

Public Document Pack



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AUDIT COMMITTEE
Friday, 7th February, 2020

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. | STRATEGIC RISK MANAGEMENT |
|-----------|----------------------------------|

To consider the report of the Portfolio Holder.
(Pages 1 - 26)

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| 2. | INTERNAL AUDIT |
|-----------|-----------------------|

To consider Q3 performance monitoring report.
(Pages 27 - 42)

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CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE
Tuesday, 11th February 2020

REPORT AUTHOR: County Councillor Graham Breeze
Portfolio Holder for Corporate Governance and
Engagement

REPORT TITLE: Strategic Risk Register Report Quarter 3 2019/2020

REPORT FOR: Decision

1. Purpose

1.1 The purpose of this report is to set out the council's latest position on managing its key risks, including those on the Strategic Risk Register. It also outlines risks recommended for escalation to the Strategic Risk Register and an update on risk champion training.

2. Background

2.1 Our Strategic Risk Register is key to safeguarding the organisation and building resilience into our services. At a time when the council is facing unprecedented challenges, the effective management of risk is needed more than ever. A risk-managed approach to decision making will help us to achieve the well-being objectives in Vision 2025 and deliver services more efficiently, using innovative and cost-effective means.

3. Advice

3.1 To ensure a risk managed approach to decision making and good governance of the Council, it is proposed that Cabinet:

- Review progress to mitigate Strategic Risks
- Approve escalation of risks to the Strategic Risk Register
- Note the forthcoming training for Risk Champions

Review of progress to mitigate Strategic Risks

3.2 As at the end of quarter 3 2019-2020, there are 11 risks on the strategic risk register All risk owners have provided a short summary of progress since quarter 2, to give assurance that mitigating actions are being actioned and monitored.

3.3 Please see appendix A for full details of the 11 strategic risks, and progress against the mitigating actions identified to control them.

3.4 Please see appendix B to view a heat map which presents the results of the quarter 3 risk assessment process visually. It highlights that two out of the eleven risks are placed within the 'major' impact category with a probability of almost certain, and none with 'catastrophic' impact.

Approval to escalate risks to the Strategic Risk Register

3.5 During quarter 3, the following risk has been identified and it is recommended that it is escalated to the Strategic Risk Register for monitoring.

- **Compliance in Powys County Council Housing Stock.**

Justification: Compliance within Housing requires a programme of improvement to meet the high standards expected by the Council, identified in the Compliance One Hundred project review of compliance. It is therefore considered to be a corporate risk and has been escalated on the advice of EMT.

Mitigating action:

1. Establishment of a Compliance and Assurance Board chaired by the Head of Housing and Community Development.
2. Establish a special Compliance One Hundred Project Team to address the six Priority Areas (Inspection and Servicing of Domestic Heating Systems, Fire Safety, Lifting Operations and Lifting Equipment Regulations (LOLER), Asbestos Management, Legionella Management and Fixed Electrical Testing (FET)).

| | Inherent Risk | Residual Risk |
|--------------------------|----------------------|----------------------|
| Risk Probability: | Likely | Likely |
| Risk Impact: | Major | Major |
| Risk Profile: | Severe | Severe |

To note the forthcoming training for Risk Champions

3.6 Risk management training has been organised for all services' nominated risk champions and is due to take place on 14th February 2020. During the training, risk appetite will be explored to enable risk champions to aid their service in setting a risk appetite and ensuring that we fulfil the recommendation of the SWAP audit.

4. Resource Implications

4.1 The Head of Finance (Section 151 Officer) has approved the report. The Strategic Risk Register outlines the key risks to the Council's activities, as well as risk to delivery of objectives contained within the Corporate Improvement

Plan. There are no direct financial implications from the report although these may arise as new risks are identified on an on-going basis.

5. Legal implications

5.1 Comment sought from Monitoring Officer.

6. Data Protection

6.1 N/A

7. Comment from local member(s)

7.1 N/A

8. Integrated Impact Assessment

8.1 N/A The Service Risk Register is not setting out any changes or proposals to service delivery.

9. Recommendation

It is recommended that:

- **Cabinet notes the current Strategic Risk Register and is satisfied with progress against mitigating action for quarter 3.**
- **Cabinet approves the following risk to be escalated to the Strategic Risk Register:**
 1. **Compliance in Powys County Council Housing Stock**

The recommendations above will ensure:

- **appropriate understanding and management of strategic risks which could prevent us from achieving our objectives.**
- **a risk managed approach to decision making and good governance of the Council.**

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Head of Service:

Corporate Director: Ness Young, Corporate Director (Resources and Transformation)

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| Strategic Risk Register | | | | Portfolio | Inherent | Residual | Controls and Actions | |
|-------------------------|-----------------|-----------------------|---|-----------------------------|----------|----------|----------------------|--------|
| Ref & Owner | Risk Identified | Potential Consequence | Last Review | Director or Head of Service | | | Control or Action | Status |
| Page 6 | | | <p>Review Summary: To date this year we have achieved savings however there is an increase in pressures, we continue to monitor this.</p> <p>Looked after children numbers have reduced from 250 in December 2018, to 236 at end of September 2019. This demonstrates that the investment in intervention and prevention and early help services is taking effect.</p> <p>New process in place for reviewing high cost placement, being led by Senior Manager Corporate Parenting. 4th Qtr 18/19</p> <p>Restructure to place focus on early help, prevention and intervention to prevent escalation at every point is taking place and is on track.</p> <p>Agency staff reduced to 39 Agency staff applying and being appointed to permanent positions</p> <p>Two consultants due to leave in May Continued focus on returning children from out of county placements</p> <p>Admission panel established, chaired by Head of Service, to enable practice to be guided and ensure oversight of all admissions to care</p> <p>Budget training for all managers Budget included as part of performance management in the service</p> | | | | | |
| | | | | | | | | |

| Strategic Risk Register | | | | Portfolio | Inherent | Residual | Controls and Actions | |
|-------------------------|-----------------|-----------------------|---|-----------------------------|----------|----------|----------------------|--------|
| Ref & Owner | Risk Identified | Potential Consequence | Last Review | Director or Head of Service | | | Control or Action | Status |
| | | | 4th Qtr 18/19 Restructure to place focus on early help, prevention and intervention to prevent escalation at every point is taking place and is on track. Agency staff reduced to 39 Agency staff applying and being appointed to permanent positions Two consultants due to leave in May Continued focus on returning children from out of county placements Admission panel established, chaired by Head of Service, to enable practice to be guided and ensure oversight of all admissions to care Budget training for all managers Budget included as part of performance management in the service | | | | | |

| Strategic Risk Register | | | | Portfolio | Inherent | Residual | Controls and Actions | |
|---|---|--|--|--|----------|----------|----------------------|--------------------|
| Ref & Owner | Risk Identified | Potential Consequence | Last Review | Director or Head of Service | | | Control or Action | Status |
| ED0022 Lynette Lovell Escalated From :- Education | The council will be unable to manage the schools budget without extra resource and finance and this will affect every individual school in Powys that has a deficit budget. | If the school fails to do a budget deficit plan, warning letters will be issued to the schools and the Authority will consider whether to withdraw delegation. Should this occur, the Local Authority LA will have to resource financial advice and manage the schools budget for each school that has their delegated funding removed. This would need to be specialist advice from a service that is under-resourced so there may be financial implications. | 17/01/2020 Review Summary: The authority issued an additional 11 warning notices in September 2019 to schools and meetings have been held with those schools with the Head of Service and Section 151 officer. These meetings were to discuss the actions required by the respective schools to halt the deficit and to look at how these deficits could be clawed back. As part of the budget process for 2020/2021 the Cabinet will be considering the funding pay awards, pensions and the creation of a TLR allowance. The TLR Allowance would be for the secondary schools and would be within the funding formula. The authority issued an additional 11 warning notices in September 2019 to schools and meetings have been held with those schools with the Head of Service and Section 151 officer. These meetings were to discuss the actions required by the respective schools to halt the deficit and to look at how these deficits could be clawed back. As part of the budget process for 2020/2021 the Cabinet will be considering the funding pay awards, pensions and the creation of a TLR allowance. The TLR Allowance would be for the secondary schools and would be within the funding formula. | Cllr Phyl Davies Lynette Lovell | 9 | 12 | • PIAP Action Plan | Action In Progress |

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|---|--|---|---|--|----------|----------|------------------------------|--------------------|
| Ref & Owner | Risk Identified | Potential Consequence | Last Review | Director or Head of Service | | | Control or Action | Status |
| ED0023 Lynette Lovell Escalated From :- Education | The council fails to make the necessary improvements in response to Estyn recommendations. | Failure to implement these recommendations will result in Estyn continuing to monitor the education service in Powys. | 17/01/2020 Review Summary: The Post Inspection Action Plan is monitored weekly at the Schools SMT. It is also monitored monthly by the Improvement and Assurance Board with key themes being developed. These themes are Vision, ALN and Leadership. Estyn improvement conference has taken place on 28 November and as a result the PIAP has been approved. The PIAP reports to the Transformation Board within the Council and there is a monthly leader's meeting to monitor progress. The Post Inspection Action Plan is monitored weekly at the Schools SMT. It is also monitored monthly by the Improvement and Assurance Board with key themes being developed. These themes are Vision, ALN and Leadership. Estyn improvement conference has taken place on 28 November and as a result the PIAP has been approved. The PIAP reports to the Transformation Board within the Council and there is a monthly leader's meeting to monitor progress. Review Summary: The post inspection action plan has been drafted and was presented to Estyn on 28/29th November 2019. | Cllr Phyl Davies Lynette Lovell | 12 | 12 | • Implementation of the PIAP | Action In Progress |

| Strategic Risk Register | | | | Portfolio | Inherent | Residua | Controls and Actions | |
|--|---|---|---|-------------------------------------|----------|---------|---|--|
| Ref & Owner | Risk Identified | Potential Consequence | Last Review | Director or Head of Service | | | Control or Action | Status |
| FIN0001 Jane Thomas Escalated From :- Financial Services | The Council is unable to manage the level of financial cuts required by the Welsh Government and the relatively poor funding position | - The Council incurs significant overspend - Projected budget will suffer an overspend - Penalties and fines may be imposed - Council reputation damaged | 07/01/2020 Review Summary: Cabinet are finalising a balanced budget proposal for 2020/2021 with a 5 year medium term plan which identifies the projected budget gaps for the 5 year period. Integrated business planning will continue to be embedded and improved across the organisation to ensure that the council can deliver its vision outcomes and objectives whilst maintaining a balanced budget and financial stability over the medium and longer term. Review Summary: 2nd Qtr 19/20, Integrated Business Planning in place, Service proposals submitted, Cabinet continue to develop a draft budget plan. Engagement with the wider Council membership, and consultation with the public commencing and development of the budget simulator. 1st Qtr 19/20 Scenario planning in place and projected budget gap calculated, development of budget commenced with Cabinet. Development of Integrated Business Planning and new approach to budgeting, focusing on outcomes. Budget planning over a 3 years rather than 1 financial year | Cllr Aled Davies Jane Thomas | 16 | 9 | <ul style="list-style-type: none"> • Medium Term Financial Strategy • Cost Recovery work • 3rd party spend reduction • Income Generation • Monthly reports to cabinet and Management Team on budget progress and progress on savings • Budget Challenge Events • Moved to a 3 year balanced budget | Withdrawn Withdrawn Withdrawn Withdrawn Withdrawn Withdrawn |

| Strategic Risk Register | | | | Portfolio | Inherent | Residua | Controls and Actions | |
|---|---|---|---|--|----------|---------|---|--|
| Ref & Owner | Risk Identified | Potential Consequence | Last Review | Director or Head of Service | | | Control or Action | Status |
| ICT0010 Helen Dolman Escalated From :- Digital Services | Non compliance with data protection legislation (General Data Protection Regulations (GDPR) and UK Data Protection Act (DPA) 2018 | <ul style="list-style-type: none"> - Potential fine of up to £17,000,000 or 4% of annual turnover - The Council is subject to regulatory data protection audits - Reputational damage - Regulatory enforcement action - Detriment to the data subjects - Civil action and associated consequences | <p>10/01/2020</p> <p>Review Summary: A breach of the GDPR and or Data Protection Act 2018 can occur not just through the disclosure of information, but by failing to comply with many aspects of the legislation. For example no provision of privacy notices, technical and organisational measures not being in place, data processing agreements not in place when personal data is being transferred to organisation processing our personal data, failing to meet timescales in the undertaking of subject access requests, failing to enable the public to exercise their rights of rectification, erasure etc.</p> <p>The IMAG planning overseen by CIGG, and the work of the CIOG support the Council's plans to reduce the potential to fail to meet the above obligations.</p> <p>Review Summary: Work continues on the IMAG plan with CIGG, which has been cancelled in September and October. Monthly discussions with SIRO ensure issues raised to EMT level.</p> <p>Review Summary: Controls and actions taken in an attempt to prevent a breach of data protection legislation and the resulting financial, and reputational risk are wide ranging due to the volume and purposes of processing personal data by the organisation. CIGG agreed the IMAG plan for 2019-2021 in March 2019, as such DPO to develop plans to monitor compliance with data protection legislation using the Information Asset Registers as a baseline.</p> <p>4th qtr 18/19 Review of some policies, training and awareness raised. Changes to mandatory training agreed</p> <p>Review Summary: restructure change of owner</p> | <p>Cllr Graham Breeze Diane Reynolds</p> | 12 | 12 | <ul style="list-style-type: none"> • Staff training • - Information Asset Register • - Development of internal records of processing • - Ensure signed agreements are appropriately stored • - Develop data controller vs data Processor check list for services • Review of postal checking regimes in place • Provision of information to EMT, HoS, and Team Meetings • - Presentations to schools • GDPR Surgeries • - Review current ISP in line with revised versions • Communication Plan • - Policies and Procedures • - Review existing Data Processing agreements • - Information sharing protocols • - Data sharing agreements • - Identify where information sharing takes place • - Implement revised WASPI Accord and templates • - Revised centralised ISP register to link to information Asset and Record of Processing Activities (ROPA) • - Create policy on services undertaking due diligence potential processors • - Create log of data processors and agreements linking to information asset and ROPA | <ul style="list-style-type: none"> Action In Progress Action In Progress Action In Progress Action In Progress Action In Progress Action In Progress Action In Progress Action Completed Action Completed Action Completed Control In Place Control In Place Control In Place Withdrawn Withdrawn Withdrawn Withdrawn Withdrawn Withdrawn |

| Strategic Risk Register | | | | Portfolio | Inherent | Residual | Controls and Actions | |
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| Ref & Owner | Risk Identified | Potential Consequence | Last Review | Director or Head of Service | | | Control or Action | Status |
| ICT0029 Julie Davies Escalated From :- Digital Services <div style="writing-mode: vertical-rl; transform: rotate(180deg); font-weight: bold; font-size: 24px;">Page 12</div> | Risk of financial loss, disruption or damage to the reputation of Powys County Council from a failure of its information technology systems and or/loss of Data due to a cyber attack or Incident. | Loss of Information systems until they can be successfully restored. Loss of data, inability to access data or public disclosure of Personal Data. Cyber risk could materialize in a variety of ways, such as: <ul style="list-style-type: none"> • Deliberate and unauthorized breaches of security to gain access to information systems. • Unintentional or accidental breaches of security. • Operational IT risks due to factors such as poor system integrity. | 30/12/2019 Review Summary: Continued improvements to Patching and compliance monitoring procedures. Continuing to work on actions identified in the Cyber Security Improvement plan. Continuing to develop Advanced Threat detection and Security improvements using O365 tools Review Summary: 3rd Qtr 19/20 1st 19/20 Quarterly review, Mitigating action and improvement plan still in place. Major Incident response process in development 4th Qtr 18/19 1. Cyber Security plan continues to be actioned, developed and maintained. 2. Cyber Essential Accreditation achieved, Cyber Essentials + accreditation is in progress. 3. Disaster Recovery Policy is in place which sets out our aspirations towards having a fully documented and operational Disaster recovery procedure. We realise there is a lot more work to be undertaken in developing the plans and procedures required to support the policy and to having a fully documented DR manual. We require a lot more input from Service areas to be able to plan and agree recovery time objectives and priorities to complete these plans. | Cllr Graham Breeze Diane Reynolds | 12 | 9 | <ul style="list-style-type: none"> • Major Incident response processes • Disaster Recovery Procedures • Cyber Security Improvement Plan • Cyber Security Certification | Action In Progress Action In Progress Control In Place Control In Place |

| Strategic Risk Register | | | | Portfolio | Inherent | Residual | Controls and Actions | |
|-------------------------|--|---|---|---|----------|----------|---|--|
| Ref & Owner | Risk Identified | Potential Consequence | Last Review | Director or Head of Service | | | Control or Action | Status |
| PCC0002 Greg Thomas | The impact on the Council as a result of Brexit. | <ul style="list-style-type: none"> - Increased service demand; - Relocation from the EU to Powys of families - estimated at 500; - Fuel shortages; - Loss of access to external (EU) funding programmes; - Reduced income to Powys County Council; - External market factors; - GDPR compliance; - Potential financial crash; - Unable to recruit/retain staff (EU Nationals); - Employee workload; - Delays/disruption to food and/or essential supplies. | <p>16/01/2020</p> <p>Review Summary: Following the successful vote on the 2nd reading of the Withdrawal Agreement Bill, the Prime Minister confirmed that Operation Yellowhammer should be halted with immediate effect due to the decreased likelihood of the UK leaving the EU without a deal on 31 January 2020. This means that the operational phase of Yellowhammer will not now be stood up in January 2020 and no further preparation is needed for a no deal exit on 31 January 2020.</p> <p>However, whilst we are standing down no deal preparations, Powys County Council are continuing to work to ensure that any adverse impacts of Brexit are mitigated as far as possible. Powys County Council are also working to identify opportunities to the organisation that may arise from Brexit. Work has been done to ensure that citizens are best placed to understand the changes that Brexit will bring.</p> <p>At this stage we are now awaiting guidance from the Welsh Local Government Association (WLGA) and Welsh Government, to ensure that we are best placed for the transition period. A Strategic Brexit Risk Register is held, and reviewed by the Strategic Brexit Coordination Group. Review Summary: The Strategic Brexit Coordination Group (BCG) has conducted impact assessments, and where appropriate controls and monitoring are in place. PCC is prepared as far as practicable for any Brexit scenario, and we wait further guidance for UK and Welsh Government. A Strategic Brexit Risk Register is held, and reviewed on a monthly basis. Further explanation is provided in the risk report.</p> | <p>Cllr Rosemaire Harris Nigel Brinn</p> | 12 | 9 | <ul style="list-style-type: none"> • Close monitoring • Continue to monitor economic indicators • Ongoing dialogue with external advisers • Cabinet briefed • Advice from pension advisers • Continue to work with WEFO | <ul style="list-style-type: none"> Action In Progress Action In Progress Action In Progress Control In Place Control In Place Control In Place |

| Strategic Risk Register | | | | Portfolio | Inherent | Residual | Controls and Actions | |
|-------------------------|-----------------|-----------------------|--|-----------------------------|----------|----------|----------------------|--------|
| Ref & Owner | Risk Identified | Potential Consequence | Last Review | Director or Head of Service | | | Control or Action | Status |
| | | | <p>Review Summary: Risk has been reviewed and risk rating increased due to the current uncertainties regarding Britain's exit from the European Union, and a potential 'No-Deal' Scenario on October 31st 2019. The Strategic Brexit Coordination Group (BCG) has conducted impact assessments, and where appropriate controls and monitoring are in place. PCC is prepared as far as practicable for any Brexit scenario, and we wait further guidance for UK and Welsh Government.</p> <p>Review Summary: Risk has been reviewed in light of the latest announcements from the EU, and the establishment of the internal Strategic Brexit Co-Ordination Group. 4th Qtr 18/19</p> <ul style="list-style-type: none"> - The Strategic Brexit Co-Ordination Group has been established, which has identified 82 service level, and 11 strategic potential impacts as a result of Brexit. Where appropriate, mitigation has been put in place for these impacts. - Latest negotiations between the UK Government and the EU have suggested that a no deal Brexit is increasingly unlikely, therefore the risk level has been reduced. <p>Review Summary: Ownership of Risk moved</p> | | | | | |

| Strategic Risk Register | | | | Portfolio | Inherent | Residual | Controls and Actions | |
|--------------------------------|--|--|---|---|----------|----------|--|---|
| Ref & Owner | Risk Identified | Potential Consequence | Last Review | Director or Head of Service | | | Control or Action | Status |
| PCC0003 Caroline Turner | The council receives a negative regulatory / inspection report | <ul style="list-style-type: none"> - Meeting regulatory and legislative duties - Managing demand on the service - Recruitment and retention of staff - Staff morale - Reputational damage | <p>08/01/2020</p> <p>Review Summary: On behalf of Caroline Turner: Regulatory Services continue to receive a high level of scrutiny and support across the Council. Robust support and challenge arrangements continue to be in place for Social Services, and are now in place for Education Services under the auspices of the Improvement and Assurance Board, as well as the Leader's Monthly Group Leaders meetings, and Scrutiny Committee arrangements. We are also ensuring that improvements in Housing are prioritised so that we can quickly demonstrate compliance with regulatory requirements. Whilst progress is being made in all areas this will continue to be a key focus for the Council for the rest of 2020.</p> <p>Review Summary: Qtr 2 – Estyn undertook an inspection of education services in July 2019, and their report was published in Sept. Estyn noted that they had significant concerns about the education services and made five recommendations for the council to address, which the council accepts in full. A post-inspection action plan is being prepared and will be discussed with Estyn at a post-inspection meeting in November 2019. The Schools Transformation Board has been re-established, regular reports will be submitted to Learning and Skills Scrutiny Committee and the Leader is establishing a Group Leaders' meeting that will meet monthly to consider progress in implementing the recommendations.</p> <p>CIW continue to monitor Social Services and we expected full inspections of Children Services and Adult Services over the 12 months.</p> | <p>Cllr Rosemaire Harris</p> <p>Caroline Turner</p> | 20 | 20 | <ul style="list-style-type: none"> • Improvement and assurance board • Improvement plans • Communications strategy (internal/external) • close working relationships with regulators • corporate support provided to services • close working relationship with WG | <p>Control In Place</p> <p>Control In Place</p> <p>Control In Place</p> <p>Control In Place</p> <p>Control In Place</p> <p>Control In Place</p> |

| Strategic Risk Register | | | | Portfolio | Inherent | Residual | Controls and Actions | |
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| Ref & Owner | Risk Identified | Potential Consequence | Last Review | Director or Head of Service | | | Control or Action | Status |
| | | | <p>2nd Qtr 19/20</p> <p>Review Summary: Draft health and social care strategic framework has been developed</p> <p>Overall risk progress: Draft health and social care strategic framework has been developed</p> <p>2nd Quarter progress of supporting mitigating actions are as follows:</p> <p>Developing digital solutions and services</p> <p>-A Digital First Executive Group has been established under the Health and Care Strategy and a Strategic Framework is in development</p> <p>Improving education attainment of all pupils</p> <p>-In secondary schools, new qualifications have been introduced during the past three years. Welsh Government have also introduced interim key stage 4 performance measurement arrangements with a change from Level 2 qualifications (A*- C) to Capped 9 Average Point Score.</p> <p>Key stage 4 and 5 data within the report remains provisional as we await the verified data available in December 2019.</p> <ul style="list-style-type: none"> In Powys, there was an improvement of 6.1 points in the average Capped 9 points score for individual pupils. The average Capped 9 point score has increased in 7 out of 11 Powys secondary schools. Across ERW, the average Capped 9 point score increased by 10.9 points. Powys is ranked 3rd across the ERW local authorities. <p>Developing a workforce strategy which ensures Council is an excellent employer</p> <p>-Draft Council workforce strategy has been produced</p> | | | | | |

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| | | | <p>Growing our own workforce, including the scoping of a rural academy of learning which would offer social care qualifications</p> <ul style="list-style-type: none"> -Rural academy proposal is being developed by the Workforce Futures Board as part of the Workforce Futures Strategic Framework <p>Consideration of a joint bank of staff available to maintain staffing levels and reduce risk</p> <ul style="list-style-type: none"> -Proposal being developed <p>Investigation of the Apprenticeship framework to see what can be offered to younger people to attract them into social care roles</p> <ul style="list-style-type: none"> -Joint apprenticeship scheme now in place <p>Conduct research to understand the workforce profile in health and social care</p> <ul style="list-style-type: none"> -Research complete and underpins draft Workforce Futures Strategic Framework <p>-All other mitigating actions that support this risk have nothing to report this quarter. Review Summary: 1st Qtr 19/20 No change this quarter</p> | | | | | |

| Strategic Risk Register | | | | Portfolio | Inherent | Residual | Controls and Actions | | | | | | | | | | | | | | | | | | |
|-------------------------|-----------------|-----------------------|---|-----------------------------|----------|----------|----------------------|--------|--|---------------------|--------|--------|--|--------|--------|-----|--------|--------|--|--------|--------|--|--|--|--|
| Ref & Owner | Risk Identified | Potential Consequence | Last Review | Director or Head of Service | | | Control or Action | Status | | | | | | | | | | | | | | | | | |
| | | | <p>Review Summary: 4th Qtr 18/19</p> <p>Powys as a whole faces a significant long-term workforce challenge because demographic change is leading to an increase in older people (75+) and a decline in the number of people of working age. This information is based upon the Welsh Government Population Projections (2016) - http://pstatic.powys.gov.uk/fileadmin/Docs/Statistics/Themes/Population/R_POPPROJ_19-09-10129-2016-en.pdf</p> <table border="1"> <thead> <tr> <th>Age Group</th> <th>2014</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>2029</td> <td>2039</td> <td></td> </tr> <tr> <td>Working Age (16-64)</td> <td>77,200</td> <td>73,500</td> </tr> <tr> <td></td> <td>65,200</td> <td>56,900</td> </tr> <tr> <td>75+</td> <td>15,100</td> <td>17,600</td> </tr> <tr> <td></td> <td>24,000</td> <td>28,200</td> </tr> </tbody> </table> <p>The figures suggest that compared to 2014 there are now approximately 4,000 fewer people of a working age in Powys. In ten years' time that figure will have increased to 12,000 (ie a 15% reduction in our working age population) at the same time as we will see an increase in over 75s of nearly 60%. This risk will impact on the whole council, albeit some services may feel the impact at different times. We therefore need to take a whole council approach to our management of this risk. Vision 2025 sets out the Council's Improvement Plan for the next five years and there are a number of commitments contained in that document that will help to mitigate this risk, including:</p> <p>Promoting Powys as a place to live, visit and do business - Head of Housing and Community Development</p> <p>Improving skills and supporting people to get good quality jobs- Head of Education</p> <p>Developing a health and care workforce for the future - Head of Workforce and Organisational Development</p> | Age Group | 2014 | 2019 | 2029 | 2039 | | Working Age (16-64) | 77,200 | 73,500 | | 65,200 | 56,900 | 75+ | 15,100 | 17,600 | | 24,000 | 28,200 | | | | |
| Age Group | 2014 | 2019 | | | | | | | | | | | | | | | | | | | | | | | |
| 2029 | 2039 | | | | | | | | | | | | | | | | | | | | | | | | |
| Working Age (16-64) | 77,200 | 73,500 | | | | | | | | | | | | | | | | | | | | | | | |
| | 65,200 | 56,900 | | | | | | | | | | | | | | | | | | | | | | | |
| 75+ | 15,100 | 17,600 | | | | | | | | | | | | | | | | | | | | | | | |
| | 24,000 | 28,200 | | | | | | | | | | | | | | | | | | | | | | | |

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| Ref & Owner | Risk Identified | Potential Consequence | Last Review | Director or Head of Service | | | Control or Action | Status |
| | | | <p>Developing digital solutions and services - Corporate Director - Transformation</p> <p>Improving education attainment of all pupils - Head of Education</p> <p>Improving the skills and employability of young people and adult - Head of Education</p> <p>Support communities to be able to do more for themselves and reduce demand on public services -Head of Housing and Community Development</p> <p>Developing a workforce strategy which ensures Council is an excellent employer - Head of Workforce and Organisational Development</p> <p>In addition, Adult Social Services and Children's Services are taking a number of specific actions, supported by Workforce and Organisation Development to tackle the issue, which is already having a significant impact in domiciliary care staff recruitment and social work recruitment. Here there are areas where recruitment and retention is more difficult, including mental health social workers who are AMHP qualified, where a number of recent campaigns resulted in 19 applicants but only two people being appointed. Within domiciliary care, it is becoming more difficult for providers to recruit staff.</p> <p>Actions that are being taken forward in 2019-20 to mitigate the immediate social care risks include:</p> <p>Increase use of direct payments and the dynamic purchasing system are intended to secure more creative approaches - Head of Commissioning (Children's and Adults)</p> <p>Develop an Adults' Service recruitment and retention strategy, based on a strong brand promoting positive values and working/living environment - Head of Workforce and</p> | | | | | |

| Strategic Risk Register | | | | Portfolio | Inherent | Residual | Controls and Actions | |
|-------------------------|-----------------|-----------------------|---|-----------------------------|----------|----------|----------------------|--------|
| Ref & Owner | Risk Identified | Potential Consequence | Last Review | Director or Head of Service | | | Control or Action | Status |
| | | | <p>Organisational Development</p> <p>Growing our own workforce, including the scoping of a rural academy of learning which would offer social care qualifications to support role requirements within the Council and the Health Board - Head of Workforce and Organisational Development</p> <p>Formal partnership with the Open University and secondment of students - Head of Adult Services and Head of Children Services</p> <p>Consideration of a joint bank of staff available to maintain staffing levels and reduce risk - Head of Workforce and Organisational Development</p> <p>Investigation of the Apprenticeship framework to see what can be offered to younger people to attract them into social care roles - Head of Workforce and Organisational Development</p> <p>Build better connections with schools within Powys and universities within Wales and just across the border in order to attract younger people to work in Powys - Head of Education</p> <p>Conduct research to understand the workforce profile in health and social care - Head of Workforce and Organisational Development</p> <p>Telehealth and telecare - Head of Commissioning (Children's and Adults)</p> <p>Review Summary: Reviewed 07/02/19</p> | | | | | |

| Strategic Risk Register | | | | Portfolio | Inherent | Residua | Controls and Actions | |
|---|--|---|--|-------------------------------------|----------|---------|---|--|
| Ref & Owner | Risk Identified | Potential Consequence | Last Review | Director or Head of Service | | | Control or Action | Status |
| PPPP0007 Gwilym Davies Escalated From :- Property, Planning, and Public Protection Page 22 | Heart of Wales Property Services (HOWPS) | <ul style="list-style-type: none"> - Failure of statutory functions. - Failure to perform repairs and maintenance. - Failure to achieve projected savings. - Reputational damage to PCC. - Cost to PCC for poor performance. - Officer time costs (due to additional workload). - Financial Risk to HRA and wider Authority. - Critical Wales Audit Office Report. - Non-delivery of key projects due to lack of resources. - Financial Risk to HRA and wider Authority. - Critical Wales Audit Office Report. | 16/01/2020 Review Summary: 3rd Qtr. 19/20: <ul style="list-style-type: none"> • Continued monitoring of HOWPS performance via monthly Contract Management Forums. • Additional monitoring now in place of HOWPS performance with service-specific meetings to monitor various issues including statutory testing, complaints, asbestos tracking, void management and the inspection and servicing of domestic heating systems. • A Rectification Plan has been received from HOWPS for services, provided for both Corporate and Housing, which are falling below the acceptable performance level. The Rectification Plan in its original form was rejected by the Council. A revised Rectification Plan is now awaited from HOWPS. Review Summary: 2nd Qtr 19/20: <ul style="list-style-type: none"> - Performance monitoring in place. - Pre-Board meetings attended by key internal stakeholders have been set up to discuss high level issues. Actions from meeting escalated to HOWPS Board. - Communication plan reviewed monthly. Review Summary: 1st Qtr 19/20 <ul style="list-style-type: none"> - Performance monitoring in place. - Pre-Board meetings attended by key internal stakeholders have been set up to discuss high level issues. Actions from meeting escalated to HOWPS Board. - Communication plan reviewed monthly. 4th Qtr 18/19 <ul style="list-style-type: none"> - Performance monitoring in place. - Communication plan reviewed monthly. | Cllr Phyl Davies Nigel Brinn | 9 | 9 | <ul style="list-style-type: none"> • Potential to invoke step in clauses for specific parts of the contract in line with contract • Awaiting consultation resource plan. • Performance monitoring • Utilisation of contract document to escalate issues. • Development of evidence and fall-back systems • Introduced weekly officer level meetings • Development of contingency plans for contract failure • Head of Service on HOWPS Board of Directors. • Portfolio Holder on HOWPS Board of Directors. • Escalation of risk and concerns to Chief Executive and Strategic Directors. • Recovery plan submitted by Kier on behalf of HOWPS. • Additional resources allocated by Kier (3.5 FTE Change Managers). • Close monitoring by Directors/Portfolio Holder/Chief Executive/Strategic Directors. | Action In Progress Action In Progress Action In Progress Action In Progress Action In Progress Action In Progress Action In Progress Control In Place Control In Place Control In Place Control In Place |

| Strategic Risk Register | | | | Portfolio | Inherent | Residual | Controls and Actions | |
|---|--------------------------------------|---|---|-------------------------------------|----------|----------|---|--|
| Ref & Owner | Risk Identified | Potential Consequence | Last Review | Director or Head of Service | | | Control or Action | Status |
| PPPP0008 Gwilym Davies Escalated From :- Property, Planning, and Public Protection | Lack of adequate resilience planning | '- Non-compliance with Civil Contingencies Act (CCA) 2004 - Failure to deliver critical services in the event of a declared emergency or event - Disruption to business as usual activities | 17/01/2020 Review Summary: 3rd Qtr. 19/20 • The 2019 SWAP audit was completed, and feedback was Crisis management is well controlled in partnership with the Local Resilience Forum • 4 Gold officers trained; • 5 officers are booked in for Silver training (courses April and October 2020). • Loggist training delivered (in conjunction with PTHB) to 6 PCC staff. An additional 4 staff will be trained in 2020. • 1 officer working towards Level 3 Education & Training in order to deliver more in-house training in conjunction with PTHB. Review Summary: 2nd Qtr 19/20 • Service and Corporate Business Continuity Plans fully updated; • Creation of new Incident Management Guide (in draft form); • Review of contingency planning documents underway; • Four Gold/Strategic Officers Trained; • Loggist masterclass training undertaken by Civil Contingency team member, this will be delivered to other officers throughout quarter three; • Participation in Exercise Wales Connect; • Continued engagement at multi-agency Local Resilience Forum meetings. Review Summary: 1st Qtr 19/20 - Three SLT members have completed gold training. - Loggists, silver and gold training being requested. - Operation Wales Connet planned for July 2019 (Training) 4th Qtr 18/19 -Gold training to be promoted to SLT. -Two SLT enlisted on gold training. -Emergency planning awareness presentation to SLT completed 10/04/2019. | Cllr Phyl Davies Nigel Brinn | 6 | 4 | • '- Education and training programme • - Business Continuity Management (BCM) Group • - Service Business Continuity Plans (BCP) • - Corporate BCP • - Major Incident Plan • - Self-evaluation of BCM incorporated into SIP process • - PCC representation on Dyfed Powys Local Resilience Forum (LRF) • - 24/7 Duty Emergency Planning Officer to facilitate PCC response | Control In Place Control In Place Control In Place Control In Place Control In Place Control In Place Control In Place |

| Strategic Risk Register | | | | Portfolio | Inherent | Residual | Controls and Actions | |
|---|-----------------|-----------------------|-------------|-----------------------------|----------|----------|----------------------|--------|
| Ref & Owner | Risk Identified | Potential Consequence | Last Review | Director or Head of Service | | | Control or Action | Status |
| <div style="display: flex; justify-content: space-between; width: 100%;"> Page 24 </div> | | | | | | | | |

Heatmap Inherent and Current



Inherent Ratings Summary Heatmap

Residual Ratings Summary Heatmap

Probability



Page 25

Insignificant

Minor

Moderate

Major

Catastrophic

Impact

Insignificant

Minor

Moderate

Major

Catastrophic

Impact

Detailed Risk Information

Residual and Target Rating Changes since 26/07/2019

| Risk Ref | Risk Identified | Owner | Service Area | Prev Inherent Rating | -> | Inherent Rating | Prev Residual Rating | -> | Residual Rating |
|----------|--|-----------------|---|----------------------|----|-----------------|----------------------|----|-----------------|
| PCC0004 | Significant long term decrease in the working age population impacts on Council's ability to recruit and retain or commission the workforce it requires | Ness Young | Powys County Council | 28 | | 25 | 21 | | 20 |
| PCC0003 | The council receives a negative regulatory / inspection report | Caroline Turner | Powys County Council | 15 | | 20 | 15 | | 20 |
| ED0023 | The council fails to make the necessary improvements in response to Estyn recommendations. | Lynette Lovell | Education | No Previous | | 12 | No Previous | | 12 |
| ICT0010 | Non compliance with data protection legislation (General Data Protection Regulations (GDPR) and UK Data Protection Act (DPA) 2018 | Helen Dolman | Digital Services | 21 | | 12 | 14 | | 12 |
| ED0022 | The council will be unable to manage the schools budget without extra resource and finance and this will affect every individual school in Powys that has a deficit budget. | Lynette Lovell | Education | No Previous | | 9 | No Previous | | 12 |
| FIN0001 | The Council is unable to manage the level of financial cuts required by the Welsh Government and the relatively poor funding position | Jane Thomas | Financial Services | 15 | | 16 | 10 | | 9 |
| ICT0029 | Risk of financial loss, disruption or damage to the reputation of Powys County Council from a failure of its information technology systems and or/loss of Data due to a cyber attack or Incident. | Julie Davies | Digital Services | 15 | | 12 | 10 | | 9 |
| PCC0002 | The impact on the Council as a result of Brexit. | Greg Thomas | Powys County Council | 15 | | 12 | 6 | | 9 |
| CS0009 | Ability to meet the requirements of the MTFS / Retaining grant funding around posts within Children's Services | Jan Coles | Children's Services | 15 | | 9 | 15 | | 9 |
| PPPP0007 | Heart of Wales Property Services (HOWPS) | Gwilym Davies | Property, Planning, and Public Protection | 15 | | 9 | 15 | | 9 |
| PPPP0008 | Lack of adequate resilience planning | Gwilym Davies | Property, Planning, and Public Protection | 10 | | 6 | 3 | | 4 |

Report Selection Criteria

(REP_RECORD_CROSSCUT.Business Unit Code = @StrategicBusinessUnitCode AND (REP_RECORD_CROSSCUT.Status Flag <> "WITHDRAWN"))
and REP_RECORD_CROSSCUT.Record Type=1

Powys County Council

Report of Internal Audit Activity

Progress as at 30/01/2020

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Agenda Item 7

Contents

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| | | | |
|---|--------------------|--|-----------|
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| | | Role of Internal Audit | Page 1 |
| ➡ | Control Assurance: | | |
| | | Internal Audit Activity and Delivery | Page 2-3 |
| | | Summary of Partial Opinions | Page 4 -6 |
| ➡ | Plan Performance: | | |
| | | Changes to the Plan | Page 7 |
| | | Performance | Page 7-8 |
| | | Conclusion | Page 8 |
| ➡ | Appendices: | | |
| | | Appendix A – Audit Framework Definitions | |
| | | Appendix B – Summary of Work Activity Q3 2019/20 | |



Role of Internal Audit

The Internal Audit planning process considers the objectives of the Council and the risks that it faces in not achieving those objectives.

The coverage of the audit plan will enable the Head of Internal Audit to form an opinion on the overall control environment.

The Internal Audit Service for Powys County Council is provided by the South West Audit Partnership (SWAP). SWAP has adopted and works to the Standards of the Institute of Internal Auditors and is also guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS). The work of the Partnership is also guided by the 'Internal Audit Charter' that was approved in May 2019.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work is driven by the risks the Council faces of not delivering front line and Support services to achieve the objectives outlined in "Vision 2025".

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work includes:

- Operational Audit Reviews
- Cross Cutting School Themes
- Governance Audits
- Annual Review of Key Financial System Controls
- IT Audits
- Grants
- Schools
- Follow-up Audits
- Other Special or Responsive Reviews

Summary of Work 2019/20



Internal Audit Activity

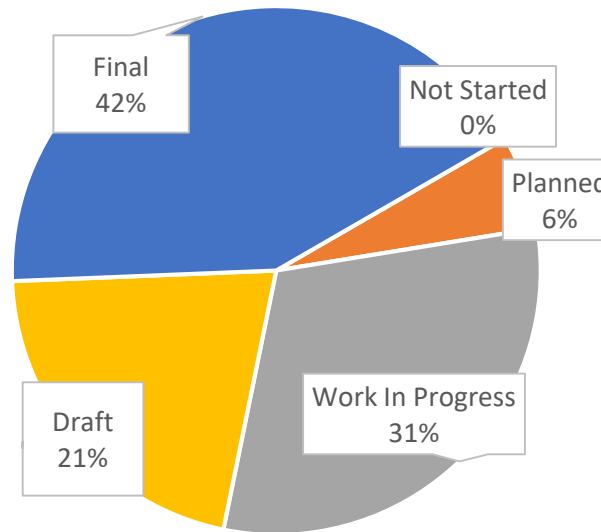
Audit Plan Progress 2019/20 @ 31/01/2020

| Assignment Status | No. |
|-------------------|-----|
| Completed | 22 |
| Draft | 11 |
| Work in Progress | 16 |
| In Prep/ Planned | 4 |
| Not Started | 0 |

The schedule provided at Appendix B contains a list of all audits for 2019/20 that have some form of audit activity. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan.

Each completed assignment includes its respective “assurance opinion” rating together with the number and relative ranking of recommendations that have been raised with management. In such cases, the Committee can take assurance that improvement actions have been agreed with management to address these. The assurance opinion ratings have been determined in accordance with the Internal Audit “Audit Framework Definitions” as detailed in Appendix A of this document.

Progress of Audit Plan as at January 2020



Audit Planning 2020/21

Internal Audit should focus on producing a risk based plan that allows the Head of Internal Audit to give assurance to the Audit Committee that the Council has adequate systems of control.

Added Value

'Extra feature(s) of an item of interest that go beyond the standard expectations and provide something more whilst adding little or nothing to its cost.

To assist the Committee in its important monitoring and scrutiny role, in those cases where weaknesses have been identified in service/function reviews that are considered to represent significant service risks, a summary of the key audit findings that have resulted in them receiving a 'Partial Assurance Opinion' is given as part of this report.

Preparations have already begun for the 2020/21 audit plan. These include:

- SWAP has carried a review of the top 20 risks across the Sector
- Initial review of Powys corporate and service risk register
- Meeting with the Director of Resource and Transformation to map out the audit engagement and approval process
- Formalising arrangements with other assurance providers

Further work is still to be undertaken which will include:

- A review of the Council's Corporate objectives
- Obtaining the views of the Senior Leadership Team,
- Obtaining the views of the Executive Directors
- Obtaining the views of Members (Internal Audit Working Group)

Primarily, Internal Audit is an assurance function and will remain as such. However, as we complete our audit reviews and through our governance audit programmes across SWAP, we seek to bring information and best practice to managers to help support their systems of risk management and control.

During this year, SWAP has added value through the circulation of industry bulletins and fraud prevention alerts wherever possible. We also share the outcomes of any benchmarking undertaken across our partner base. SWAP also aims to share the results of emerging areas of risk, or findings from relevant audit reviews undertaken at our Partners.

Summary of Partial Opinions

Summary of Partial Opinions

- These are areas that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.

The assignments below are audits that have been awarded partial assurance and are brought to the attention of the Committee.

Patch Management

Patching is the process of repairing system vulnerabilities which are discovered after the infrastructure components have been released on the market. Therefore, it is necessary to devise a patch management process to ensure the proper preventive measures are taken against potential threats.

Importance of Patch Management

- *Security:* The most critical and obvious benefit of patch management is heightened network security, by securing your network before hackers exploit a program's security vulnerabilities, you can avoid the data theft, legal issues and lasting reputation damage that often follows a security breach.
- *Productivity:* A patched system is an efficient one, as it helps you get the most out of your programs and reduce downtime. A single patch can lead to a considerable boost in network productivity, and an entire patch management system can transform the efficiency of your entire company.
- *Compliance:* With the increase in security breaches has come increased regulations that require companies in many industries to follow security best practices. Government institutions are among the most heavily regulated. Failure to comply could potentially result in legal penalties for the business. Patch management ensures you stay within compliance of these standards.
- *Remote protection:* More businesses than ever are encouraging agile/remote working. Patch management programs can be implemented as part of a remote workforce support solution to protect all your company's devices, no matter where in the world they're located.
- *Innovation:* Technology is moving quickly, patches (which usually contain new features and functionality) allow you to keep up with the latest technological innovations and improve your services without the need to buy entirely new software

The main findings of the audit were:

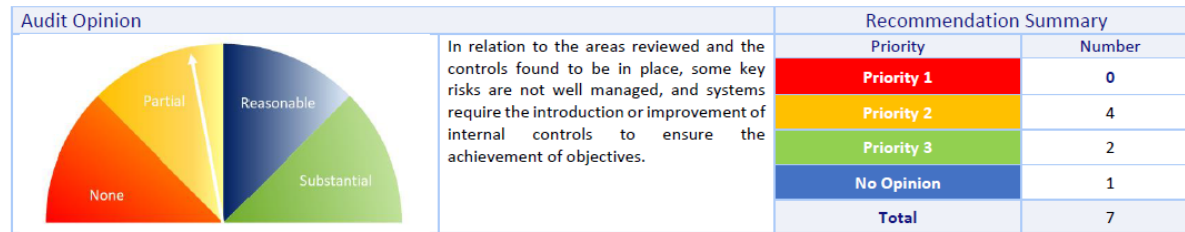
All patches were loaded straight into the live system without testing them beforehand. If the patch caused an issue, this could result in a loss of service for end users which in turn would result in a loss of service to the citizens of Powys

SWAP Performance - Summary of Partial Opinions (Cont'd)

- These are areas that we have identified as being high priority and that we believe should be brought to the attention of the Audit Committee.

The patch status of devices could not be determined as this test could not be completed due to documentation not being received from the ICT department despite several requests. Therefore, no opinion can be offered on the efficiency and effectiveness of patch installations, although the last security review performed by an external party (SEC-1) identified 14 high risk vulnerabilities and 3 medium risk vulnerabilities which related to patches not being installed.

There were no records maintained by Powys County Council for patch deployment. This could result in patches being missed or the installation being delayed. There were no documents that relate to 'back out arrangements' in the event of an issue arising from a patch deployment. There could be confusion in the event of a failure with the wrong recovery procedures taking place.



Deprivation of Liberty Safeguarding (DoLS)

DoLS was introduced in 2009 as part of the Mental Capacity Act 2005, it incorporates principles from the Mental Capacity Act and Human Rights Act. The DoLS are additional safeguards to protect the rights of people who are deprived of their liberty by undertaking a set of checks designed to ensure that a person in a care home or hospital who is deprived of their liberty is protected and that this course of action is both proportionate and, in the person's, best interests.

The assessments are managed and authorised by Powys County Council for residents of residential or nursing homes. A DoLS team within Adult Services is responsible for processing the applications. There are two types of DoLS authorisations:

- Standard Authorisation - An authorisation given by a supervisory body, after completion of the statutory assessment process, giving lawful authority to deprive a relevant person of their liberty in the relevant hospital or care home.
- Urgent Authorisation - An authorisation given by a managing authority for a maximum of seven days, which may subsequently be extended by a maximum of a further seven days by a supervisory body, that gives the managing authority lawful authority to deprive a person of their liberty in a hospital or care home while the standard deprivation of liberty authorisation process is undertaken.

Summary of Work 2019/20

These Partial Opinion audits will be referred to the next Internal Audit Sub Committee where officers will be in attendance to outline their plans to improve performance in these areas.

Audit Conclusion

On a national level, a Supreme Court ruling in March 2014 widened the scope of when someone is being deprived of their liberty. This resulted in an increase in the number of applications for DoLS authorisations creating issues for Local Authorities with the management of the workload. A Law Commission report produced in March 2017 recommended that DoLS should be repealed. The government responded that the DoLS system should be urgently replaced and introduced the Mental Capacity (Amendment) Bill in 2018. Although the Bill is still progressing through Parliament, new DoLS legislation is due to come into place in October 2020.

The Authority is significantly failing to carry out DoLS assessments in line with statutory requirements and national guidance. Data indicates that there has been a failure to process DoLS assessments within the statutory timescales. This is supported by the following:-

- For Powys County Council in 2018/19, 4% of urgent referrals were completed within the statutory 7-day timescale and 6% within the 21-day timescale for standard/renewal referrals.
- During the year, 452 referrals were received, with an urgent referral taking on average 151 days to process and a standard referral taking 146 days to process. A backlog of 371 unprocessed referrals at 31st March 2019.

Performance data from the Mid & West Wales Regional Safeguarding Board for 2018/19 indicates that other Local Authorities in the region have comparable workloads and similar low performance levels as regard the proportion of referrals completed within the statutory timescales. The Annual Monitoring Report for Health & Social Care 2017/18 produced jointly by the Care Inspectorate Wales and the Healthcare Inspectorate Wales also demonstrates that there are issues with performance throughout Welsh Local Authorities.

| Audit Opinion | Recommendation Summary | |
|---|------------------------|----------|
| <p>In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.</p> | Priority | Number |
| | Priority 1 | 2 |
| | Priority 2 | 3 |
| | Priority 3 | 1 |
| | Total | 6 |

We keep our audit plans under regular review to ensure that we audit the right things at the right time.

The Audit Committee should be made aware of those issues that hinder the effective operation of the Internal Audit Service.



Changes to the Plan

Internal Audit Plans have been developed using a risk-based approach which utilizes the Council’s risk register as a focus of activity together with engagement with the Council’s Executive and Service Managers.

Internal Audit embraced an agile approach to audit planning i.e. shorter term to ensure there was flexibility around the plan to allow the focus on ever changing needs and priorities.

A quarter 1 plan was agreed by Executive Management and approved by the Committee

A quarter 2 plan was not agreed and therefore the Head of Internal Audit selected the work programme using his cumulative knowledge and experience

Quarters 3 & 4 were presented to Executive Management Team on the 7th October. A revised plan was approved at the Audit Committee meeting on the 19th December 2019.

The additional work associated with the Theatr Brycheiniog payment and Audit Committee review was more significant than planned. Whilst every effort will be made to look for efficiencies, it is likely that work on a commissioning assignment will be carried forward to the first quarter of 2020/21. In addition, the School ICT Themed Review has been replaced with an ICT Risk Assessment.



Performance

| Performance Measure | Performance Target | Actual Q3 | Commentary |
|---|--------------------|-----------------------------|---|
| <u>Delivery of Annual Internal Audit Plan</u> Completed at Year End | >90% | 63% Complete or in Draft | Delivery is improving and is likely to meet the performance target. |

| | | | |
|---|------|-----------------|---|
| | | | |
| <p>Quality of Audit Work Overall Client Satisfaction <i>(did our audit work meet or exceed expectations, when looking at our Communication, Auditor Professionalism and Competence, and Value to the Organisation)</i></p> | >90% | 94.3% Satisfied | On Track |
| <p>Outcomes from Audit Work Recommendations Accepted by the Client <i>(did the Client accept that the Internal Audit work added value)</i></p> | >90% | 98.1% Accepted | 101 Recommends Made 99 Accepted On -Track |

 **Conclusion**

The delivery of the Internal Audit programme is improving, but is still behind the expected position for this point in the year. However, SWAP have and will continue to bring in additional resources to boost the plan delivery therefore ensuring that a sufficient body of work is completed in Powys to be able to give an annual audit opinion.

Members are asked to note the issues identified in the partial opinion reports and be assured that they are being tracked by the Internal Audit Working Group. Follow-up reports will be undertaken in each area by SWAP.

Performance in terms of the Quality and outcomes of work are on track.

At the conclusion of audit assignment work each review is awarded a “Control Assurance Definition”;

- Substantial
- Reasonable
- Partial
- None



Audit Framework Definitions

Control Assurance Definitions

| | | |
|--------------------|---------|---|
| Substantial | ▲ ★ ★ ★ | I am able to offer substantial assurance as the areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed. |
| Reasonable | ▲ ★ ★ ☆ | I am able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks are well managed but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives. |
| Partial | ▲ ★ ☆ ☆ | I am able to offer Partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives. |
| None | ▲ ☆ ☆ ☆ | I am not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks are not well managed and systems require the introduction or improvement of internal controls to ensure the achievement of objectives. |

Categorisation of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors; however, the definitions imply the importance.

| Directorate/Service | Audit Type | Audit Name | Quarter | Status | Opinion | No. of recs | Recommendations | | |
|---|-----------------------------|--------------------------------|----------------|--------|-----------------|-------------|-----------------|---|---|
| | | | | | | | 1 | 2 | 3 |
| *Adult care services | Operational | Safer Recruitment 19/20 | April 2019 | Draft | Substantial | 0 | 0 | 0 | 0 |
| * Healthy Organisation | Strategic | Healthy Organisation | April 2019 | WIP | Advisory report | 0 | 0 | 0 | 0 |
| *Adult care services | Operational | D.O.L.S | May 2019 | Final | Partial | 6 | 2 | 3 | 1 |
| *Children and families services | Operational / Investigation | Standby Payments | May 2019 | Final | Advisory | 0 | 0 | 0 | 0 |
| *Community safety and emergencies | Operational | Crisis Management 19/20 | April 2019 | Final | Substantial | 3 | 0 | 0 | 3 |
| *Education and skills | Operational | Ysgol Bro Tawe 19/20 | June 2019 | Final | Substantial | 3 | 0 | 1 | 2 |
| *Information and communication technology | Operational | Patch Management 19/20 | June 2019 | Final | Partial | 6 | 0 | 4 | 2 |
| *Education and skills | Operational | Ysgol Golwg y Cwm 19/20 | May 2019 | Final | Reasonable | 9 | 3 | 3 | 3 |
| *Education and skills | Operational | Ysgol Gymraeg Dyffryn 19/20 | May 2019 | Final | Partial | 5 | 1 | 3 | 1 |
| *Education and skills | Follow-up Audit | Crickhowell High School 19/20 | September 2019 | Draft | | 4 | 2 | 2 | 0 |
| *Finance | Grant | NTSB Grant Certification 19/20 | May 2019 | Final | Certified | 0 | 0 | 0 | 0 |

| Directorate/Service | Audit Type | Audit Name | Quarter | Status | Opinion | No. of recs | Recommendations | | |
|---------------------|-----------------------|--|------------|------------------|------------|-------------|-----------------|---|---|
| | | | | | | | 1 | 2 | 3 |
| Finance | Grant | Welsh Gov Education Grant EIG/ PDG 17/18 | May 2019 | Final | Certified | 0 | 0 | 0 | 0 |
| Finance | Grant | Welsh Gov Education Grant EIG /PDG 18/19 | Sept 2019 | Final | Certified | 0 | 0 | 0 | 0 |
| *Finance | Operational | Budgeting 19/20 | April 2019 | Final | Reasonable | 6 | 0 | 5 | 1 |
| *Finance | Operational | Capital Accounting | April 2019 | Final | Partial | 3 | 1 | 2 | 0 |
| *Finance | Fraud | National Fraud Initiative 19/20 | April 2019 | Work in Progress | - | 0 | 0 | 0 | 0 |
| *Finance | Operational | Council Tax / NNDR Refunds | May 2019 | Final | Reasonable | 0 | 0 | 0 | 0 |
| *Housing | Special Investigation | ECO2t | April 2019 | Final | Advisory | 9 | 8 | 1 | 0 |
| *Health and safety | Operational | Health and Safety 19/20 | June 2019 | Final | Reasonable | 4 | 0 | 4 | 0 |
| *Housing | Operational | HOWPS 19/20 | April 2019 | Draft | Partial | 3 | 1 | 1 | 1 |
| *Finance | Operational | Debt Management | June 2019 | Final | Reasonable | 5 | 0 | 1 | 4 |
| *Finance | Operational | Benefit Realisation (transformation) | April 2019 | Final | Partial | 6 | 3 | 2 | 1 |

| Directorate/Service | Audit Type | Audit Name | Quarter | Status | Opinion | No. of recs | Recommendations | | |
|---|---------------------------------|--|------------|------------------|-----------------------|-------------|-----------------|---|---|
| | | | | | | | 1 | 2 | 3 |
| *Public Health | Special Investigation | Missing Cash for Taxi Licence | May 2019 | Final | Advisory | 0 | 0 | 0 | 0 |
| *Democracy | Operational | Members Expenses 19/20 | May 2019 | Final | Advisory | 0 | 0 | 0 | 0 |
| *Education and skills | Cross Cutting | School Theme - Financial Review Presentations to Schools | April 2019 | Final | Advisory | 0 | 0 | 0 | 0 |
| *Housing | External Client Consulting Work | Smoke Alarm Compliance (External) | June 2019 | Final | Advisory | 8 | 1 | 3 | 4 |
| *Housing | Grant | Supporting People | Sept 2019 | Final | Certified | 0 | 0 | 0 | 0 |
| *Education and skills | Non Opinion | Information for Estyn Inspection | July 2019 | Final | Advisory | 0 | 0 | 0 | 0 |
| *Leisure and Recreation | Special Investigation | Theatr Brychieniog – Capital Payment | Sept 2019 | Draft | Special Investigation | | | | |
| | Special Investigation | Theatre Brycheiniog Report- AC Accuracy | Sept 2019 | Draft | Special Investigation | | | | |
| *Information and Communication Technology | Strategic | GDPR | Sept 2019 | Work in Progress | | | | | |
| *Democracy | Cross Cutting | Conflict of Interest | Sept 2019 | Discussion Draft | | | | | |
| *Finance | System | Main Accounting | Sept 2019 | Discussion Draft | | | | | |
| *Finance | System | Pensions Administration | Sept 2019 | Discussion Draft | | | | | |
| *Finance | Operational | Insurance | July 2019 | Draft | Reasonable | 10 | 0 | 6 | 4 |

| | | | | | | | | | |
|---|---------------|--|-----------|--------------------|-------------|----|---|---|---|
| *Education and Skills | Cross Cutting | School Procurement | Sept 2019 | Work in Progress | | | | | |
| *Information and Communication Technology | Strategic | ICT Strategy | Sept 2019 | Working Progress | | | | | |
| *Human Resources | Strategic | Employee Review & Development | Sept 2019 | Work in progress | | | | | |
| *Finance | Strategic | Supplier Resilience | Sept 2019 | Work in Progress | | | | | |
| Education and Skills | Operational | Welshpool High School | Dec 2019 | Draft | | 11 | 3 | 4 | 4 |
| Education and Skills | Operational | Brecon High Schools | Dec 2019 | Work in Progress | | | | | |
| *Legal services | Follow Up | Section 33 Follow Up | Dec 2019 | Work in Progress | | 0 | 0 | 0 | 0 |
| *Client Support | Advice | Recommendation Tracking | Dec 2019 | Work In Progress | Non-Opinion | 0 | 0 | 0 | 0 |
| *ICT | Follow Up | Software Licensing Follow Up | Jan 2019 | Work In Progress | | 0 | 0 | 0 | 0 |
| *Education and skills | School | Hafren Primary School | Jan 2020 | Work In Progress | | 0 | 0 | 0 | 0 |
| *Finance | Operational | Cash Handling | Jan 2020 | Work In Progress | | 0 | 0 | 0 | 0 |
| *Finance | Operational | Treasury Management | Jan 2020 | Work in progress | | 0 | 0 | 0 | 0 |
| *Finance | Project | Travel Expenses Data Analytics | Jan 2020 | Work In Progress | | 0 | 0 | 0 | 0 |
| *Children and families services | Operational | Commercial Contract Management | Jan 2020 | Audit Planning | | 0 | 0 | 0 | 0 |
| *Education and skills | Operational | School Theme – ICT Replaced by ICT Risk Assess | Jan 2020 | Deferred by client | | 0 | 0 | 0 | 0 |

| | | | | | | | | | |
|--------------------------------|-------------|---------------------|----------|---------------------|--|---|---|---|---|
| *ICT | Operational | ICT Risk Assessment | Jan 2020 | Audit Planning | | 0 | 0 | 0 | 0 |
| *Education and skills | School | Ysgol Bro Cynllaith | Feb 2020 | Discussion Document | | 0 | 0 | 0 | 0 |
| *Finance | Operational | NNDR | Feb 2020 | Audit planning | | 0 | 0 | 0 | 0 |
| *Risk Management and Insurance | Operational | Risk Management | Feb 2020 | Work in Progress | | 0 | 0 | 0 | 0 |