

Public Document Pack



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GOVERNANCE AND AUDIT COMMITTEE

Friday, 24th June, 2022

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

S U P P L E M E N T A R Y P A C K

1.	SWAP QUARTERLY REPORT
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To receive and consider the SWAP Quarterly Report.

(Pages 3 - 40)

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Powys County Council

Agile Internal Audit Plan
Quarters 1 & 2 2022-23

Governance & Audit Committee
24th June 2022

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The Internal Audit Plan: Summary

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The work of internal audit should align strategically with the aims and objectives of the Council; taking into account key risks, operations and changes.

The internal audit plan represents a summary of the proposed audit coverage that the internal audit team will deliver throughout Quarter 1 & 2 of the 2022/23 financial year.

Delivery of an internal audit programme of work that provides sufficient and appropriate coverage, will enable us to provide a well-informed and comprehensive year-end annual internal audit opinion.

The Internal Audit Charter is include in Appendix C



Introduction and Purpose of the Internal Audit Plan

Internal audit provides an independent and objective opinion on the Authority's risk management, governance, and control environment by evaluating its effectiveness.

Prior to the start of each Quarter, SWAP, in conjunction with senior management, put together a proposed plan of audit work. The objective of our planning process and subsequent plan is to put us in a position to provide a well-informed and comprehensive annual audit opinion, based on sufficient and appropriate coverage of key business objectives, associated risks, and risk management processes.

The outcomes of each of the audits in our planned programme of work, will provide senior management and Members with assurance that the current risks faced by the Authority in these areas are adequately controlled and managed.

It should be noted that internal audit is only one source of assurance, and the outcomes of internal audit reviews should be considered alongside other sources, as part of the 'three lines' assurance model. Key findings from our internal audit work should also be considered in conjunction with completion of the Authority's AGS.

When reviewing the proposed internal audit plan (as set out in Appendix A), key questions to consider include:

- Are the areas selected for coverage this coming quarter appropriate?
- Does the internal audit plan cover the organisation's key risks as they are recognised by the EMT and SLT and Audit Committee?
- Is sufficient assurance being received within our annual plan to monitor the organisation's risk profile effectively?

The Internal Audit Plan: Approach

Approach to Internal Audit Planning 2020/21

To develop an appropriate risk-based audit plan, SWAP have consulted with senior management, as well as reviewing key documentation, to obtain an understanding of the organisation's strategies, key business objectives, associated risks, and risk management processes.

In order to do this, Internal Audit needs to be flexible in adapting audit plans to handle rapidly changing risks, priorities and challenges.

It is the responsibility of the Senior Leadership Team, and the Audit & Governance Committee to ensure that the audit work scheduled and completed throughout the year contains sufficient and appropriate coverage of key risks.

The factors considered in putting together the 2022/23 internal audit plan have been set out below:



We will regularly re-visit and adjust our programme of audit work to ensure that it matches the changing risk profile of the organisation's operations, systems and controls. Our 2022/23 audit plan is determined quarterly in order that the plan can remain agile to respond to new and emerging risks as and when they are identified.

The Internal Audit Plan: Risk Assessment

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A continual risk assessment when developing an internal audit plan, ensures that sufficient and appropriate areas are identified for consideration.

The table sets out the keys risks that have been locally assessed by Powys County Council aligned to the wider Local Government sector by SWAP.



Internal Audit Risk Assessment

Powys Risk Reference	Powys Risk Area	SWAP Risk Review
WO0021	Workforce Planning. Recruitment and Retention	Workforce – covid, recruitment and selection, exit payments, talent management, training, sickness Planning-affordable Housing
FIN0001	Inability to Setting a balance Budget heightened by pandemic	Financial resilience- spending review, funding gaps, commercialisation, financial crime, Brexit Governance- decision making and scrutiny, culture, ethics and regulatory compliance
PCC0005	Impact of the Covid pandemic	Housing- homeless and vulnerable, safeguarding, Adults -caseloads, workforce, partnerships, multiagency, Inspections
PCC0002	Impact of Brexit	Change- Brexit, transformation, project failure, emergency planning
PCC0003	Negative Inspection Reports	Children – safeguarding, caseloads, LAC, foster care
ICT0010	GDPR and DPA Non-Compliance	Educational Delivery – absence, asset management, budgets, workforce, transport,
PPPP007	HOWPS Performance and Delivery	Contract, procurement, and partnerships- social value, insourcing, modern slavery, supplier resilience, nth Party risk, outsourcing risk
CS0081	Children Services Budget	Health, Safety and Wellbeing – homeworking, public spaces, building cladding, housing maintenance
ED0022	Schools Financial Management / Distribution formula	Information Management – Access, cyber security, business continuity, information governance, digitalisation, Comms, Mobile Devices
ICT0029	Cyber Security Threat	Strategic asset management- land and property management
COVID0058	Non delivery of PIAP due to Covid, Schools Transformation	Environment – sustainability, climate change, carbon reduction, recycling
HO0024	Statutory Compliance in Housing stock	Local Economy -unemployment, decline of High Street, transport

The Internal Audit Plan: Coverage

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The Quarter 1 & 2 Plan is contained within Appendix A.

Internal audit is only one source of assurance; therefore, where we have highlighted gaps in our coverage, assurance should be sought from other sources where possible in order to ensure sufficient and appropriate assurances are received.

Internal Audit coverage can never be absolute and responsibility for risk management, governance and internal control arrangements will always remain with management. As such, internal audit cannot provide complete assurance over any area, and equally cannot provide any guarantee against material errors, loss or fraud.

A pipeline document is included in appendix B that should be used to suggest and justify future internal audit work programmes.



Internal Audit Coverage in 2022/23

Our approach to internal audit planning throughout 2022/23 will be a continuous risk assessment and rolling plan approach. The environment is subject to a high level of uncertainty and change so we will build our plan in conjunction with management as the year progresses.

The resulting programme will be a combination of requested audit work aligned to service priorities, combined with audit work recommended by SWAP driven by our continuous risk assessment. This risk assessment will be based on the live status of both the Council's strategic and service risk registers, as well as the Council's performance management data. Overlaid onto this assessment will be SWAP's sector-wide top risk areas. The results of our risk assessments will be shared with Senior Management in Services through our engagement meetings to obtain their view on the value of internal audit involvement. In developing risk assessments, we will also take account of other sources of assurance, where relevant.

As the year progresses, we will update the committee through our usual quarterly update report on internal audit activity. It will be through this process that the Senior Leadership Team and Audit & Governance Committee Members will be able to assess whether the audit work building throughout the year provides sufficient and appropriate coverage of key risks.

Delivery of an internal audit programme of work that provides sufficient and appropriate coverage of key risks, will enable us to satisfy our requirement to provide a well-informed and comprehensive year-end annual internal audit opinion.

The Internal Audit Plan: Coverage

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SWAP Internal Audit Services is a public sector, not-for-profit partnership, owned by the public sector partners that it serves.

Over and above our internal audit service delivery, SWAP will look to add value throughout the year wherever possible. This will include:

- Benchmarking and sharing of best-practice between our public sector Partners
- Regular updates containing emerging issues, risks and fraud alerts identified across the SWAP partnership and beyond
- Member training Events



Your Internal Audit Service

Audit Resources

The current internal audit resources available represent a sufficient and appropriate mix of seniority and skill to be effectively deployed to deliver the planned work. The reduction in the audit budget for 2022/23 will reduce the breadth of coverage we are able to provide. Alternative sources of assurance should be sought/ identified where internal audit coverage of key risks has not been undertaken.

External Quality Assurance

SWAP's framework and methods comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note. Every five years, SWAP is subject to an External Quality Assessment of Internal Audit Activity. The last of these was carried out in February 2020 which confirmed general conformance with the Public Sector Internal Audit Standards. An annual self-assessment process confirms ongoing compliance.

Conflicts of Interest

We are not aware of any conflicts of interest within Powys County Council that would present an impairment to our independence or objectivity. Furthermore, we are satisfied that we will conform with our IIA Code of Ethics in relation to Integrity, Objectivity, Confidentiality, & Competency.

Consultancy Engagements

As part of our internal audit service, we may accept proposed consultancy engagements, based on the engagement's potential to improve management of risk, add value and improve the organisation's operations. Consultancy work that is accepted, will contribute to our annual opinion and will be included in our plan of work.

Approach to Fraud

Internal audit may assess the adequacy of the arrangements to prevent and detect irregularities, fraud and corruption. The Council have their own Counter Fraud Team for both reactive investigations and proactive initiatives. We have dedicated counter fraud resource available to undertake specific investigations if required.

It should be noted that the audit title is indicative at this stage for planning our resources. At the start of each audit, an initial discussion will be held to agree the specific terms of reference for the piece of work, which includes the objective and scope for the review.

Internal Audit Agile Plan Quarter 1 & 2

Quarter	Service Area	Assignment	Scope	Current Status
Q1&2	Highways	Commissioning	Reviewing commissioning activities to ensure that critical road defects are repaired promptly and effectively.	Complete
Q1&2	Highways	Procurement	Value for Money is achieved when procuring services whilst protecting against the risk of fraud.	Complete
Q1&2	Highways	Delivery, Monitoring & reporting	Ensuring the Service have effective oversight over operations from a performance and financial perspective	Complete
Q1&2	Highways	Vehicles & Assets	Ensuring the use of vehicle and plant is effectively monitored and there are no signs to misuse.	Complete
Q1&2	Highways	Fuel	Ensuring a complete record of all fuel transactions to enable effective monitoring. Ensuring that appropriate scrutiny takes place to protect against fuel theft.	Complete
Q1&2	Highways	Materials and Stock	Material and stock are effectively controlled to provide assurance that the items have been used for the delivery of commissioned work.	Complete
Q1&2	Housing	Supporting People Grant- Certification	Grant Certification required by Welsh Government to give assurance that expenditure items are legitimate.	Complete
Q1&2	Schools	School Forum - Risk and Control in Schools	Supporting schools by providing training on the audit process and the key areas of governance and control.	Complete
Q1&2	Finance	Covid Grant Certification	reviewing expenditure for legitimacy as part of covid grant arrangements.	Complete

Powys Council Proposed Internal Audit Plan 2022/23

Q1&2	Finance	Risk Appetite Benchmarking	Using benchmarking and Partner Sources to support the Council on developing a risk appetite	Complete
Q1&2	Finance	Contract Exemptions	To ensure that proper planning and value for money is delivered when a contract exemption is employed.	Draft
Q1&2	Schools	Ysgol Maesyddewen- Secondary	Review Governance, financial administration and Asset Management at school using 360 assessment	Draft
Q1&2	Adults & Children	Continuing Health care	Ensure that effective partnership working is in place to allow effective financial arrangements.	Draft
Q1&2	Finance	Fraud -Those Charged with Governance	Contributing to the Council's assessment of fraud risk	In Progress
Q1&2	Finance	Orders for Goods and Services	Analysing data to identify noncompliance and risk that goods are not procured soundly. Further detailed analysis to identify the root cause of any failures.	In Progress
Q1&2	Finance	Purchase cards- Continuous	Ongoing continuous review of purchase card transactions to identify non-compliance with council rules and exceptions that require more detailed investigation. The outcome will be improved customer behaviour and more sound financial control.	In Progress
Q1&2	Finance	National Fraud Initiative Report Update Q4 and Q1	Providing data and coordinating investigations to ensure potential fraud cases are identified and investigated.	In Progress
Q1&2	Finance	Risk in Projects and Partnerships	Review the Council visibility, governance and risks on significant partnerships. To ensure they have the building blocks for success.	In Progress
Q1&2	Public Protection	Estate Agents Grant- Certification	Grant Certification required by UK Governments to obtain the NTSB grant	In Progress
Q1&2	Schools	Gwernyffed High School - Secondary	Review Governance, financial administration and Asset Management at school using 360 assessment	In Progress
Q1&2	Schools	Ysgol Bro Hyddgen- Secondary	Review Governance, financial administration and Asset Management at school using 360 assessment	In Progress
Q1&2	Schools	Bryn Hafren - Primary	Review Governance, financial administration and Asset Management at school using 360 assessment	In Progress

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Q1&2	Schools	Beriew - Primary	Review Governance, financial administration and Asset Management at school using 360 assessment	In Progress
Q1&2	Schools	St Mary's - Primary	Review Governance, financial administration and Asset Management at school using 360 assessment	In Progress
Q1&2	Schools	Guilsfield- Primary	Review Governance, financial administration and Asset Management at school using 360 assessment	In Progress
Q1&2	Schools	Llanidloes - Primary	Review Governance, financial administration and Asset Management at school using 360 assessment	In Progress
Q1&2	Schools	Penygloddfa - Primary	Review Governance, financial administration and Asset Management at school using 360 assessment	In Progress
Q1&2	Democratic	Conflict of Interests- Follow up	Ensure that the Council have improved the awareness,, visibility and reporting of any potential conflicts of interest.	In Progress
Q1&2	Adults & Children	Deprivation of Liberty safeguarding	Ensuring that the Council have improved performance on undertaking best interest assessments and meeting statutory guidelines.	In Progress
Q1&2	Finance	Fraud Risk assessment Follow up	Following up on the fraud Maturity baseline assessment to give committee assurance that the Council is preventing and detecting fraud.	Planned
Q1&2	Finance	Business Rates (Liability and Billing)	Ensure liability of Business rates are effectively determined in light of eligibility of Covid Grants for businesses.	Planned
Q1&2	Finance	Suspense Account Income	Examining unallocated income and identifying the root cause and user behaviour for non-compliance	Planned
Q1&2	Finance	Pension	Review the administration of Pension transactions to ensure funds are effectively controlled.	Planned
Q1&2	Finance	Capital accounting	Review the capital reporting arrangements to ensure that there in visibility and reasoning to support decisions	Planned
Q1&2	Corporate	Complaints	Give assurance to the Audit Committee that the administration of Complaints is effective	Planned

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Q1&2	Finance	Debt Administration	Review the systems for the administration of Debt to ensure that they are sound, secure and drive the recovery process.	Planned
Q1&2	Corporate	Whistle Blowing	Review the Council's whistleblowing arrangements to give assurance that fraud and corruption measures are in place.	Planned
Q1&2	Finance	Risk Management	Ensure that the Council's Risk management process are agile, timely and are forward thinking in terms of risk appetite.	Planned
Q1&2	Corporate	Integrated Business Planning	Review Integrated business plans to ensure aligned with Council priorities and the delivery of its outcomes.	Planned
Q1&2	PPPP	Statutory Compliance	Ensure improvement in the achievement of the Council statutory responsibility to ensure properties are compliant and safe.	Planned
Q1&2	Adults & Children	Managing Financial Commitments	Review the way in which Childrens Service manage budgets commitments to enable effective budget management.	Planned
Q1&2	Support	Archiving Powys IA Records	Supporting the Council with the management of audit Files/ information from Pre-SWAP	Complete
Q1&2	Support	Action Tracking Reports Q1 & Q2	Reports tracking the implementation of internal audit agreed actions.	In Progress
Q1&2	Support	Committee / Management Reporting	Supporting Council Management Teams and A&G Committee.	In Progress
Q1&2	Support	Planning & Engagement	Engaging with Services to develop risk-based plans	In Progress

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Audit Area	Directorate	Service	Commentary / Reason for inclusion in the plan	Link to Corporate Plan	Link to Corporate Risk Register	Link to Fraud Risk Assess	Link to ICT Risk assess	Link to Director rate Risk	Linked to Financial Risk	Audit/ Follow up
People Management - Recruitment & Selection	Corporate	Workforce	Areas of the process could be open to fraud and manipulation			Y			High	
Expenses	People & Org Development	Workforce	Post event control allows greater opportunity for fraud			Y			High	
Council Tax (Discount & Exemptions)	Corporate	Finance	Discounts are mostly self-service without pre award checking			Y				
Council Tax (Reductions)	Corporate	Finance				Y				
Council Tax (Refunds including Credit Accounts)	Corporate	Finance				Y				
Council Tax (Collection)	Corporate	Finance								
Business Rates (Liability and Billing)	Corporate	Finance	Ensure liability is identified based on all sources of information. Maximisation of tax collection.			Y				
Business Rates (discounts and reliefs)	Corporate	Finance								

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Business Rates (Collection)	Corporate	Finance							
Housing Benefit (Assessment)	Corporate	Finance	Fundamental financial system and high risk of fraud.			Y			
Income (Suspense Accs)	Corporate	Finance	To ensure that income is promptly and accurately posted to the correct accounts.			Y			
Housing Tenancies	Economy & Environment	Housing & Community	Increased risk of fraudulent applications and subletting			Y			
CovidGrants	Corporate	Corporate	Increasing risk/opportunity to obtain grants when not eligible.			Y			
Direct Payment	People & Org Development	Social Care (Adults & Children)	The Council pay monies for services or children that do not exist or are not required/ within eligibility criteria, leading to care needs not being met, financial loss and reputational damage.			Y			
Direct Payments	People & Org Development	Social Care (Adults & Children)	Misappropriation of cash or assets leading to non-delivery of service (care outcomes not achieved), financial loss and/or reputational damage.			Y			
Cyber (Malicious Attack Response)	Economy & Environment	Digital	Loss of data or service, financial loss and reputational damage due to fraudulent activity following a cyber attack or data breach.		High	Y			

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Cyber (Change management/ Patching)	Economy & Environment	Digital	Loss of data or service, financial loss and reputational damage due to fraudulent activity following a cyber attack or data breach. ICT Independent Risk assessment as High/ medium risk		High	Y	Y			Y
Digital Transformation	Economy & Environment	Digital	ICT Independent Risk assessment as High/ medium risk				Y			
ICT Project Management/ support management	Economy & Environment	Digital	ICT Independent Risk assessment as High/ medium risk				Y			
ICT Systems Governance	Economy & Environment	Digital	ICT Independent Risk assessment as High/ medium risk				Y			
Malicious Attack/ Major Incident Response/ Cyber Resilience	Economy & Environment	Digital	ICT Independent Risk assessment as High/ medium risk				Y			
System Vulnerabilities- Patch Management	Economy & Environment	Digital	ICT Independent Risk assessment as High/ medium risk				Y			
ICT Asset management	Economy & Environment	Digital	ICT Independent Risk assessment as High/ medium risk				Y			
Data Strategy and Solutions	Economy & Environment	Digital	ICT Independent Risk assessment as High/ medium risk				Y			
ICT Business Continuity/ Disaster Recovery	Economy & Environment	Digital	ICT Independent Risk assessment as High/ medium risk				Y			

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User Developed and Legacy Software	Economy & Environment	Digital	ICT Independent Risk assessment as High/ medium risk				Y			
ICT Strategy	Economy & Environment	Digital	ICT Independent Risk assessment as High/ medium risk				Y			
Mobile Telephony	Economy & Environment	Digital	ICT Independent Risk assessment as High/ medium risk				Y			
Business Advice and support. Developing Business units	Economy & Environment	Housing & Community	Vibrant Economy	Y						
Increased spending on Powys Suppliers/ Increased bidding	Welbeing	Corporate	Vibrant Economy	Y						
Mid Wales Growth deal	Welbeing	Corporate	Vibrant Economy	Y						
250 new Council homes	Welbeing	Housing & Community	Vibrant Economy	Y						
Transport Infrastructure and Flood alleviation	Welbeing	Corporate	Vibrant Economy	Y						
Community/ Business broadband	Welbeing	Corporate	Vibrant Economy	Y						
Back into work schemes	People & Org Development	Workforce	Vibrant Economy	Y						

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Disability support into employment	People & Org Development	Workforce	Vibrant Economy	Y						
Family Breakdowns- intervention/prevention 85% remain with family	Welbeing	Social Care (Adults & Children)	Integrated Health care	Y						
Less Children placed in Care	Welbeing	Social Care (Adults & Children)	Integrated Health care	Y						
Client voice in care plan- 75% in self audit	Welbeing	Social Care (Adults & Children)	Integrated Health care	Y						
Increased Number in Powys foster care	Welbeing	Social Care (Adults & Children)	Integrated Health care	Y						
Increase staff undertaking social worker qualification	Welbeing	Social Care (Adults & Children)	Integrated Health care	Y						
New extra care facilities open mid 2023 (66 additional apartments)	Welbeing	Social Care (Adults & Children)	Integrated Health care	Y						
Increased accessibility through North Powys Well-being Programme	Welbeing	Social Care (Adults & Children)	Integrated Health care	Y						
500 Homes through Fit for Life programme	Welbeing	Social Care (Adults & Children)	Integrated Health care	Y						

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Support by assisted Tech will be high for 2020-21	Welbeing	Social Care (Adults & Children)	Integrated Health care	Y						
Less delay in transfer of care (CHC) over age 75	Welbeing	Social Care (Adults & Children)	Integrated Health care	Y						
Increase in Direct payments	Welbeing	Social Care (Adults & Children)	Integrated Health care	Y						
Improved outcomes for GCSE	Welbeing	Schools	Strengthen learning and Skills	Y						
Increased attendance at Secondary School	Welbeing	Schools	Strengthen learning and Skills	Y						
Access to Counselling Services within 4 weeks	Welbeing	Schools	Strengthen learning and Skills	Y						
Head Teachers are satisfied with SEN/ALN Guidance	Welbeing	Schools	Strengthen learning and Skills	Y						
By 2025 establish 8 all age schools	Welbeing	Schools	Strengthen learning and Skills	Y						
By 2025 establish 2 new Welsh medium provisions	Welbeing	Schools	Strengthen learning and Skills	Y						
Increased Year 11 attendance by 2%	Welbeing	Schools	Strengthen learning and Skills	Y						

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Increased number of Apprentices	Welbeing	Schools	Strengthen learning and Skills	Y						
Not in education Learners below 2%	Welbeing	Schools	Strengthen learning and Skills	Y						
Increased free school meals.	Welbeing	Schools	Strengthen learning and Skills	Y						
Increased Tenant Satisfaction	Welbeing	Housing & Community	Supporting Residents & Communities	Y						
Increase in Active Residents	Welbeing	Housing & Community	Supporting Residents & Communities	Y						
Increased library/ museum Usage	Welbeing	Housing & Community	Supporting Residents & Communities	Y						
Increased attendance at art and cultural events	Welbeing	Housing & Community	Supporting Residents & Communities	Y						
Plan for biodiversity	Welbeing	Corporate	Supporting Residents & Communities	Y						
Increased Waste recycling meeting statutory target	Welbeing	HTR	Supporting Residents & Communities	Y						

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By 2022 Blended Learning through Technology	Welbeing	Schools	Supporting Residents & Communities	Y						
Welsh language Communication	Corporate	Transformation	Making it Happen	Y						
Workforce Development	People & Org Development	Workforce	Making it Happen	Y						
Service Redesign including digital solutions	Economy & Environment	Digital	Making it Happen	Y						
Effective Appraisal and Mandatory Training, council values	People & Org Development	Workforce	Making it Happen	Y						
Implementing Digital Strategy	Economy & Environment	Digital	Making it Happen	Y						
Case Recording/ Performance Reporting	People & Org Development	Social Care (Adults & Children)	WCCIS Unreliability - IF the unreliability of WCCIS is not resolved THEN		V High					
Transition to new repair and Maintenance Arrangements	Economy & Environment	Housing & Community	Heart of Wales Property Services (HOWPS) being unable to undertake contracted work in a timely and cost effective manner		V High					
Workforce planning, recruitment sickness management	People & Org Development	Workforce	The Council is unable to recruit, retain and commission the workforce it requires, in the short term due to increased staff absences and a challenging UK labour market, and in the longer		V High					

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			term due to an expected long term decrease in the local working age population						
Mobile workforce/ H&S	Corporate	Corporate	The impact to Powys residents, services and Council staff as a result of a COVID-19 (Coronavirus) epidemic		V High				
Financial Systems	Corporate	Finance	The Council is unable to deliver a financially sustainable budget over the short and medium term. The probability Jane Thomas of this risk is heightened due to the impact of the Covid-19 pandemic and its impact on Welsh Government funding and subsequent settlements to the Council.		High				
Cyber Security	Economy & Environment	Digital	Cyber Security Threat. 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		High				
Procurement	Corporate	Corporate	The impact on the Council as a result of Brexit.		High				
Energy and Building Inflation	Corporate	Corporate	Increased risks of price variations (an increases cause by a mix of current market conditions COVID and Brexit) Vincent Hanly and labour & material shortage.		High				

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Information Security/ Data Assets	Economy & Environment	Digital	Non compliance with data protection legislation (General Data Protection Regulations (GDPR) and UK Data Protection Act (DPA) 2018		High					
Placements	People & Org Development	Social Care (Adults & Children)	BUDGET: If Children's Services are unable to manage within budget due to: Jan Coles - Market sufficiency for children's placements - Reliance on agency social workers - Inflationary costs and management of pressures - Surge in demand due to COVID-19 - Ending of grant funding		Medium					
School Establishment Audits	Schools	Schools	The council will be unable to manage the schools' budget without ongoing adjustments to the distribution formula Lynette Lovell and improving financial management. If they are unable to manage the budget, there will be a significant compromise to the quality of education for Powys learners.		Medium					
School Theme Audits	Schools	Schools	Post Inspection Action Plan (PIAP) for Estyn - Coronavirus may impact on the ability of the service to maintain the Lynette Lovell level of progress against the PIAP. In particular Recommendation 1 of the PIAP - 'Improve standards in secondary schools and more able learners' as schools are currently closed. Also, Recommendation 4 (the School Transformation / re-		Medium					

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			organisation programme) could be affected by the Council's ability to conduct strategy consultations relating to Schools Organisation						
Statutory Compliance	Economy & Environment	Housing & Community	Failing to meet all applicable statutory requirements providing for the health and safety of the occupants in Powys County Council Housing Stock .		Medium				
MTFP	Corporate	Finance	Recovery - Precarious public service finances, with significant short and medium-term pressures faced particularly by local authorities along with future uncertainty around the UK Government's budgetary response to the economic fallout of COVID 19 and the impact of Brexit		V High				
Management and Reporting	People & Org Development	Social Care (Adults & Children)	Impact of COVID-19, including: Service User Illness and death; Unpaid Carer Illness; Staff Resource (further and unmanageable reduction through illness and self-isolation); Service provision volatility;		V High				
Benefits, Grants & CTRS	Corporate	Finance	Socio-economic challenges given the immediate economic impact and likely recession, including increased unemployment and take-up of universal credit and other benefits		High				
Commitments Childrens services	People & Org	Social Care	If Covid-19 impacts on Children's Services so that: Jan Coles The service cannot deliver mission		High				

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	Development	(Adults & Children)	critical activities Demand cannot be managed Placement availability is reduced Statutory functions cannot be performed Statutory and regulatory requirements cannot be met There is insufficient staff with suitable qualifications and /or experience Services cannot be delivered within budget Savings cannot be delivered						
Planning Services/ Env Health	Economy & Environment	Plan, Protect and Prop	Impact of Covid-19 restrictions and redeployment on the capacity of the Public Protection Service		High				
Homeless	Economy & Environment	Housing & Community	HOMELESSNESS: Demand and need for - and duties to provide - homelessness and related services continues to Dafydd Evans expand		High				
Housing- Repairs & Maintenance	Economy & Environment	Housing & Community	Restricted access to homes for repairs, maintenance, servicing and inspections.		Medium				
Leisure Contract Management	Economy & Environment	Housing & Community	LEISURE/SPORT Leisure Contractor significantly affected by COVID-19 situation		Medium				
PIAP Delivery	Schools	Schools	Post Inspection Action Plan (PIAP) for Estyn - Coronavirus may impact on the ability of the service to maintain the Lynette Lovell level of progress against the PIAP. In particular Recommendation 1 of the PIAP - 'Improve standards in secondary		Medium				

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			schools and more able learners' as schools are currently closed. Also, Recommendation 4 (the School Transformation / re-organisation programme) could be affected by the Council's ability to conduct strategy consultations relating to Schools Organisation						
Employee Health & Wellbeing	People & Org Development	Workforce	Workforce health and wellbeing		Medium				
Supply Chain Audit	Corporate	Corporate	Supply Chain Risk - potential failure of companies who supply goods and services to the Council		Medium				
Schools ITC Delivery	Schools	Schools	Disruption to pupils' learning caused by a positive COVID-19 test of a pupil or a staff member		Medium				
Contract Exemptions	Corporate	Corporate	Exemptions to keep exiting contracts		Medium				
School Meals Income	Economy & Environment	Housing & Community	CATERING Significant Loss of Income from school meals.		Medium				
Council Tax (Liability, discounts & Billing)	Corporate	Finance	Financial Fundamental Systems. Failure to meet statutory Requirements					High	
Council Tax (Collection, Refunds & Recovery)	Corporate	Finance	Financial Fundamental Systems. Failure to meet statutory Requirements					High	

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Council Tax Reduction Scheme (CTRS)	Corporate	Finance	Financial Fundamental Systems. Failure to meet statutory Requirements						High
Business Rates (Liability, Refunds & Billing)	Corporate	Finance	Financial Fundamental Systems. Failure to meet statutory Requirements						High
Business rates (Collection, Refunds & Recovery)	Corporate	Finance	Financial Fundamental Systems. Failure to meet statutory Requirements						High
Main Accounting	Corporate	Finance	Financial Fundamental Systems. Failure to meet statutory Requirements						High
Budget Management	Corporate	Finance	Financial Fundamental Systems. Failure to meet statutory Requirements						High
Capital Accounting	Corporate	Finance	Financial Fundamental Systems. Failure to meet statutory Requirements						High
Orders for Goods Works and Services	Corporate	Finance	Financial Fundamental Systems. Failure to meet statutory Requirements						High
Purchase Cards	Corporate	Finance	Financial Fundamental Systems. Failure to meet statutory Requirements						High
Treasury Management	Corporate	Finance	Financial Fundamental Systems. Failure to meet statutory Requirements						High
Pensions	Corporate	Finance	Financial Fundamental Systems. Failure to meet statutory Requirements						High

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Payroll - establishment Changes	People & Org Development	Workforce							High
Payroll - Overtime	People & Org Development	Workforce							High
GMW-Project Management Resources & Continued development funding	Corporate	Regeneration	A fully aligned skills workstream is essential for the Mid Wales region in supporting and shaping skills requirements and interventions which make up part of the emerging proposition document. A identified lead is required to ensure the emerging Mid Wales RLSP priorities and forum takes shape and aligns to the growth deal interventions and projects. Skills elements are currently picked up and managed by the RLSP manager for Mid Wales. The Portfolio management office and workstream leads engage with the RSP manager on matters arising relating to skill. Potential failure to draw down the funding.					High	
GMW-Construction Supply Chain Risk.	Corporate	Regeneration	failure to drawn down funding					High	
Procurement-Construction Supply Chain Risk.	Corporate	Corporate	Partial complete projects					High	

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Statutory Compliance - Corporate	Economy & Environment	Plan, Protect and Prop	HOWPS - ability to deliver contracted services					High	
Schools recruitment	Schools	Schools	Lack of quality leadership resulting in unsustainable structures impacting on school performance.					High	
School Budget Management' Funding Formula	Schools	Schools	Some schools will have escalating deficits which will have a financial impact on the rest of the Council and the learners in their care. School Scheme of Finance/ funding Formula/ Education Grant Certification					High	
Adult Care - Support systems	People & Org Development	Social Care (Adults & Children)	WCCIS unreliability.. Data not available for effective decision making/WSSIC Performance Reporting/ Data Quality					High	
Resilience arrangements	People & Org Development	Social Care (Adults & Children)	Covid resiliency eplans in social Care					High	
North Powys Well Being	People & Org Development	Social Care (Adults & Children)	Inability to deliver programme benefits and to improve wellbeing for the population of north Powys. May not successfully achieve the programme objectives, outcomes and benefits as set out in the Programme Business Case within agreed timescales.					High	
Annual accounts	Corporate	Finance	Financial Fundamental Systems. Failure to meet statutory Requirements					High	

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Grants	Corporate	Finance	Repayment of Grant. Grant Certification and Audit					High	
Early years	Schools	Schools	Ability of early year setting to meet requirements. Educational, financial and reputational shortfalls					High	
Social Care Contract Management	People & Org Development	Social Care (Adults & Children)	Capacity Management/ resilience Plans					High	
Schools -Capital programme	Schools	Schools	Capital Funding Availability					High	
Statutory Compliance	Economy & Environment	Housing & Community	Failing to meet all applicable statutory requirements providing for the health and safety of the occupants in Powys County Council Housing Stock . • Increased risk of death & serious injury. • Reputational risk. • Failure to support well-being and peace of mind of residents and tenant					High	
Social care - peer Review and Quality Assessment	People & Org Development	Social Care (Adults & Children)	failure to monitor performance a and Quality review. Citizens at risk of harm					High	
Pensions	Corporate	Finance	Failure to collect and account for pension contributions being paid over to the Fund on time by Fund employers. Adverse audit opinion, potential delays to Fund employer IAS19 reporting; and					High	

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			potential delay to production of annual report and accounts							
Housing c- Repairs & Maintenance	Economy & Environment	Housing & Community	Failure to deliver high quality R&M service						High	
Digital Transformation	Economy & Environment	Digital	Failure to deliver the transformation						High	
Programme Delivery	Corporate	Corporate	Ineffective project governance and reporting. Projects not delivered successfully						High	
Social Care- Budget management	People & Org Development	Social Care (Adults & Children)	Unable to manage within financial envelope. Ineffective Management of Social Care Budget may not be utilising resources						High	
Childrens Service - workforce	People & Org Development	Social Care (Adults & Children)	Short term fix and not cost effective. Over reliance on agency staff						High	
Project Management	Corporate	Transformation	Project management Capacity. Unable to successfully implement proposal						High	
Childrens Service - Budget management	People & Org Development	Social Care (Adults & Children)	Services users at risk. Ineffective management of resources						High	
Homeless	Economy & Environment	Housing & Community	Unable to meet increasing demand. Increased cost. Citizens at risk of harm.						High	

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Housing	Economy & Environment	Housing & Community	phosphate restrictions on planning areas. Unclear how phosphate risks will be mitigated without further guidance.					High		
Highways- H&S	Economy & Environment	HTR	Injury to individual employees and risk to the Authority. Injury to individual employees and risk to the Authority.					High		
Finance Fraud Baseline assessment	Corporate	Finance	Poor ability to assess fraud risks and its management Increase in loss of revenue in services due to less fraud awareness. The fraud policy roll out progress may be hindered if there is limited knowledge or limited understanding by service areas. The fraud policy roll out progress may be hindered if there is limited knowledge or limited understanding by service areas					High		
Bus Cont & Disaster Rec	Economy & Environment	Digital	Failure to maintain key ICT services in the event of a major incident. Current systems are not covered by a fully resilient DR Solution (Infrastructure and Policies/process					High		
Welsh language Standards	Corporate	Transformation	Failure to implement the Welsh Language Standards					High		
Property Plus	Economy & Environment	Plan, Protect and Prop	Shortfall of central revenue funding and maintaining safe educational premises. Anticipated overspend of £500,000 against Property Plus budget					High		

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Corporate Property	Economy & Environment	Plan, Protect and Prop	- Health and safety risk. - Financial and reputational risk of not undertaking appropriate remedial work. - Failure of statutory functions (Compliance). - Potential for prosecution (HSE) and prohibition notices. - Critical Wales Audit Office Report.					High		
Planning Enforcement	Economy & Environment	Plan, Protect and Prop	- Planning enforcement investigations not being undertaken in a timely manner. - Unauthorised developments becoming immune from planning enforcement action. - Integrity of the planning service being undermine by lack of enforcement action.					High		
Planning Services	Economy & Environment	Plan, Protect and Prop	Budgetary overspends. -Difficulty in forecasting service Budgetary requirements. Non-Compliance with WG Planning enforcement objectives. Increasing costs of external services/goods placing pressure on Planning, Property and Public Protection service budgets.					High		
Market inflation	Corporate	Finance	Effect on capital and revenue budget but mainly effecting supplies of materials relating to any contract or project. Unable to deliver statutory and non-statutory services which could result in a backlog of work, reputational damaged, quality of buildings and knock-on consequences. Examples of a key consequence: delayed or					High		

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			cancelled housing development reduces capacity to address homelessness and other housing needs, Delays or affordability of delivery of schools transformation etc						
School Capital	Schools	Schools	Non delivery of programme. Learners will be disadvantaged					High	
Workforce - vacancies	People & Org Development	Workforce	The Council is unable to recruit, retain and commission the workforce it requires, in the short term due to increased staff absences and a challenging UK labour market, and in the longer term due to an expected long term decrease in the local working age population.					High	High
Payroll - Starters, Leavers and Variations	People & Org Development	Workforce	Risk of fraud and financial significance						High
Payroll - Overtime	People & Org Development	Workforce	Risk of fraud and financial significance						High
Health & Safety	People & Org Development	Workforce	Protecting the workforce and fulfilling a duty of care.						High
Leadership, Culture & Ethics	People & Org Development	Workforce	Setting a tone at the top						High

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Workforce - Vision, Direction & Policy	People & Org Development	Workforce	Clear leadership direction aligned to corporate objectives						High
People Management - Performance and Development	People & Org Development	Workforce	Supporting the development of the workforce						High
People Management- Sickness	People & Org Development	Workforce	Supporting employees						High
Equality	People & Org Development	Workforce	Complying with legislation						High
Agency	People & Org Development	Workforce	Excessive spend on temporary staff. Transition to more cost effective and sustainable arrangements.						High
Time Management	People & Org Development	Workforce	Supporting and controlling workforce activities. Consider working time directives, and monitoring employee activities.						High
Flexible and Mobile Workforce	People & Org Development	Workforce	Enabling and controlling workforce activities of a mobilised workforce. Risk of lack of visibility						High
Grievances & Complaints	People & Org Development	Workforce	Effective measure reduce the risk of fraud						High
Whistleblowing	People & Org Development	Workforce	Effective measure reduce the risk of fraud						High

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Fraud Maturity-Baseline assessment	Corporate	Finance	Reducing the risk of serious fraud							Yes
Conflicts of interest	Corporate	Corporate	Follow up work of existing control weakness and high risk areas			Y				Yes
Housing Voids	Economy & Environment	Housing & Community	Follow up work of existing control weakness and high risk areas							Yes
Employee Development	People & Org Development	Workforce	Follow up work of existing control weakness and high risk areas							Yes
Statutory Compliance	Economy & Environment	Housing & Community	Follow up work of existing control weakness and high risk areas							Yes
Highways Operations x 5	Economy & Environment	HTR	Follow up work of existing control weakness and high risk areas			Y				Yes
Early Years Setting	Schools	Schools	Follow up work of existing control weakness and high risk areas							Yes
DoLS & BI	People & Org Development	Social Care (Adults & Children)	Follow up work of existing control weakness and high risk areas							Yes
Project Governance Arrangements	Corporate	Transformation	Follow up work of existing control weakness and high risk areas							Yes

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Risk Management	Corporate	Finance	Follow up work of existing control weakness and high risk areas							High	Yes
Significant Partnerships (Governance and Risks)	Corporate	Transformation	Follow up work of existing control weakness and high risk areas							High	Yes
Debt Management	Corporate	Finance	Financial Fundamental Systems. Failure to meet statutory Requirements							High	Yes

The Internal Audit Charter 22/23

Purpose

The purpose of this Charter is to set out the nature, role, responsibility, status and authority of internal auditing within Somerset County Council, and to outline the scope of internal audit work.

Approval

This Charter is reviewed each year to confirm it remains accurate and up to date.

Provision of Internal Audit Services

The internal audit service is provided by the SWAP Internal Audit Services (SWAP). This charter should be read in conjunction with the Service Agreement, which forms part of the legal agreement between the SWAP partners.

The budget for the provision of the internal audit service is determined by Powys County Council in conjunction with the Members Meeting. The general financial provisions are laid down in the legal agreement, including the level of financial contribution by the organisation, and may only be amended by unanimous agreement of the Members Meeting. The budget is based on an audit needs assessment that was carried out when determining the organisation's level of contribution to SWAP. This is reviewed each year by the S151 Officer in consultation with the Chief Executive of SWAP

Role of Internal Audit

The Accounts and Audit (Wales) Regulations 2016, state that: *“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the public sector internal auditing standards or guidance.”*

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the Organisation's operations. It helps Powys County Council accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Responsibilities of Management, Audit and Governance Committee and Internal Audit

Management¹

Management is responsible for ensuring SWAP:

- has the support of management and the organisation; and
- has direct access and freedom to report to senior management, including the Chief Executive and the Audit Committee
- is notified of suspected or detected fraud, corruption or impropriety.

Management is responsible for maintaining internal controls, including proper accounting records and other management information suitable for running the Organisation. Management is also responsible for the appropriate and effective management of risk.

Audit and Governance Committee²

The Audit and Governance Committee is responsible for approving the scope of internal audit work, receiving communications from the SWAP Assistant Director on the progress of work undertaken,

¹ In this instance Management refers to the Senior Management Team and Statutory Officers.

² In this instance the Audit Committee relates to “The Board” referred to in the PSIAS.

reviewing the independence, objectivity, performance, professionalism and effectiveness of the Internal Audit function, and obtaining reassurance from the SWAP Assistant Director as to whether there are any limitations on scope or resources.

Internal Audit

The SWAP Assistant Director, as Head of Internal Audit, is responsible for determining the scope, except where specified by statute, of internal audit work and for recommending the action to be taken on the outcome of, or findings from, their work.

Internal audit is responsible for operating under the policies established by management in line with best practice.

Internal audit is responsible for conducting its work in accordance with the mandatory elements of the Code of Ethics and Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note. SWAP has been independently assessed and found to be in Conformance with the Standards.

Internal audit is not responsible for any of the activities which it audits. SWAP staff will not assume responsibility for the design, installation, operation or control of any procedures. SWAP staff who have previously worked for the organisation will not be asked to review any aspects of their previous department's work until one year has passed since they left that area.

Relationship with the External Auditors/Other Regulatory Bodies

Internal Audit will co-ordinate its work with others wherever this is beneficial to the organisation.

Status of Internal Audit in the Organisation

*The Chief Executive of SWAP is responsible to the SWAP Board of Directors and the Members Meeting. Appointment or removal of the Chief Executive of SWAP is the sole responsibility of the Members Meeting.

The Chief Executive for SWAP, the Executive Director and Assistant Director also report to the Section 151 Officer, and reports to the Audit and Governance Committee as set out below.

The Assistant Director will be the first and primary point of contact for the organisation for all matters relating to the Audit and Governance Committee, including the provision of periodic reports, as per company policy. The Assistant Director is also responsible for the design, development and delivery of audit plans, subject to the agreement of Powys County Council.

Scope and authority of Internal Audit work

There are no restrictions placed upon the scope of internal audit's work. SWAP staff engaged on internal audit work are entitled to receive and have access to whatever information or explanations they consider necessary to fulfil their responsibilities to senior management. In this regard, internal audit may have access to any records, personnel or physical property of the organisation.

Internal audit work will normally include, but is not restricted to:

- reviewing the reliability and integrity of financial and operating information used for operational and strategic decision making, and the means used to identify, measure, classify and report such information;
- evaluating and appraising the risks associated with areas under review and make proposals for improving the management and communication of risks;

- appraise the effectiveness and reliability of the enterprise risk management framework and recommend improvements where necessary;
- assist management and Members to identify risks and controls with regard to the objectives of the organisation and its services;
- reviewing the systems established by management to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports, and determining whether the organisation is in compliance;
- reviewing the means of safeguarding assets and, as appropriate, verifying the existence of assets;
- appraising the economy, efficiency and effectiveness with which resources are employed;
- reviewing operations or programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned, with performance and accountabilities established.
- reviewing the operations of the organisation in support of their anti-fraud and corruption policy, ethical expectations and corporate values, investigating where necessary.
- at the specific request of management, internal audit may provide consultancy services (including fraud investigation services) provided:
 - the internal auditor's independence is not compromised
 - the internal audit service has the necessary skills to carry out the assignment, or can obtain such skills without undue cost or delay
 - the scope of the consultancy assignment is clearly defined and management have made proper provision for resources the work.
 - management understand that the work being undertaken is not internal audit work.

Planning and Reporting

SWAP will submit to the Audit and Governance Committee for approval, an annual internal audit plan, setting out the recommended scope of their work in the period.

The plan will be developed with reference to the risks the organisation will be facing in the forthcoming year, whilst providing a balance of current and on-going risks, reviewed on a periodic basis. The plan will be reviewed on a quarterly basis to ensure it remains adequately resourced, current and addresses new and emerging risks.

SWAP will carry out the work as agreed, report the outcome and findings, and will make recommendations on the action to be taken as a result to the appropriate manager and Director. SWAP will report at least four times a year to the Audit Committee or as agreed. SWAP will also report a summary of their findings, including any persistent and outstanding issues, to the Audit Committee on a regular basis.

Internal audit reports will normally be by means of a brief presentation to the relevant manager accompanied by a detailed report in writing. The detailed report will be copied to the relevant line management, who will already have been made fully aware of the detail and whose co-operation in preparing the summary report will have been sought.

The Assistant Director will submit an annual report to the Audit and Governance Committee providing an overall opinion of the status of risk and internal control within Powys County Council, based on the internal audit work conducted during the previous year.

In addition to the reporting lines outlined above, the Chief Executive of SWAP and SWAP Directors and Assistant Directors have the unreserved right to report directly to the Leader of the Council, the Chairman of the Audit and Governance Committee, the organisation's Chief Executive Officer or the External Audit Manager.