

Public Document Pack



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AUDIT COMMITTEE Tuesday, 29th September, 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.	INTERNAL AUDIT UPDATE
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To consider the report of the Assistant Director, SWAP.
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Powys County Council

Internal Audit Update Report 2020/21

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Role of Internal Audit

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Planning and Activity:

Internal Audit Planning and Delivery

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1. Appendix A-Emerging Risks for Powys
2. Appendix B – Agreed Pre-Covid Plan 20/21 with current status

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Work Plan

Internal Audit's response to the pandemic has been to support Management in the delivery of critical services. This has required deviation from established plans and traditional audit delivery.

The coverage of the audit plan should enable the Head of Internal Audit to form an opinion on the overall control environment. However, the level of assurance will decrease as the work programme is reduced

With the Authority moving into a recovery phase from COVID-19, we are now looking to re-commence audit work in some areas; helping to assist with recovery efforts.

However, a resurgence in the number of Corona Virus cases across Wales may have an impact on the Council's ability to engage in the delivery of work.



Role of Internal Audit

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".

The Coronavirus (COVID-19) pandemic has inevitably impacted the Internal Audit Service and its operations in Quarter 1 & 2 2020-21. The pandemic has resulted in changes to working practices for officers and staff across the Council. Internal Audit resources have been redirected to support the Council through those changes. The impact on the delivery of the audit plan in Quarter 1 has therefore been significant.



Revised Planning Arrangements

Quarter 1 – 2020/21

On the instruction of management, we effectively 'paused' our programme of internal audit work in March (through to the end of June) to allow the Authority to fully focus on the response effort to COVID-19. Internal Audit staff were placed on the redeployment register and project work was undertaken in areas of high need e.g. Business Grant Payments & advice to support post and prepayment checks. However, we did maintain a level of internal audit work on some requested projects and grant certifications.

Quarter 2 – 2020/21

The Council is in the recovery phase from COVID-19. Audit work has recommenced in several areas where the Council had the capacity to engage and specific pieces of assurance work are being undertaken in high risk areas e.g. Award of Business Grants and Supplier Relief.

Work Plan

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

Powys' Management Team needs to reflection on the current position with regards to the internal audit work programme to identify areas that have the capacity to engage with audit and how this will impact of the overall level of assurance. New areas of potentially high risk audit work should be identified for inclusion in the work programme.

These are outlined in Appendices A

To assist with recovery efforts, SWAP is also delivering direct support to the Council's Finance functions to aid budget setting, grant claims and financial recharges. However, we recognise there has been priority & capacity challenges in certain service areas, and as such Quarter 2 involved a hybrid approach in terms of supporting the Authority with recovery efforts, as well as re-commencing internal audit assurance work.

Quarter 3 onwards – 2020/21

Dependent on any future re-emergence or residual COVID-19 challenges faced by the Authority, from Quarter 3 onwards we will look to fully re-align our audit plan & work with the key corporate risks. As such, a further programme of work is currently under development and will agreed by the Council's Executive Management Team and then ratified by the Audit Committee

When reviewing the revised internal audit planning approach, key questions for EMT and the Audit Committee to consider include:

- Does the revised planning approach achieve a proportionate balance between assisting the Authority with the unprecedented challenges it faces, whilst maintaining our statutory internal audit role and independence?
- Will the revised planning approach provide sufficient, independent assurance to monitor the organisation's risk profile effectively?

To help Management and the Audit Committee have assurance that the above criteria are met, SWAP have produced the following:

- **Appendix A** contains an assessment of emerging risk both from within Powys and across the partnership.
- **Appendix B** contains the workplan agreed in March 2020 with status updates.

A plan for Q3 and Q4 is in development based on the Council's revised priorities. This will be agreed by the Executive Management Team and reported to a future Audit Committee for endorsement.

Work Plan

Internal Audit Risk Profile Appendix A

The risk profile of all Council's is rapidly changing given the impact of the pandemic in terms of immediate responses and in the longer-term consequences of those responses. The revised risk profile should be considered when planning preparing the Internal Audit Work Programme.

The Following area areas of risk that have been identified from the Council's covid-19 risk register presented to Audit Committee in May 2020.

Assessment of Powys Covid-19 Risk register			
Area	Ref	Risk -Summary	Potential Audit Area
Adult	44,64,68	Workforce affected by illness, inability to deliver service.	Business Continuity plans – lessons learned
Adults	41	People handling	Risk Assessments/ training
Children	67	Access to Services and school Digital Access	New system of delivery
Cross Cutting	65	Covid Risk assessments PPE & safety equipment / arrangements	Return to work, BAU arrangements, Risk assessments
Finance	29	Inability to deliver cost reductions, MTFS	MTFS- Savings plan
Childrens	68, 69	Workforce management, Foster placements	Staff redeployment process
Cross Cutting			Business as Usual Audit
Housing	49	Homelessness provision	Temporary Accommodation
Finance	18,23,22,21,17,	Cost of contract arrangements, continuity of supply and third party supplier resilience, end of term risks	Supplier relief, contract management
Property	73	Statutory Testing in schools, Statutory Compliance	Statutory inspection audits in plans
Finance	28	Insurance Risk	Recently Completed Insurance Audit
Cross Cutting	28	Safeguarding and DBS strain, and effective training of mobilised workforce	

Work Plan

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Area	Ref	Risk -Summary	Potential Audit Area
		Fraudulent claims	Supporting Council with pre-claim checking, Safe approaches and due diligence for new money
Finance	25	Reduced income levels and bad debt	Debt Recovery process
Corp	06	Vision 20-25 delays	Performance Management Impact assessments BAU Audit
Housing	52,51, 53	New Homes and Housing repairs Loss of income/ increase in arrears	Loss of income through Voids R&M HOWPS HOWPS financial resilience Statutory inspections Rent arrears
Cross Cutting	45	Health and Safety	Working from Home provision- Agile operating
Corp	79	Accurate info for decision making and comms	Impact assessments Agile decision making
Leisure	07	Freedom risks, costs and financial resilience	Supplier relief
ICT		Increased risk of Cyber-attack, working from home risks	Cyber security Homeworking, HSE issues possible corporate litigation
Cross Cutting	57	Continuity Arrangement. Lessons learned	
Finance		Increased risk of payment frauds	Bogus suppliers, purchase card.
ICt	43	Risks from new starters not being properly trained	H&S considerations
Corp		Recruitment	Agile recruitment
Housing		Domestic Violence	
Corp	59	Communications with stakeholders	Coms and engagement
Adults		Social care imprest accounts	Continuity and fraud risks. Part of specific audit to be delivered later in the year
ICT		Wccis continuity	Supporting the Social Care Function
Adults and children		Telecare/ careworks service continuity and performance	Contractual and performance review

Work Plan

The following is an assessment of SWAP Partner risks both before and after the pandemic. Whilst these may not be relevant to Powys, they should be considered for the internal audit plan in their wider context of the emerging risks facing other public sector bodies.

SWAP Partner Risks @ Jan 2020			SWAP Partner Risks @ Jun2020		
Rank	Area	Broad Risk	Rank	Area	Broad Risk
1	Governance	Healthy Organisation	1	Financial Sustainability	The organisations becomes financially insolvent
2	Brexit	Effect of Brexit	2	ICT Security / Cyber Security	Key ICT systems are accessed by unauthorised parties
3	Finance	Financial Sustainability (Balanced Budget)	3	Contract Management/Third Party Resilience	A third party fails to deliver the services we require of it
4	Health & Safety	Health and Safety	4	Covid-19 considerations	Staff health and safety is compromised
5	Projects	Change Programmes /Transformation	5	Recruitment and Retention	The organisation is unable to deliver key services, due to insufficient human resources
6	Bus. Continuity	Emergency Planning	6	Business Continuity	The organisation is unable to deliver key services, due to insufficient human resources
7	Climate Change	Climate Change	7	GDPR	Sensitive data, over which the organisation has custody, is access by an unauthorised party
8	IT	ICT security vulnerability	8	Regulatory Burden	Financial loss and reputational damage through fines and media coverage
9	Governance	Decision Making	9	Emergency Planning	The organisation is unable to deliver key services, due to insufficient human resources
10	Info. Gov.	GDPR	10	Brexit	Actions resulting from Brexit lead to unforeseen incapacity to deliver key services

Work Plan

11	Procurement	Contract Management	11	Planning/Local Economy	A sustainable community is not delivered for our residents
12	Bus. Continuity	Business Continuity	12	Change Programmes / Transformation	The required savings of the transformation project are not delivered
13	Culture	Culture- behaviours	13	Sustaining Care Delivery	Vulnerable members of our community suffer harm
Rank	Area	Broad Risk	Rank	Area	Broad Risk
14	HR	Recruitment & Retention	14	Health & Safety	The organisations employees and wider community suffer harm
15	Housing	Homelessness	15	Fraud, Bribery and Corruption	Financial loss and reputational damage through the event itself and through subsequent fines and media coverage
16	Adults	DoLS	16	Decision Making	The organisation's leadership is found not have acted sufficiently to deliver its objectives
17	Children's	Safeguarding Children	17	Sustaining Education Delivery	Future generations suffer from lower employment prospects and the local community's productivity is reduced
18	Assets	Strategic Asset Management	18	Project Management Failure	Key services are not delivered
19	Commissioning	Commissioning	19	Managing staff remotely	The safety/wellbeing, motivation and ability of staff to deliver their objectives is impeded
20	Finance	Capital Investment	20	Safeguarding	Vulnerable members of our community suffer harm

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APPENDIX B – Agreed Plan by EMT in March 2020

Rank	Assignment	Service Area	Original Indicative Quarter	Notes / Current Status
1	Impact Assessments	Trans & Comms	Q1	Planned Q3
2	Performance Management	Trans & Comms	Q1	Planned Q3/4
3	School Budget Deficit- Support and Enforcement	Schools	Q1	On Hold - Requested by Client CV19
4	Direct payments	Adult and Children	Q1	On Hold- Not Business Critical
5	Creditors	Finance	Q1	Resuming Q3
6	Payroll	Finance	Q2	Work in Progress
7	Purchase Cards	Finance	Q1	Draft
8	Rent	Housing & Community	Q2	Planned Q3
9	Digital transformation	Digital	Q4	Planned Q4

Work Plan

10	HOWPS	Partnership	Q2	Planned Q4
11	Climate Change/ Sustainability	Cross Cutting	Q4	On- Hold
12	Cyber security	Digital	Q1	Planned Q3
13	Y Gaer	Housing & Community	Q1	Part Complete. Restart in Q3
14	Effectiveness of Scrutiny Process	Legal & Democratic	Q2	Joint Review- Cancelled
15	Ordering	Finance	Q4	On Hold
16	Fin Reg- Compliance (cipfa assess)	Finance	Q3	On Hold
17	Schools Governance - Themed Review	Schools	Q4	On Hold
23	Fraud risk Assessment (TCWG)	Finance	Q2	Complete
24	Council Tax System	Finance	Q3	On Hold
25	School Collaboration - Themed Review	Schools	Q1	On Hold
26	Risk Assessment	ITC	Q2	On Hold Delayed by Covid 19

Work Plan

27	Corp Parenting -Missing Children Process	Childrens	Q2	Delayed Covid -19
28	Continuing Health Care	Adult and Children	Q4	On Hold
29	Payments to Providers- Soc Care	Adult	Q2	On Hold - Covid -19
30	Technology enabled care-cost avoidance	Adult	Q2	On Hold - Covid -19
31	Statutory Compliance - Housing	Housing & Community	Q4	On Hold - Covid -19
32	Statutory Compliance- Property	Prop, Plan & PP	Q3	On Hold- Covid -19
33	Decision Panel	Adult and Children	Q3	On Hold - Covid -19
34	LATC	Trans & Comms	Q4	On hold- Covid -19
35	Housing Void rental properties	Housing & Community	Q2	Complete
36	Newtown High School	Schools	Q2	On hold- Covid -19
37	Ysgol Calon Cymru	Schools	Q3	B/F Q2 Work in progress
38	Gwernyfed High School	Schools	Q4	On hold- Covid -19

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Work Plan

39	Third party Top Up - Charging and Financial enforcements	Adults	Q2	Delayed Covid -19
40	Primary Schools x 10	Schools	All	Delayed Covid -19
41	Corp parenting- Attendance at schools for Looked after Children	Childrens	Q3	On hold- Covid -19
42	Grant Certification	Schools	All	Work in Progress
43	Grant Certification	Housing & Community	Q2	Work in Progress
44	Grant Certification	Prop, Plan & PP	Q1	Complete
45	Follow up Audits	Corporate	All	Restart Q3
46	Early Help- Corporate parenting	Children	Q3	On Hold Covid -19
47	GDPR	Digital	Q1	Complete
48	Workforce Future programme	Workforce & OD	Q3	On Hold Covid -19
49	Agile Decision Making	Cross Cutting	Q2	On Hold Covid -19
50	WCCiS Records and Information	Adults and Children	Q3	On hold Covid -19
51	Mental capacity Act or Safeguarding	Children and Adult	Q4	On hold Covid -19

Work Plan

52	Culture and Ethics Audit	Cross cutting	Q3	On Hold Covid -19
53	H&S Management Training	HR	Q4	On Hold Covid -19
54	No purchase No pay - Continuous Audits (using data analytics)	Finance	All	Delayed Covid -19
55	Contractor Checks	High, Trans & Waste	Q4	Delayed Covid -19
56	National Fraud Initiative Co-ordinator	Finance	Q2	Work in Progress
57	Virements - Continuous Audits	Finance	All	Delayed Covid -19
58	WCCIS Contract Management	Adult and Children	Q2	Delayed Covid -19
59	Changes to winter maintenance	High, Trans & Waste	Q3	Deleted by Client
Add	Children Services	Social Care	Q1	Partially complete – Restart Q3
Add	Business Grant Administration	Finance	Q2	Work in Progress
Add	Supplier Relief	Finance	Q2	Work in progress
Add	LA Covid Support Grant	Finance	Q2	Complete
Add	Enable Grant	Finance	Q2	Work in progress

Work Plan

Add	Supporting the Finance Function	Finance	Q2	Work in Progress
Add	Risk Management Appetite Support	Finance	Q2	Complete
B/F	ICT Strategy	ICT	Q2	Draft
B/F	Conflict of Interest	Legal	Q2	Complete
B/F	Employee Development	HR	Q2	Complete
B/F	Brecon High School	Schools	Q2	Complete

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