will provide a report to the relevant authorities and Ministers, and which he may publish (under section 22). The Auditor General will summarise audit and assessment reports in his published Annual Improvement Report (under section 24). This will also summarise any reports of special inspections.

Section 15 of the Well-being of Future Generations Act (Wales) 2015 requires me to carry out examinations of public bodies for the purposes of assessing the extent to which it has acted in accordance with the sustainable development principle when:

- (a) setting well-being objectives; and
- (b) taking steps to meet those objectives.

I must carry out such an examination of each public body at least once during a five-year period. Before the end of the period I must report on the results of those examinations to the National Assembly.

Appendix 2

Performance work in last year's audit outline still in progress

Exhibit 8: performance work in last year's audit outline still in progress

Three pieces of performance audit work included in last year's audit plan remain outstanding.

| Performance audit project | Status | Comment |
|--|--------------------------|---|
| Thematic Review: Service User Perspective | Fieldwork being arranged | WHQS |
| Thematic Review: Overview and Scrutiny – Fit for the Future? | Fieldwork complete | Currently report drafting |
| Annual Improvement Report | In progress | Will be completed once the Service User and Scrutiny work is concluded. |

Appendix 3

Other future developments

Forthcoming key IFRS changes

Exhibit 9: forthcoming key IFRS changes

There are three key changes to accounting rules that will impact on the authority over the next three years.

| Standard | Effective date | Further details |
|--|----------------|---|
| IFRS 9 Financial instruments | 2018-19 | IFRS 9 financial instruments will replace IAS 39 and includes a new principles-based approach for the classification and measurement of financial assets. It also introduces a new impairment methodology for financial assets based on expected losses rather than incurred losses. This will result in earlier and more timely recognition of expected credit losses. The accounting requirements for financial liabilities are almost all carried forward unchanged from IAS 39. |
| IFRS 15 Revenue from contracts with customers | 2018-19 | IFRS 15 revenue from contracts with customers introduces a principles-based five-step model for recognising revenue arising from contracts with customers. It is based on a core principle requiring revenue recognition to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration the body expects to be entitled to, in exchange for those goods or services. It will also require more extensive disclosures than are currently required. |
| IFRS 16 Leases | 2019-20 | IFRS 16 will replace the current leases standard IAS 17. The key change is that it largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. It will lead to all leases being recognised on the balance sheet as an asset based on a 'right of use' principle with a corresponding liability for future rentals. This is a significant change in lessee accounting. |

General Data Protection Regulation (GDPR)

The GDPR is a new data protection law for the whole of the EU applicable from 25 May 2018, which has the intention of harmonising and updating data protection laws. The UK Government has introduced the Data Protection Bill which will incorporate the GDPR into UK law and replace the 1998 Data Protection Act, and which it intends will also come into force on 25 May 2018.

The GDPR introduces new requirements for personal data processing, including an accountability principle which will require more detailed records of the processing of personal data, evidence of compliance with the data protection principles and the technical and organisational security measures taken to protect the data. We are updating our own policies, processes and documentation with a view to meeting these requirements and expect that the bodies we audit will be taking similar steps. Key areas of additional work include the use of more detailed fair processing notices, more privacy impact assessments and more extensive record keeping in relation to processing activities.

Wales Pension Partnership

The administering authorities for the eight Local Government Pension Scheme (LGPS) funds in Wales have established a pension investment pool in line with government requirements. The Wales Pension Partnership Joint Governance Committee will, from April 2018 onwards, oversee the pooling of some £15 billion of investments from the eight LGPS funds in Wales.

The relevant authorities need to be fully engaged in this process to ensure that appropriate arrangements are put in place that meet their requirements and to achieve the benefits of pooling which include economies of scale and reduced costs.

Good Practice Exchange

The Wales Audit Office's Good Practice Exchange (GPX) helps public services improve by sharing knowledge and practices that work. Events are held where knowledge can be exchanged face-to-face and resources shared online.

Exhibit 10: Planned forthcoming GPX webinars and Seminars.

My planned GPX programme includes 11 subject areas

| Date | Format | Topic |
|-----------------------|---------|---|
| April 2018 | Webinar | Sustainable Procurement. Focused upon how to create a mind-set that supports sustainable procurement in relation to the WFG Act. |
| May 2018 | Webinar | Measuring Outcomes. Supporting the WFG Act 44 bodies shift their focus from outputs to outcomes and impact. |
| June 2018 | Seminar | Adverse Childhood Experiences. In partnership with ACE's Hub at Public Health Wales and the Future Generations Office. |
| June 2018 | Seminar | Digital. Seminar, taking account of the Wales Audit Office 'Using Data Effectively' study. Working in partnership with The Information Commissioners Office and Y Lab. |
| July 2018 | Seminar | Building Resilient Communities. Focusing on renewable energy, community skills, Welsh Language, housing and economy and Public Health Wales. |
| September 2018 | Seminar | Partnership working between Voluntary bodies and Public Sector Bodies. Will also include the launch of the Good Practice Guide to Grants Management. |
| October 2018 | Webinar | Financial Audit – Early Closure of Local Government Accounts. Focusing on cultural and behaviour changes. |
| December 2018 | Seminar | Alternative Service Delivery Models. In partnership with WLGA, WCVA, Community Housing Cymru, Welsh NHS Confederation and Good Practice Wales. |
| January 2019 | Webinar | Cybersecurity. Focusing on governance arrangements. |
| February 2019 | Seminar | Preventing Hospital Admissions. Jointly with NHS, Social Care, Housing and partners from the Third Sector. |
| March 2019 | Seminar | Youth. Following thematic reports from Estyn, CSSIW, HIW and the Wales Audit Office on the topic of youth. The GPX team will follow on with a seminar to share the learning. |

Appendix 4

National value-for-money studies

The Council may also be interested in the national value-for-money examinations that I undertake, some of which will be of particular relevance to, and may involve evidence gathering across, local government. These studies are supported by funds approved by the National Assembly. Reports are presented to the National Assembly's Public Accounts Committee to support its scrutiny of public expenditure and potentially support scrutiny by other National Assembly committees.

Exhibit 11 covers all of the value-for-money studies work currently programmed. The programme includes all-Wales summaries of audit work undertaken locally in the NHS and reactive examinations into specific issues of public concern that have been raised with me. In addition to the work outlined below, I may decide during the year to prepare other national reports summarising local audit work, follow-up work, or based on the findings of other reactive examinations.

Further updates on my programme of value-for-money studies will be provided to you within the regular progress reports prepared by my team.

Exhibit 11: national value-for-money studies

| Topic | Anticipated publication (as at 11 January 2018) |
|---|---|
| Primary care services ⁴ | February/March 2018 |
| Access to public services with the support of specialist interpretation and translation | March/April 2018 |
| Waste management (waste prevention) Waste management (municipal recycling) Waste management (procurement of infrastructure) | March/May 2018 |
| Early intervention and public behaviour change ⁵ | March/April 2018 |
| GP out-of-hours services – national summary report | April/May 2018 |
| Rural Development Programme 2014-2020 | April/May 2018 |
| Business finance | May 2018 |

⁴ An initial data rich report presenting a 'picture of primary care' in advance of further local audit work.

⁵ Following on from some good practice work, we are planning to produce a short summary paper to highlight some of the issues raised and evidence gathered through that work, supported by a series of podcasts.

| Topic | Anticipated publication (as at 11 January 2018) |
|--|---|
| NHS agency staffing costs ⁶ | Summer 2018 |
| EU Structural Funds programmes 2014-2020 | Summer 2018 |
| Improving the wellbeing of young people | Autumn 2018 |
| Radiology services – national summary | To be confirmed |
| Integrated Care Fund | To be confirmed |
| Care experienced by children and young people ⁷ | To be confirmed |

⁶ Work has recently commenced on gathering data from across the health services of the UK to support a paper on the various approaches being taken to address the increasing costs of employing agency medical and nursing staff within the NHS. The precise format for this output is still to be determined.

⁷ The PAC has now set out its initial plans for some ongoing inquiry work on this topic. I will be supporting this work, although the precise nature of, and timescale for, any additional audit-related outputs is still to be determined.

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SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

2018 Audit Plan – Powys Pension Fund

Audit year: 2017-18

Date issued: April 2018

Document reference: 515A2018-19

This document has been prepared for the internal use of Powys Pension Fund as part of work performed/to be performed in accordance with statutory functions.

No responsibility is taken by the Auditor General, the staff of the Wales Audit Office or, where applicable, the appointed auditor in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

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We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

This document was produced by Anthony Veale, Phil Pugh and Melanie Williams

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2018 Audit Plan

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2018 Audit Plan

Summary

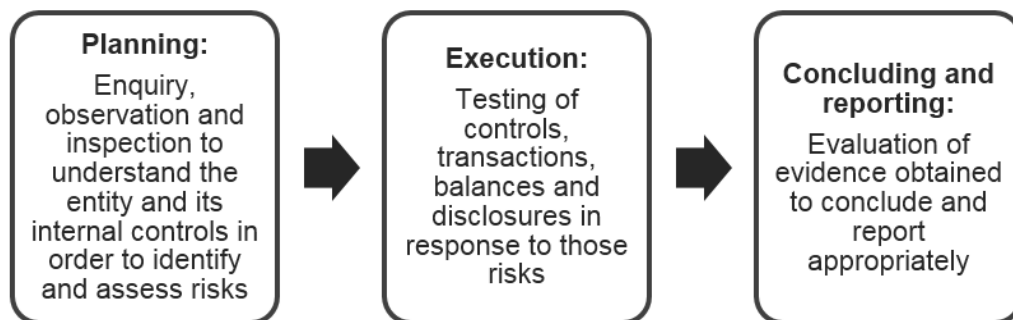
- 1 As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Code of Audit Practice to examine and certify whether Powys Pension Fund (the Pension Fund) accounting statements are 'true and fair'.
- 2 The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
- 3 There have been no limitations imposed on me in planning the scope of this audit.
- 4 My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

Audit of Pension Fund accounts

- 5 It is my responsibility to issue a report on the accounting statements which includes an opinion on their 'truth and fairness'. This provides assurance that the accounts:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.

[Appendix 1](#) sets out my responsibilities in full.
- 6 The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows us to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the Pension Fund accounts as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

Exhibit 1: my audit approach



- 7 The key risks of material misstatement which I consider require specific audit consideration, are set out in **Exhibit 2** along with the work I intend to undertake to address them.

Exhibit 2: financial audit risks

| Financial audit risk | Proposed audit response |
|---|---|
| The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33]. | <p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business. |
| <p>Investment Management</p> <p>The systems and records of the investment managers generate account entries made to the Pension Fund Account and Net Assets Statement. The investment managers provide internal control reports on the investments held on behalf of the Pension Fund. These are independently audited and provide the Pension Fund with assurance on a wide range of controls, eg valuation of the investment portfolio held.</p> <p>There is a risk that the internal control reports will not be available, or not provide sufficient assurance for audit purposes.</p> | <p>My audit team will:</p> <ul style="list-style-type: none"> • assess the investment managers as a service organisation; • check that investments have been made in accordance with the Statement of Investment Principles; • obtain direct confirmation from the investment managers and custodian of year end investment balances and holdings; and • assess whether the investment managers internal control reports provide assurance over the relevant controls, including the valuation of investments held. |
| <p>Private Equity Investments</p> <p>Year-end valuation of private equity investments are provided by investment managers which are based on forward looking estimates and judgements. As there is no quoted market price, there is a greater risk to the reasonableness of the estimated year end value of these investments.</p> | <p>My audit team will:</p> <ul style="list-style-type: none"> • confirm the investment valuations to audited financial statements; and • seek additional assurance over the valuation basis from controls assurance reports where available. |

| Financial audit risk | Proposed audit response |
|--|--|
| <p>Revised Accounts and Audit Regulations</p> <p>Welsh Government have issued revised Accounts and Audit Regulations for Wales. This revised legislation will apply to the 2017-18 financial year.</p> <p>One of the key changes included in this legislation is that Pension Fund financial statements no longer have to be incorporated into the administering authority financial statements and can be produced as a stand-alone document.</p> | <p>My audit team will discuss with the Authority its intended actions in response to the revised Accounts and Audit Regulations and ensure that requirements of the regulations are complied with.</p> |
| <p>All Wales Pension Partnership</p> <p>The eight Pension Funds in Wales have created an 'all-Wales' pooled investment vehicle which will be overseen and reported on by a joint governance committee. An inter-authority agreement has been signed by the Welsh Pension Funds and the joint committee will be producing financial statements for the 2017-18 financial year. However no investments will be transferred to this new management arrangement until after 1 April 2018.</p> <p>Separate financial statements will need to be prepared for the joint committee which for 2017-18 are only expected to include administration costs of setting up the joint committee. However, individual Pension Funds will need to consider recognising a share of the 2017-18 joint committee financial statements in their financial statements.</p> | <p>My audit team will review progress on this arrangement and consider if there is an impact on the 2017-18 financial statements and what additional disclosures are required.</p> |
| <p>Change to contribution rates</p> <p>The Pension Fund was subject to a full actuarial valuation as at 31 March 2016. The new contribution rates come into effect on 1 April 2017. There is a risk that these new contribution rates are not fairly reflected in the Pension Fund's financial statements.</p> | <p>My audit team will check that the revised contribution rates have been correctly calculated in the 2017-18 financial statements.</p> |

- 8 I do not seek to obtain absolute assurance that the Pension Fund accounting statements are true and fair, but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Audit Committee, as the administering authority of the Pension Fund as a whole, prior to completion of the audit.

- 9 For reporting purposes, I will treat any misstatements below a trivial level (set at 5% of materiality) as not requiring consideration by those charged with governance and therefore I will not report them.
- 10 My fees are based on the following assumptions:
- the draft financial statements have been subject to a robust quality assurance review by officers;
 - year-on-year movements in respect of balances, transactions and disclosure notes within the draft financial statements are supported by appropriate explanations;
 - working papers and other information provided to support the financial statements is timely, to the quality expected and has been subject to quality assurance review;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.

Statutory audit functions

- 11 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
 - Section 31 Right to make objections at audit.
- 12 Audit fees will be chargeable for work undertaken in dealing with electors' questions and objections. Because audit work will depend upon the number and nature of any questions and objections, it is not possible to estimate an audit fee for this work.
- 13 If I do receive questions or objections, I will discuss potential audit fees at the time.

Pension Fund annual report

- 14 Administering authorities are required to publish a pension fund annual report which must include the pension fund accounts.
- 15 I am required to read the Pension Fund annual report and consider whether the information it contains is consistent with the audited Pension Fund accounts included in the Council's main accounting statements.

- 16 I also issue an audit statement confirming the consistency of the accounts included in the annual report with the audited Pension Fund accounts.

Fee, audit team and timetable

Fee

- 17 Your estimated fee for 2018 is set out in [Exhibit 3](#). This figure is consistent with the fee set out in the 2017 audit plan.
- 18 As per our approved Fee Scheme for 2018-19, a small increase has been applied to my fee rates (less than 1%) which we have looked to offset by a reduction in the time taken to complete the audit.

Exhibit 3: audit fee

| Audit area | Proposed fee for 2018 (£) | Actual fee for 2017 (£) |
|---|------------------------------|----------------------------|
| Audit of Pension Fund accounts ¹ | 34,599 | 34,599 |

¹ The fees shown in this document are exclusive of VAT, which is no longer charged to you.

- 19 Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Director of Finance.
- 20 Further information on my [fee scales and fee setting](#) can be found on the Wales Audit Office website.

Audit team

- 21 The main members of my team, together with their contact details, are summarised in [Exhibit 4](#).

Exhibit 4: my team

| Name | Role | Contact number | E-mail address |
|------------------|-----------------------------------|----------------|------------------------------|
| Anthony Veale | Engagement Lead – Financial Audit | 02920 320585 | anthony.veale@audit.wales |
| Phil Pugh | Financial Audit Manager | 02920 320645 | phil.pugh@audit.wales |
| Melanie Williams | Financial Audit Team Leader | 02921 051815 | melanie.williams@audit.wales |

- 22 There is one potential conflict of interest that I wish to bring to your attention. This relates to a member of my financial audit team who holds a voluntary role as Treasurer of a charity which is an admitted body within the Pension Fund. I have introduced appropriate arrangements to ensure that this officer does not undertake any audit work in respect of contributions received from or benefits payable to any member of this charity. I can confirm that, with the exception of the above, all other members of my team are independent of the Council and your officers.

Timetable

- 23 I will provide reports, or other outputs as agreed, to the Audit Committee and Pension and Investment Committee, covering the areas of work identified in this document. My key milestones are set out in [Exhibit 5](#).

[Exhibit 5: timetable](#)

| Planned output | Work undertaken | Report finalised |
|--|----------------------------|--------------------------------------|
| 2018 Audit Plan | January 2018 to April 2018 | April 2018 |
| Financial accounts work: <ul style="list-style-type: none">Audit of Financial Statements ReportOpinion on Financial Statements | February to September 2018 | September 2018 September 2018 |

Future developments

Well-being of Future Generations (Wales) Act 2015

- 24 The Well-being of Future Generations (Wales) Act 2015 (the Act) became law in April 2015. The Act requires me to report every five years to the National Assembly on how public bodies apply the sustainability principles. During 2016 I consulted on my options for reshaping public audit in Wales and this year have been working collaboratively with a small number of public bodies to develop an audit approach which is rigorous, meaningful and proportionate. I have also undertaken my first audit work relating to the Act, the Year One Commentary. I will publish a report on my findings in Spring 2018 and will share those findings at a national stakeholder event in May 2018.

Other

- 25 Details of other future developments including changes to key International Financial Reporting Standards (IFRS) and of the Wales Audit Office's Good Practice Exchange (GPX) seminars are set out in [Appendix 2](#).
- 26 The Wales Audit Office's GPX programme seeks to support the improvement of public services across Wales by identifying and sharing good practice. The GPX seminars bring a range of public sector bodies together to share their practical experiences and learning in areas we consider would benefit from sharing good practice. The seminars are provided free of charge to delegates.

Appendix 1

Respective responsibilities

The Council is the administering authority of the Pension Fund. This Audit Plan has been prepared to meet the requirements of auditing standards and proper audit practices. It provides the Council with an outline of the financial audit work required for the Pension Fund accounts.

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the Pension Fund accounting statements which includes an opinion on their 'truth and fairness', providing assurance that they:

- are free from material misstatement, whether caused by fraud or error;
- comply with the statutory and other applicable requirements; and
- comply with all relevant requirements for accounting presentation and disclosure.

My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;
- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within the authority from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.

Appendix 2

Other future developments

Forthcoming IFRS changes

Exhibit 6: forthcoming IFRS changes

| Standard | Effective date | Further details |
|---|----------------|---|
| IFRS 9 financial instruments | 2018-19 | IFRS 9 financial instruments will replace IAS 39 and includes a new principles-based approach for the classification and measurement of financial assets. It also introduces a new impairment methodology for financial assets based on expected losses rather than incurred losses. This will result in earlier and more timely recognition of expected credit losses. The accounting requirements for financial liabilities are almost all carried forward unchanged from IAS 39. |
| IFRS 15 revenue from contracts with customers | 2018-19 | IFRS 15 revenue from contracts with customers introduces a principles-based five-step model for recognising revenue arising from contracts with customers. It is based on a core principle requiring revenue recognition to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration the body expects to be entitled to, in exchange for those goods or services. It will also require more extensive disclosures than are currently required. |
| IFRS 16 leases | 2019-20 | IFRS 16 will replace the current leases standard IAS 17. The key change is that it largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. It will lead to all leases being recognised on the balance sheet as an asset based on a right of use principle with a corresponding liability for future rentals. This is a significant change in lessee accounting. |

General Data Protection Regulation (GDPR)

The GDPR is a new data protection law for the whole of the EU applicable from 25 May 2018, which has the intention of harmonising and updating data protection laws. The UK Government has introduced the Data Protection Bill which will incorporate the GDPR into UK law and replace the 1998 Data Protection Act, and which it intends will also come into force on 25 May 2018.

The GDPR introduces new requirements for personal data processing, including an accountability principle which will require more detailed records of the processing of personal data, evidence of compliance with the data protection principles and the technical and organisational security measures taken to protect the data. We are updating our own policies, processes and documentation with a view to meeting these requirements and expect that the bodies we audit will be taking similar steps. Key areas of additional work include the use of more detailed fair processing notices, more privacy impact assessments and more extensive record keeping in relation to processing activities.

Good Practice Exchange

The Wales Audit Office's Good Practice Exchange (GPX) helps public services improve by sharing knowledge and practices that work. Events are held where knowledge can be exchanged face to face and resources shared online.

The focus of GPX events include financial management, public sector staff and governance. Further information, including details of forthcoming GPX events and outputs from past seminars, can be found on the [GPX section of the Wales Audit Office website](#).

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Priority Improvement Area D – Strategic & Financial Planning
Sponsor – Strategic Director - Resources

| Action Number | What do we need to do? | Desired Output / Outcome | Lead Officers – Service / Corporate | | | Timescale for Completion | High Level Progress (Bullet Points) | Outstanding Items | | Evidence |
|---------------|---|--|-------------------------------------|-----------------|-----|--------------------------|--|---|--|----------|
| | | | Accountable | Responsible | S/C | | | Issues | Action to address | |
| D1 | <p>Medium Term Financial Strategy developed clearly aligned to the 2025 Vision.</p> <p>This action contributes towards delivery of regulator recommendations:</p> <ul style="list-style-type: none"> Financial Resilience Assessment- Powys County Council 2016 (REF: 15,31,44) Meeting the Financial Challenges Facing Local Government in Wales 2014 (REF:R1,R2,R3) Financial resilience of local authorities in Wales 2015-16 (REF:R1) The financial resilience of councils in Wales (REF:R1,R3,R4,R7) | Strengthen Financial Planning Arrangements. | Head of Finance | Head of Finance | | May 2018 | <p>MTFP, MTFS, FRM, Capital programme saving plans and strategies to be reviewed to align with Vision 2025.This action is complete with the relevant documents included and submitted with the budget proposal for 18/19. This will need refreshing due to the financial challenge facing the council from 19/20. Budget proposal recommends the revised financial strategy to be completed by the end of May 18.</p> <p>Report went before council with regard to the audit letter on the 22nd Feb. action plan has been approved</p> <p>First session with cabinet budget workshop and agreed policy decisions to inform the MTFS.</p> <p>Accepted to undertake a piece of work relating to financial resilience assessment to be</p> | <p>The councils current level of spend is unaffordable for the medium to longer term and action needs to be taken at pace to propose the approach to balance the budgets going forward.</p> <p>WAO annual audit letter issues a statutory recommendation to update the MTFS</p> | <p>Management team and cabinet to consider a proposed approach to identify and develop proposals to bridge the financial gap 06/03/2018.</p> <p>Budget approach approved, services targeted with coming forward with savings and opportunities by 27th April. Panel to approve proposals 1st and 2nd of May</p> <p>Proposals template and guidance issued</p> <p>MTFS continues to be developed – outline of chapters have been identified, input being sought from finance scrutiny panel.</p> | |

| | | | | | | | | | |
|-----------|--|--|--|---------------------------|------------------------------------|--|--|--|-----------------------------------|
| | | | | | | undertaken and funded by CIPFA supported by WLGA. | | | |
| D2 | <p>Development of a modern 5 Year Budget Plan for Revenue and Capital.</p> <p>This action contributes towards delivery of regulator recommendations:</p> <ul style="list-style-type: none"> Financial Resilience Assessment- Powys County Council 2016 (REF: 15,31,44) Meeting the Financial Challenges Facing Local Government in Wales 2014 (REF:R1,R3) Financial resilience of local authorities in Wales 2015-16 (REF:R1) The financial resilience of councils in Wales (REF:R1,R3,R7) | | | Head of Finance | May 2018 | <p>5 year budget plan approved by Council (last week – insert date)</p> <p>Starting to develop the next 5 years of the plan. This process is part of the ongoing financial services business as usual processes.</p> | | | |
| D3 | <p>Clearly defined Financial Framework and timetable.</p> <p>This action contributes towards delivery of regulator recommendations:</p> <ul style="list-style-type: none"> Financial Resilience Assessment- Powys County Council 2016 (REF: 41,46) Financial resilience of local authorities in Wales 2015-16 (REF:R1) The financial resilience of councils in Wales (REF:R1,R4) | | | Head of Finance | 30th November 17 | <p>Timetable is in place, finance scrutiny panel building scrutiny, financial planning and budget setting into their work programme. Starting to build 19-20 budget timetable.</p> | Timetable will need to be realigned to recommendation D1 | | Timetable within evidence folder |
| D4 | <p>Development of Directorate FRM's covering the 5 year cycle (link to grid C- Strengthen Organisational Design).</p> | | | Finance Business Partners | 31st March 2018 | <p>Directorate FRM's introduced (not sure if aligned to 5 year cycle). 18-19 plans complete, further development of the</p> | | | Working documents held by finance |

| | | | | | | | | | |
|-----------|--|--|----------------|--|---------------------|--|--|--|---|
| | <p>This action contributes towards delivery of regulator recommendations:</p> <ul style="list-style-type: none"> Financial Resilience Assessment- Powys County Council 2016 (REF: 15,31,44) Meeting the Financial Challenges Facing Local Government in Wales 2014 (REF:R1,R2,R3) Financial resilience of local authorities in Wales 2015-16 (REF:R1,R4) The financial resilience of councils in Wales (REF:R1,R3) Savings planning Financial Resilience 2017 (REF:P1) | | | | | next 4 years is currently being undertaken. | | | |
| D5 | <p>Forecast the use of reserves over the MTFP period and update the reserve policy accordingly</p> <p>This action contributes towards delivery of regulator recommendations:</p> <ul style="list-style-type: none"> Financial Resilience Assessment- Powys County Council 2016 (REF: 15,31,44) The financial resilience of councils in Wales (REF:R3) Savings planning Financial Resilience 2017 (REF:P1) | | Deputy H of FS | | Jan 2018 | 5 year forecast of the use of reserves has been created. A holistic approach to budgeting will continue to ensure the forecast is continually reviewed and maintained. | | | Budget Papers in evidence folder |
| D6 | <p>Undertake a Risk Assessment of the Financial Plan.</p> <p>This action contributes towards delivery of regulator recommendations:</p> <ul style="list-style-type: none"> Financial Resilience Assessment- Powys County Council 2016 (REF: 41,46) The financial resilience of councils in Wales (REF:R7) | | CIPFA / WLGA | | January 2018 | CIPFA consultant completed and reported risk assessment (evidenced document received) | | | Budget assessment Report in evidence folder |

| | | | | | | | | | | |
|----|--|--|--------------------------------|--|--------------------------------|---|---|--|--|------------------------------|
| | <ul style="list-style-type: none"> Meeting the Financial Challenges Facing Local Government in Wales (REF:R6) | | | | | | | | | |
| D7 | <p>Service savings targets set for income and cost improvement opportunities can be achieved in planned timescales and are sufficiently well developed for inclusion in the annual budget.</p> <p>This action contributes towards delivery of regulator recommendations:</p> <ul style="list-style-type: none"> Savings planning Financial Resilience 2017 (REF:P1) Charging for services and generating income by local authorities 2016 (REF:R5) | | Directors and Heads of Service | | December 20 th 2018 | <p>Income and cost improvement board is in place but as of yet there have been no savings identified or delivered.</p> <p>Purpose of the board is being reviewed, and the current outstanding target is being considered as part of the overall savings of the council.</p> <p>Management team have agreed that this savings target be amalgamated within the overall Budget approach</p> | | | | |
| D8 | Use of ASC budget review to strengthen future needs of the service. | | Head of Finance | | 31 st March 2018 | <p>LD review completed and agreed by service. Recommendations that will facilitate efficiencies and remove silos need to be taken forward by service</p> <p>Physically Disabled report to be completed by end of May 2018</p> <p>First draft of Mental Health report due 27th April 2018.</p> <p>LD recommendations now form part of the</p> | Work has been continuing but delayed due to capacity issues | | | LD Report in evidence folder |

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| | | | | | | Adult Improvement Plan, financial savings are being developed following on from this review. | | | |
| D9 | <p>Actions identified within the Financial Services Improvement Plan:</p> <ul style="list-style-type: none"> • Fill all new senior posts to provide financial resilience • Further training of qualified staff to upskill in commercial and customer focus <p>This action contributes towards delivery of regulator recommendations:</p> <ul style="list-style-type: none"> • Financial Resilience Assessment- Powys County Council 2016 (REF: 26,41,44,46) • Financial resilience of local authorities in Wales 2015-16 (REF:R6) | Develop a Resilient and Modern Financial Service. | | Deputy H of FS | | <p>March 2018</p> <p>Service has appointed to 2 senior posts including a new deputy head of finance, and a finance manager of Place (had two people rescind offers of jobs). Still senior vacancies to fill and maternity cover to plan for.</p> <p>Additional interim support in place for the schools and social care finance manager posts.</p> <p>Further training being undertaken for all business partners who are undertaking the business partner qualification. 4 trainees undertaking professional accountancy courses.</p> <p>Adhoc course being completed dependant on need and demand.</p> <p>Finance Business Partner undertaken by 6 qualified staff – broad ranging course covering integrity, emotional awareness, the role, communications etc</p> | | | <p>Posts recruited</p> <p>SC – Deputy head RW – Schools finance manger JP – People finance manager MJ – Place finance manager</p> <p>FPB CiPFA training coursework submitted awaiting final assessment</p> <p>ACCA - JC, DH</p> <p>CiPFA trainees – AJ, FH, JS</p> |

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| | | | | | | <p>Recruitment campaigns currently running and continue to look for viable candidates.</p> <p>Interviews due to be undertaken this week 04/04/2018</p> <p>Linked to D1 FRM assessment.</p> <p>All finance manager posts have now been recruited to with exception of a technical lead post which is now being considered as part of a technical review and likely to be removed as part of savings plan.</p> | | | |
| D10 | Develop Customer questionnaire to ensure we fully understand the standard of the service and customer satisfaction. | | | Deputy H of FS | March 31st 2018 | <p>Deputy head of finance role has been filled and candidate has commenced they will take this action forward as an initial piece of work.</p> <p>To be undertaken within the next 2 months.</p> <p>CiPFA financial management module currently being undertaken drawing on interviews and questionnaires across the organisation to assess financial management capability and</p> | | | Report from June |

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| | | | | | | capacity across the organisation. Report completed early June. | | | |
| D11 | <p>Training Plan written, needs to be implemented across the council, includes:</p> <ul style="list-style-type: none"> Managing revenue and capital budgets Using the finance system Commercial accounts VAT, income Schools financial management <p>This action contributes towards delivery of regulator recommendations: Financial Resilience Assessment- Powys County Council 2016 (REF: 26)</p> | Improve Financial Skills of Whole Organisation. | | Accountants | December 2018 | <p>Training plan is drafted, in place and has commenced to meet all the needs identified within the service.</p> <p>Work has begun with Helen Coffey to seek out additional mandatory training courses for budget managers</p> <p>First run through of the finance section of part of mandatory training for budget managers Thursday 27th April</p> | | | Training plan in evidence folder |
| D12 | <p>Budget Seminars for Wider Council</p> <p>Officers need to equip councillors with the knowledge and skills they need to deliver effective governance and challenge by extending training opportunities and producing high quality management information.</p> <p>This action contributes towards delivery of regulator recommendations:</p> <ul style="list-style-type: none"> Good Governance when Determining Significant Service Changes - Powys County Council 2017 (REF:P4) Financial Resilience Assessment- Powys County Council 2016 (REF: 41,46) | | | Heads of Service | Jan 2018 | <p>Seminar completed in January with 2 further seminars to follow with full council.</p> <p>Induction and training have been completed. Workshops and budget seminars held with members. Current round ends January but will continue periodically moving forward, dates are being included in the forward work programme for Cabinet and full council.</p> | | | Seminar presentations in evidence folder |

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| | <ul style="list-style-type: none"> The financial resilience of councils in Wales 2014 (REF:R9) Financial resilience of local authorities in Wales 2015-16 (REF:R6) | | | | | | | | |
| D13 | <p>Series of workshops for Cabinet development across all financial area.</p> <p>This action contributes towards delivery of regulator recommendations:</p> <ul style="list-style-type: none"> The financial resilience of councils in Wales 2014 (REF:R9) | | | Head of Finance | Jan 2018 | This round will end in January but will continue periodically moving forward dates are being included in the forward work programme for cabinet and full council. | | | Council diary in evidence folder |
| D14 | <p>Develop strategic frameworks for introducing and reviewing charges, linking them firmly with the Medium Term Financial Plan and the Corporate Plan.</p> <p>This action contributes towards delivery of regulator recommendations:</p> <ul style="list-style-type: none"> Charging for services and generating income by local authorities 2016 (REF:R1) | Income Generation. | | Head of Finance | Jan 2018 | <p>Income policy is now in place.</p> <p>Continued development of pricing and charging strategies which have been signed off by income and cost improvement board.</p> | | | <p>Fees and charges register and proposed charges for 18/19 included with budget proposals being considered by Council 22nd Feb</p> <p>Evidence in Folder</p> |
| D15 | <p>Review the unit and total costs of providing discretionary services to clearly identify any deficits and, where needed, set targets to improve the current operating position. Budget debate about savings from ceasing these service areas.</p> <p>This action contributes towards delivery of regulator recommendations:</p> <ul style="list-style-type: none"> Good Governance when Determining Significant Service Changes - Powys County Council 2017 (REF:P4) | | | Deputy H o F | March 2018 | Purchased CFO insight through CIPFA which is a benchmarking tool providing information across all service areas and comparison across the UK. This will enable informed decision making with robust data to aid the reduced level of funding being faced by the Council. | | | Childrens services benchmarking data in evidence folder |

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| | <ul style="list-style-type: none"> Meeting the Financial Challenges Facing Local Government in Wales 2014 (REF:R2) Charging for services and generating income by local authorities 2016 (REF:R2) | | | | | Training has been completed and staff are now using the tool to challenge service delivery and provide benchmarking data to the wider council. | | | |
| D16 | <p>Improve management of performance, governance and accountability by:</p> <ul style="list-style-type: none"> Regularly reporting any changes to charges to scrutiny committee(s) Improving monitoring to better understand the impact of changes to fees and charges on demand, and the achievement of objectives Benchmarking and comparing performance with others more rigorously Providing elected members with more comprehensive information to facilitate robust decision-making <p>This action contributes towards delivery of regulator recommendations:</p> <ul style="list-style-type: none"> Good Governance when Determining Significant Service Changes - Powys County Council 2017 (REF:P4,P6) The financial resilience of councils in Wales (REF:R4) Charging for services and generating income by local authorities 2016 (REF:R7) | | | Accountants | | Jan 2018 | <p>This forms part of the income policy. This will ensure that services comply to the policy with regular review of their charging benchmarks compared to other authorities.</p> <p>The fees and charging register will form part of the budget setting process.</p> | | See D15 |
| D17 | Improve the forecasting of income from charges through the use of scenario planning and sensitivity analysis. | | | FBPs | | March 2018 | This work is reliant on budget holders engaging with finance and a need to | | |

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| | <p>This action contributes towards delivery of regulator recommendations:</p> <ul style="list-style-type: none">Charging for services and generating income by local authorities 2016 (REF:R8) | | | | | Links to fees and charging D14/D16 | <p>embed processes within finance and service areas.</p> <p>Limited progress on this, however further development and provision of information which will form part of the monthly budgeting It is starting to be developed. More focus to a commercial aligned mind-set is being adopted with budget holders particularly around HTR transformation project and commercialisation.</p> <p>This work is reliant on budget holders engaging with finance and a need to embed processes within finance and service areas.</p> | | | |
| D18 | <p>(Removed as duplication with D7) Progress the development of opportunities through the Income and Cost Improvement Board.</p> <p>This action contributes towards delivery of regulator recommendations:</p> <ul style="list-style-type: none">Charging for services and generating income by local authorities 2016 (REF:R5) | | | Head of Finance | | | | See D7 (Change request placed on rich log) | | |
| D19 | Financial System procured in collaboration with other Welsh Authorities. | New Finance System. | | Deputy H of F | | December 2018 | 4 authorities currently on board with a further 4 interested in drawing | | | |

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| | This action contributes towards delivery of regulator recommendations: <ul style="list-style-type: none"> Meeting the Financial Challenges Facing Local Government in Wales 2014 (REF:R4) | | | | | | down the framework afterwards. | | | |
| D20 | PQQ phase to short list for Lot 1 – 3. | | | Deputy H of F | | November 2018 | Awarding of tenders delayed due to ongoing discussions with final bidders. | | | |
| D21 | Implement new System and train users. | | | Deputy H of F | | December 2018 | | | | |
| D22 | Work with BI to provide both financial and activity data for managers. | Improve the provision of financial Information. | | Head of Finance | | April 2018 | Some financial dashboards Linking with activity data to be completed by end of April 2018 | | | |
| D23 | Annual benchmarking information to facilitate challenge through CFO Insights database. This action contributes towards delivery of regulator recommendations: <ul style="list-style-type: none"> Financial resilience of local authorities in Wales 2015-16 (REF:R4) | | | FBPs | | November 2018 | Some initial benchmarking work undertaken to support budget setting process but will be built upon with forward planning process. | | | Schools example within evidence folder |
| D24 | New Financial system will provide dashboards and online information. | | | | | 2019 | Dependant on D19 | | | |
| D25 | Training for accountants in report writing and presentations. | | | Deputy Hof FS | | June 2018 | Public speaking course completed. Further courses to be undertaken on report writing and presentations Date extended due to other work commitments FPB course picked up report writing and presentations as part of the course therefore further | | | |

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