

Powys County Council

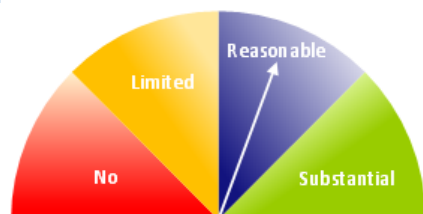
Internal Audit Activity

Progress Report 2021/22 – Quarter 3

Governance and Audit Committee – 10th February 2022

Internal Audit Update – 2021/22: ‘At a Glance’ January 2022

Rolling Opinion



There is generally a sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives.

The Headlines (September -January)

	Two significant pieces of audit work have been considered by the Governance and Audit Committee since the last progress report. The review of the Merger Proposal at Ysgol Calon Cymru indicated that whilst there are clear signs of improvement in the decision-making process with the adoption of the 5-model business case, the Council need to continue to embed the culture and practices into all key transformational projects and programmes. The audit on Covid Business Grants found that the financial administration protected against fraud and error.
	37 Completed reviews delivered so far as part of the 2021/22 Internal Audit Plan. The internal audit work programme is on track for delivery. Includes 24 assurance reviews (including grant certifications), and 13 advisory pieces. The only Priority 1 recommendation for the period was surrounding a historic decision-making process that lacked transparency, support and governance. The delivery of this action is in progress with further audit work scheduled to give assurance.
	Internal Audit activity is supporting the Council in its duty to prevent and detect fraud. A report on fraud in the Supply chain and a fraud risk assessment across the Council are highlights areas of focus.
	Improvements from the implementation of agreed actions (2021/22) Action tracking is on-going, and the Council have access to the results of those activities on the data dashboard. In general, the Council are implementing internal audit recommendations in accordance with plans.
	Adding Value by spreading awareness and learning SWAP have delivered training sessions to schools to enable them to understand the requirements of the audit process together with guidance on common issues and fraud. This will be rolled out to the Head teachers forum.

Internal Audit Assurance Opinions 2021/22

	YTD
Substantial	2
Reasonable/ Certified	20
Limited	2
No Assurance	0
Advisory / Support	13
Total	37

Internal Audit Agreed Actions 2021/22

	YTD
Priority 1	2
Priority 2	42
Priority 3	50
Total	94

As part of our rolling plan reports, we will provide an ongoing opinion to support the end of year annual opinion, detail progress against the approved plan and any updates in scope and coverage.

We will also provide details of any significant risks that we have identified in our work, along with the progress of mitigating significant risks previously identified through audit activity.

The contacts at SWAP in connection with this report are:

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Rolling Opinion and Summary of Significant Risks

Introduction

This is the third quarterly update for the 2021/22 financial year and reports against the quarterly plans agreed by this Committee in April and July 2021. Our planning process involves quarterly reviews with senior managers to ensure internal audit activity remains appropriate in scope and timing with the opportunity for risk-based flex.

Rolling Opinion

The Rolling Opinion is based on information obtained from multiple engagements and sources, the results of which, when viewed together, provide an understanding of the organisation's governance arrangements, risk management processes and internal control environment and facilitate an assessment of overall adequacy and effectiveness. These sources include:

- Completed reviews (for 2021/22) which evaluate risk exposures relating to the organisation's governance, operations, risk and information systems, reliability and integrity of information, efficiency and effectiveness of operations and programmes, safeguarding of assets and compliance with laws and regulations;
- Observations from consultancy/advisory support;
- Follow up of previous audit activity, including agreed actions;
- Notable changes to the organisation's strategy, objectives, processes or IT infrastructure; and
- Other assurances (1st and 2nd line) and from other providers, including third parties, regulators etc.

Based upon our completed work to date, which covers various assurance and advisory pieces and a range of grant certifications, our rolling opinion is **Reasonable**. Appendix A summarises internal activity completed, in progress and due to commence for the period covered by this report. This, along with the cumulative summary position is provided above in the 'At a Glance' section.

Significant Issues (Sept -Jan)

The Internal Audit report on the Merger proposal at Ysgol Calon Cymru was the only report with a "No" or "Limited" opinion in the period. The report was considered at a previous meeting on the 21st of January 2022 with the Service attending to provide answers to any questions. It was acknowledged that many of the issues were historic with new processes and governance structures in place. Whilst early signs are that the 5-model business case is being used to approve and track projects; the Council should continue to embed the principles and practices into all new transformation projects and continue the governances and oversight throughout the project lifecycle.

There are two reports that have remained in draft for a significant period of time without agreed actions from management (Digital Information Management and Highways – Commissioning). Any risks identified in these reports may remain uncontrolled. Dialogue will continue but failing a suitable response, the team will publish the report without agreed actions and bring this to the attention of the Committee.

Internal Audit Update

Our audit plan coverage assessment is designed to indicate whether we have provided sufficient, independent assurance to monitor the organisation's risk profile effectively.

For those areas where no audit coverage is planned, assurance should be sought from other sources to provide a holistic picture of assurance against key risks.

SWAP Internal Audit Plan Coverage

The table below provides a visual representation of how our completed audits and work in progress for 2021/22 financial year to date provides assurance over key strategic risks areas (Risk Universe) in the Internal Audit Plan. As the year builds and more work is completed, coverage across the key risk areas increases. 'Adequate' coverage reflects delivery of planned assurance levels.

Risk Rank	Powys Risk Reference	Powys Risk Area	SWAP Risk Review	Coverage Level
1	ASC0064	Social Care Management systems	Housing- homeless and vulnerable, safeguarding, Adults -caseloads, workforce, partnerships, multiagency, Inspections Children – safeguarding, caseloads, LAC, foster care	
2	PPPP007	HOWPS Performance and Delivery	Contract, procurement, and partnerships- social value, insourcing, modern slavery, supplier resilience, nth Party risk, outsourcing risk	
3	WO0021	Workforce Planning. Recruitment and Retention	Workforce – covid, recruitment and selection, exit payments, talent management, training, sickness	
4	PCC0005	Impact of the Covid pandemic on the residents of Powys	Covid- Delivering Services	
5	FIN0001	Inability to Setting a balance Budget heightened by pandemic	Financial resilience- spending review, funding gaps, commercialisation, financial crime, Brexit	
6	ICT0029	Cyber Security Threat	Information Management – Access, cyber security, business continuity, information governance, digitalisation, Comms, Mobile Devices	
7	PCC0002	Impact of Brexit	Change- Brexit, transformation, project failure, emergency planning	
8	PROC0008	Increasing costs of supply and materials in current market		
9	ICT0010	GDPR and DPA Non-Compliance		

Internal Audit Update

Overall the internal audit programme of work has adequate coverage of key risks.

It should be noted that forms of assurance are sometimes given by other providers.

10	CS0081	Children Services Budget Management	Financial resilience- spending review, funding gaps, commercialisation, financial crime, Brexit	
11	ED0022	Schools Financial Management / Distribution formula	Educational Delivery – absence, asset management, budgets, workforce, transport,	
12	PCC0003	Negative Inspection Reports		
13	COVID0058 (Withdrawn)	Non delivery of PIAP due to Covid, Schools Transformation	Educational Delivery – absence, asset management, budgets, workforce, transport,	
14	HO0024	Statutory Compliance in Housing stock	Strategic asset management- land and property management Health, Safety and Wellbeing – homeworking, public spaces, building cladding, housing maintenance	
15			Governance- decision making and scrutiny, culture, ethics and regulatory compliance	
16			Planning-affordable Housing Local Economy -unemployment, decline of High Street, transport Environment – sustainability, climate change, carbon reduction, recycling	

Coverage Key	
Good	Good coverage complete
Adequate	Adequate coverage complete
Some	Coverage Completed
In progress	Some Areas of Coverage planned or in Progress
None	No coverage to date

Internal Audit Update

Follow up work confirms the responsive nature of management in implementing agreed actions to mitigate exposure to areas of risk.

Action tracking and Follow Up

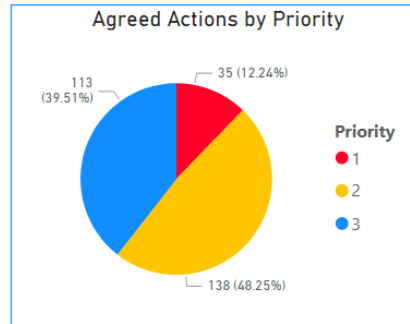
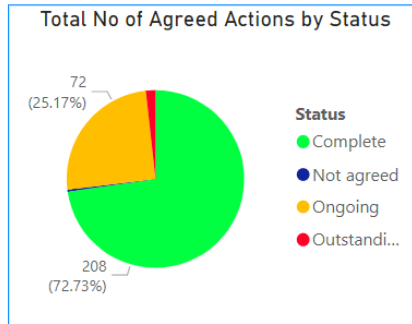
← to Detailed Summary

Powys County Council Insight Dashboard

Drill down to Agreed Actions



Agreed Actions made by Internal Audit

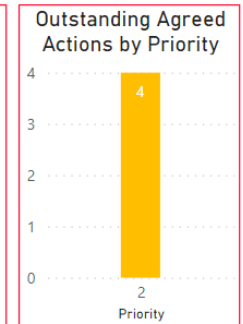


Priority 1&2 requiring immediate attention

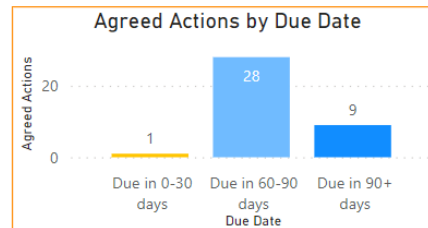


Outstanding Agreed Actions by Directorate

Directorate/ Service	Overdue 60+ Days	Total
Democracy	3	3
Finance	1	1
Total	4	4



Priority 1&2 Agreed Actions on the Horizon (due in 30 days or less)



Priority 3 Agreed Actions that would add value (if implemented)



SWAP work is completed to 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.

Internal Audit Update

These outstanding issues have been stagnated and are long overdue.




The failure to implement agreed actions increases the risk of unwanted events occurring.

All Internal Audit issues have been accepted by management.

The are no significant actions on the horizon that may become outstanding

Key Outstanding Issues

The list below is those priority 1 and Priority 2 recommendation that have not been implemented within the agreed timescale.

 to Summary
  to Directorate
  to Overview

5
in Total

Drill Down

Directorate/ Service	Audit Name	Ref	Agreed Action	Priority	Responsible Officer	Implementation Date	Revised End Date	Implementation Days	Status
Democracy	Conflict of Interest	42929	We recommend all staff should receive appropriate training as new employees and periodic refreshers in relation to the code of conduct. We also recommend that the Authority needs to issue guidelines for all Officers of the Authority as to how to declare and record any Conflicts of Interests. This guidance should be linked to the Code of Conduct and should form part of a structured training and refresher programme.	2	Head of Legal and Democratic Services.	01 January 2021	30 June 2021	212	Outstanding
Finance	Debt Management	42315	We recommend that all debt is pursued in line with the Authorities approved guidance.	2	Dave Thomas	01 April 2020		667	Outstanding
Democracy	Conflict of Interest	43032	We recommend that all officers with influence should complete a declaration of interest form even if it is a nil return. Ideally, this should be done at the start of their employment.	2	Head of Legal & Democratic Services.	01 November 2020	31 March 2021	303	Outstanding
Democracy	Conflict of Interest	42928	We recommend that the Authority needs to ensure that all staff are made aware of their declaration responsibilities and methods to record any conflict of interests.	2	Head of Legal and Democratic Services.	01 December 2020	31 March 2021	303	Outstanding
Democracy	Conflict of Interest	44839	We recommend that the Council need to refresh / re-evaluate the policies and frameworks they have in place to control conflict of interests to ensure it is aligned to the behaviour framework and that systems operate effectively.	3	Head of Legal & Democratic Services.	31 March 2020		668	Outstanding

Not Agreed Actions

The Council has one action that was not agreed by the Service at the time of the audit, but has subsequently been implemented. This action will be marked as complete in the next action tracking report.

Outstanding Actions on the horizon

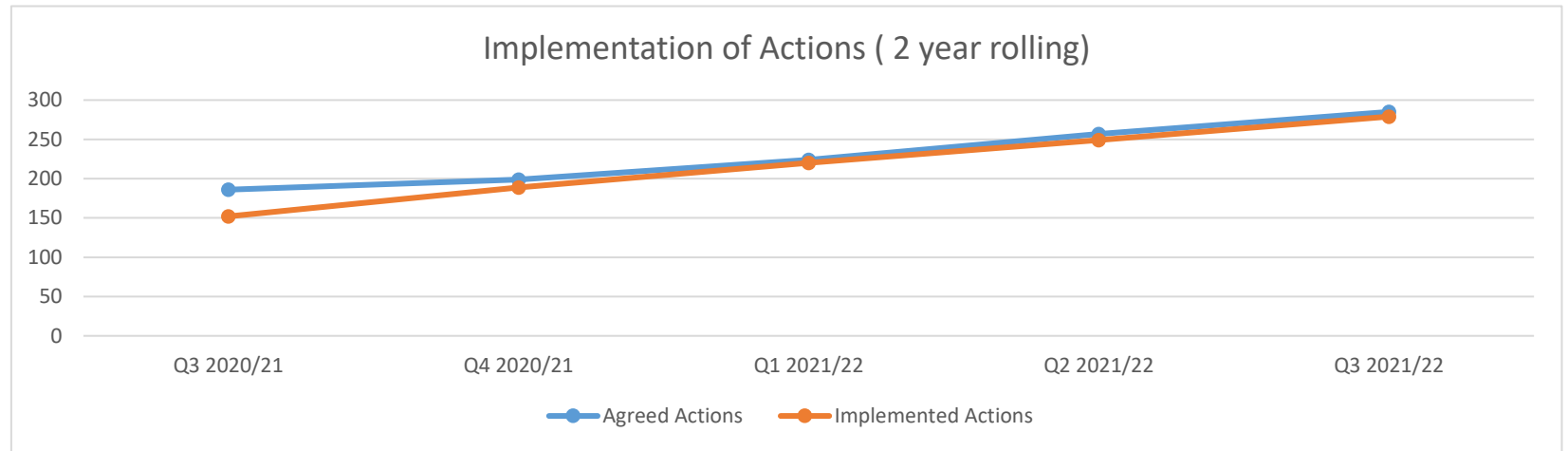
The Council only has one action that will become outstanding within the next 30 days. This relates to fire alarm testing at a Primary school and will be resolved shortly

Internal Audit Update

Management is successfully implementing internal audit agreed actions.

Agreed Action Implementation

The chart below shows the number of agreed actions from audit work compared to those actions that are not implemented after exceeding the agreed deadline.



Added Value

Added Value

Extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something more while adding little or nothing to its cost.

Added Value 2021/22

SWAP strives to add value wherever possible, and this can be demonstrated in a number of ways ranging from how we deliver your assurance requirements to how we optimise our reach across our partner base and the wider profession to deliver information, reflection and learning.

Benchmarking

- Counter fraud – a Cross Comparison Partner Review presented information from separate fraud risk assessments of eleven SWAP Partners to enable comparison of relative maturity and an overview of findings across participants. This information is being considered as part of action implementation following a counter fraud risk assessment of the Council in 2021/22.
- Sector and partner risks - information to inform strategic risk register development and review is gathered and shared to support the Council's risk management process.
- Information on topical issues and good practice is gathered and appropriately shared across SWAP and sector partners.
- Specific benchmarking exercises on: Appointee prepaid cards, Insurance, Coroners, School forum, Disclosure and barring checks, NNDR appeals provision, Customer Services.

Visibility

- Audit Committee training and awareness – skills survey issued to support their annual effectiveness assessment
- Training on fraud, risk and controls in Schools
- Licencing Member training

Reactive

- Investigation resource from SWAPs Counter fraud team including fraud alerts
- COVID-19 Grant Certification Work to respond to government review and sign off requirements

Project

- Real-time project advice provided as required

Summary of Internal Audit Work 2021/22 Q3 and Agile Plan for Q4

Appendix A

Service Area	Audit Area	Status	Opinion	No of Actions	1 = Major	↔	3 = Medium
					Action		
					1	2	3
Completed							
Children	Mental Capacity Act	Completed	Reasonable	3	-	1	2
Children	Budget Management	Completed	Reasonable	9	-	6	3
Finance	Creditors (Control Risk Self-Assessment)	Completed	Substantial	0	-	-	-
Finance	Council Tax (Control Risk Self-Assessment)	Completed	Reasonable	1	-	-	1
Finance	Debtors (Control Risk Self-Assessment)	Completed	Reasonable	2	-	-	2
Finance	Growth Mid Wale 20/21s – Grant	Completed	Certified	-	-	-	-
Finance	Education Improvement Grant	Completed	Certified	-	-	-	-
Finance	Purchase Cards (Control Risk Self-Assessment)	Completed	Reasonable	2	-	2	-
Finance	Pupil Deprivation Grant	Completed	Certified	-	-	-	-
Finance	School Covid Claims on Barclaycard (April / May/ June)	Completed	Advisory	-	-	-	-
Finance	School Covid Claims on Barclaycard (July/ August/ September)	Completed	Advisory	-	-	-	-
Finance	National Fraud Initiative Update Report Q1	Completed	Advisory	-	-	-	-
Finance	National Fraud Initiate Administration (Qrt 1, 2 & 3)	Completed	Advisory	-	-	-	-

Service Area	Audit Area	Status	Opinion	No of Actions	1 =	↔	3 =
					Major		Action
					1	2	3
Finance	Supply Chain Fraud Risks	Complete	Reasonable	6	-	1	5
Finance	Covid Fraud Risks Business Grants	Complete	Reasonable	5	-	2	3
Finance	Fraud Risk Assessment	Complete	Advisory	-	-	-	-
Finance	School Covid Claims on Barclaycard (Oct-Dec)	Complete	Advisory	-	-	-	-
Highways, Transport and Recycling	Interim Report on HTR Commissioning	Completed	Advisory	-	-	-	-
Highways, Transport & Recycling	Highways - Flexi- time Payments	Completed	Reasonable	3	-	-	3
Housing & Community Development	Y Gaer (Lessons learned)	Completed	Limited	11	1	9	1
Housing & Community Development	Enable Grant	Completed	Advisory	-	-	-	-
Schools	Brecon High School (Follow-up)	Completed	Reasonable	1	-	1	-
Schools	Gladestry Primary School	Completed	Substantial	2	-	1	1
Schools	Llangattock Primary School	Completed	Reasonable	8	-	3	6
Schools	Forden Primary School	Completed	Reasonable	4	-	-	4
Schools	Gymreg Dyffryn Y Glowyr Primary School	Completed	Reasonable	2	-	1	1
Schools	Ysgol Calon Cymru	Completed	Limited	1	1		
Schools	Llangynidr Primary School	Completed	Reasonable	8	-	2	6
Schools	Ysgol Bro Cynllaith CP	Complete	Reasonable	12	-	6	6

Service Area	Audit Area	Status	Opinion	No of Actions	1 = Major	↔	3 = Medium
					Action		
					1	2	3
Schools	St Michaels CIW, Kerry	Complete	Reasonable	4	-	-	4
Schools	Franksbridge CP	Complete	Reasonable	7	-	6	1
Schools	Audit Training Session for Schools Q3	Complete	Advisory	-	-	-	-
Digital	Digital ICT Risk Review	Complete	Advisory	-	-	-	-
Transformation and Communication	Impact Assessment	Completed	Reasonable	2	-	1	1
Transformation and Communication	Action Training and Follow-up Q1 (Apr/May/Jun)	Completed	Advisory	-	-	-	-
Transformation and Communication	Action Tracking and Follow-up Q2 (Jul/Aug/Sep)	Completed	Advisory	-	-	-	-
Transformation and Communication	Action Tracking and Follow-up Q3 (Oct/Nov/Dec)	Completed	Advisory	-	-	-	-
Reporting							
Digital	Management of Digital Information Assets	Draft - with Client	Delayed	4	-	1	3
Highways, Transport & Recycling	HTR Resurfacing – Commissioning	Draft – with Client	Delayed	5	1	2	2
Finance	National Fraud Initiative Update Report Q3	Draft- with Client		1	1	-	-
Schools	Bryn Hafren CP	Draft- with Client					
Schools	Llandinam Primary School	Draft – with Client					
Schools	Ysgol Pennant CP	Draft- with Client					
Highways, Transport & Recycling	HTR Resurfacing – Procurement	Draft					

Service Area	Audit Area	Status	Opinion	No of Actions	1 =	↔	3 =
					Major		Action
					1	2	3
In Progress Q4							
Adults & Children	Continuing Health Care	In Progress					
Finance	National Fraud Initiate Administration Q4	In Progress					
Finance	Ordering Goods and Services	In progress					
Finance	Contracts Exemptions	In Progress					
Highways, Transport & Recycling	Highways - Overtime Payments	In Progress					
Highways, Transport & Recycling	Highways - Transport & Vehicles	In Progress					
Highways, Transport & Recycling	Highways -Stocks and Materials	In Progress					
Highways, Transport & Recycling	Highways -Fuel Security and Usage	In Progress					
Highways, Transport & Recycling	Highways – Delivery, Reporting and Monitoring	In Progress					
Housing & Community	Supporting People Grant Certification	In Progress					
Transformation and Communication	Action Tracking and Follow-up Q4 (Jan/Feb/Mar)	In Progress					
Schools	Audit Training Session for Schools Q4	In Preparation					

Service Area	Audit Area	Status	Opinion	No of Actions	1 =	↔	3 =
					Major		Action
					1	2	3
Q4 Programme of work- Not Started							
Finance	Capital Program	Scheduled					
Adults	Contracts - Financial Resilience	Scheduled					
Schools	Primary School x 5 Q4	Scheduled					
Schools	Ysgol Maesydderwen High School	Scheduled					
Reserve List							
Housing & Community	Statutory Compliance Housing	Scheduled	Post HOWPS transition				
Corporate	Complaints	Provisional					
Corporate	Climate Change/ Carbon Reduction	Provisional					
Finance	Virements & Budgets	Provisional					
Digital	Cybersecurity Review	Provisional					