

Pwyllgor Archwilio

Man Cyfarfod
**Ystafell Bwyllgor A - Neuadd y Sir,
Llandrindod, Powys**

Dyddiad y Cyfarfod
Dydd Iau, 19 Tachwedd 2020

Amser y Cyfarfod
10.00 am

I gael rhagor o wybodaeth cysylltwch â
Lisa Richards
01597 826371
lisa.richards@powys.gov.uk



Neuadd Y Sir
Llandrindod
Powys
LD1 5LG

Dyddiad Cyhoeddi

Mae croeso i'r rhai sy'n cymryd rhan ddefnyddio'r Gymraeg. Os hoffech chi siarad Cymraeg yn y cyfarfod, gofynnwn i chi roi gwybod i ni erbyn hanner dydd ddau ddiwrnod cyn y cyfarfod

AGENDA

1. Ymddiheuriadau Derbyn ymddiheuriadau am absenoldeb.
2. Datganiadau o ddiddordeb Derbyn datganiadau o fuddiant oddi wrth Aelodau.
3. Cofnodion Awdurdodi'r Cadeirydd i lofnodi cofnodion y cyfarfod blaenorol. (Tudalennau 1 - 8)
4. Cronfa Bensiwn Powys - Datganiad o Gyfrifon Ystyried adroddiad y Pennaeth Cyllid. (Tudalennau 9 - 74)
5. Archwilio Cymru - Cynaliadwyedd Ariannol Llywodraeth Leol o ganlyniad i Bandemig Covid 19 Ystyried adroddiad Archwilio Cymru. (Tudalennau 75 - 90)
6. Archwilydd Cyffredinol - Dadansoddeg Data Ystyried llythyr gan Archwilydd Cyffredinol Cymru. (Tudalennau 91 - 94)

7. Cofrestrau Risg Strategol a Covid
Ystyried adroddiad yr Aelod Portffolio ar faterion Cyllid. (Tudalennau 95 - 160)
8. Archwiliad - Adroddiad ar Berfformiad
Ystyried y Diweddariad ar Weithgareddau Archwiliad Mewnol Chwarter 2. (Tudalennau 161 - 224)
9. Pwyllgor Llywodraethu ac Archwilio
Ystyried adroddiad Pennaeth y Gwasanaethau Democrataidd. (Tudalennau 225 - 236)
10. Rheoli'r Drysorfa
Ystyried adroddiad yr Aelod Portffolio ar faterion Cyllid. (Tudalennau 237 - 244)
11. GWEITHGORAU
Derbyn crynodeb o gyfarfod o'r Gweithgor. (Tudalennau 245 - 246)
12. RHAGLEN WAITH
Bydd y cyfarfod nesaf yn cael ei gynnal ar 10 Rhagfyr 2020 am 10am pan fydd yr eitemau canlynol ar yr agenda:
<ul style="list-style-type: none"> • Archwilio Cymru – Gwrth-dwyll • Archwilio Cymru – y Fenter Gwrth-dwyll Genedlaethol • Datblygu Dysgu a Gweithwyr • Adolygiad o Grantiau Busnes

<u>Membership of the Working Group:</u> County Councillors: Gareth Ratcliffe (Lead Member) Linda Corfield David Evans Hywel Lewis Kathryn Silk Geraint Hopkins David Jones	<u>Regeneration:</u> County Councillor Avril York Paul Griffiths, Strategic Director – Place Susan Bolter, Head of Regeneration, Property and Commissioning Sarah Jowett, Lead Professional, Regeneration and Corporate Property. Jenni Thomas – Regeneration Manager
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MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT TEAMS ON TUESDAY, 29 SEPTEMBER 2020

PRESENT

County Councillors J G Morris, Chair, K Laurie-Parry, D J Jones, M J Jones, D Meredith, W D Powell, D A Thomas, R G Thomas, J M Williams, R Williams and Mr J Brautigam

Cabinet Portfolio Holders In Attendance: County Councillor A W Davies

Officers: Gwilym Davies, Head of Property, Planning and Public Protection, Dan Paley, Policy and Reporting Accountant, Clive Pinney, Head of Legal and Democratic Services, Wyn Richards, Head of Democratic Services, Jane Thomas, Head of Finance and Ness Young, Corporate Director, Resources and Transformation

Other Officers In Attendance: Messrs P Pugh, D Burridge and A Veale, Audit Wales, and D Hill and I Halstead, SWAP

1. APOLOGIES

Apologies for absence were received from County Councillors M Barnes and T J Van Rees.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES

Documents:

- Minutes of meetings held on 7 February, 4 June and 4 September 2020

Outcomes:

- **The Chair was authorised to sign the minutes of the three previous meetings as correct records**

The Chair informed Members that the Co-ordinating Committee had considered a paper outlining a new role for the Committee. The Committee would be renamed the Governance and Audit Committee and have a revised role. The proposals would be circulated to Members after the meeting and would be considered in depth at a future meeting.

4. STATEMENT OF ACCOUNTS

Documents:

- Report of the Head of Finance

- Audit Wales – Audit of Accounts Report
- Letter of Representation
- Statement of Accounts 2019/20
- Annual Governance Statement 2019/20

Discussion:

Overview

- The draft accounts for Powys County Council and the Pension Fund had been signed off on 15 June and audit work commenced shortly after
- The Covid 19 pandemic has had a significant impact and the Welsh Government made provision for a delay. This has resulted in the Pension Fund Accounts audit being delayed and a separate meeting of the Audit Committee will be convened to agree those accounts in the next few weeks.
- As usual, and in line with improving scrutiny, the Committee undertook two seminars, one on the draft statement of accounts and more recently on the final accounts
- One misstatement relating to a short-term debtor has remained as it is managements' view that this is appropriate
- Any other misstatements identified have been amended
- An Emphasis of Matter issue is identified with regard to the valuation of property assets due to the position regarding the pandemic and property values
- The statement of accounts was advertised but no representations have been made by members of the public
- The Authority continued to take a project management approach to finalizing the accounts to ensure year on year improvement
- In 2021, the accounts are expected to be prepared in much shorter timescales – draft accounts will be signed off by 31 May 2021 and the final accounts by 30 July 2021
- The Committee was asked to approve the sign off of the accounts by the Chair and S151 Officer and of the Annual Governance Statement by the Leader and Chief Executive

Audit Wales

- Audit Wales noted the unprecedented challenges during the year and recognised the significant achievement in preparing the Statement of Accounts. They thanked the S151 Officer, Policy and Reporting Accountant and the Finance Team for their help and co-operation.
- The issue of materiality was explained that the level at which misstatements was set so that the reader of the accounts was not mislead. This level had been set at £4.9M.
- Two potential conflicts of interest and the safeguards put in place were reconfirmed
- Work was substantially complete and the Auditor General was due to issue his opinion on 30 September 2020
- The main impacts of the pandemic had been on the timetable, use of technology and authorisation to use electronic signatures
- Audit Wales referred to the delay with the Pension Fund accounts but that the audit had now commenced

- It was noted that the deadlines for submission of accounts for 2021 had been delayed in England but there was no information regarding amending dates in Wales
- Audit Wales reiterated the misstatement as reported by the Head of Finance and drew Members attention to key issues within the document
- It was suggested that a £4.9M level for misstatements gave considerable leeway within the accounts. Audit Wales acknowledged that this was a regular question, but the sum was in line with that recommended by auditing and professional standards and was only 1% of income and expenditure.
- The Committee asked whether the number of misstatements was representative of the levels of misstatements in other authorities – each audit was different. The number of errors had been higher than previous audits and complex adjustments were needed but this could have been attributable to increased workloads because of the pandemic and changes to personnel. It was an issue for the Head of Finance to address.
- It was not anticipated that there would be a significant, if any, change to the fees charged as identified at the start of the audit
- The Chair highlighted that there were continuing overspends in some service areas and that the Committee were keen to see budgets being kept under control. The Head of Finance noted that the budget had been predicated on scenarios which recognised pressures and each service had been resourced on that position where appropriate – the pandemic had raised additional challenges. The Portfolio Holder highlighted the importance of both Audit Committee and scrutiny committees monitoring budgets.

Annual Governance Statement

- The Corporate Director, Resources and Transformation had lead work in preparing the AGS
- Increased content and a changed format were noted
- The report highlights the activities, effectiveness and action points for the Authority
- There has been significant input by the Senior Leadership Team
- The impact of the pandemic is also reflected within the document
- SWAP have not raised any significant issues for inclusion

Letter of Representation

- The contents were noted

Outcomes:

- **The 2019-20 Statement of Accounts were approved and the Chair authorised to formally sign the Statement of Accounts with the Section 151 Officer.**
- **The Statement of Accounts be published as soon as possible but no later than 30 November 2020.**
- **The 2019-20 Annual Governance Statement be approved for formal signing by The Leader of the Council and the Chief Executive.**
- **The Annual Governance Statement be published as soon as possible but no later than 30 November 2020.**

The Portfolio Holder for Finance thanked Audit Wales and the Head of Finance and her team for their work in completing the Statement of Accounts

5. CAPITALISATION DIRECTION

Documents:

- Report of the Head of Finance

Discussion:

- The report fulfils a requirement to report on the use of funds under the capital directive
- Transformation is critical in providing a level of service that is cost effective and achieves the outcomes detailed in Vision 2025
- £3M of capital receipts have been used to fund activity in the Transformation Programme
- Clear guidance is given for qualifying expenditure – it should either deliver ongoing revenue savings or mitigate ongoing pressures
- All items met these requirements
- The budget was slightly underspent by £460K but this will be carried forward to 2021/22
- Some items are not yet recording savings but are expected to in the longer term
- Members questioned how they could be assured that value for money was being achieved. The Head of Finance confirmed that updates would be provided in future reports.

Outcomes:

The report was noted

6. CAPITAL PAYMENT TO THEATR BRYCHEINIOG

Documents:

- Report of the Corporate Director, Resources and Transformation
- SWAP Final report – One Off Capital Payment Diligence Report and Appendices
- Portfolio Holder decision report

Discussion:

- SWAP had undertaken a review to ensure effective governance had been applied during the decision to make a one-off capital payment to Theatr Brycheiniog in August 2018
- There were 14 recommendations made – three priority 1, nine priority 2 and two priority 3
- There were nine key areas noted in the conclusions:
 - Outcome – concerns were raised regarding the Council's diligence in the process. Theatr Brycheiniog had not been under scrutiny. Whilst the payment aided recovery, it was unlikely to affect whether or not the Theatr was an on-going concern
 - Transparency – there was a lack of documentary evidence and audit trail with inadequate records to support the decision

- Property – the building belongs to the Council but the lack of clarity regarding responsibility for maintenance had led to conflict. Two services had been independently involved with the Theatr leading to an uncoordinated response. Lines of responsibility were now in place and a more joined up approach is being taken.
- Constitutional Framework – very few urgent decisions are taken but a framework is in place to accommodate such requirements. There is no evidence of wrongdoing, but improvements should be made. There should be a segregation of duties to enhance decision making.
- Due Diligence – the decision had been complex, and circumstances had rapidly changed. The urgent nature of the decision affected diligence. Due diligence had been carried out when it had been expected that a loan would be made to the Theatre, however this was not followed when the decision was made to make a one-off payment. The process was not well formalised. The risk to the Council of a loan was much less and records should have been kept to ensure the Authority was not investing in an unsustainable organisation.
- Urgency – a loan had been requested and a decision had been deferred until such time as it became urgent. The Authority had contributed to this urgency and the decision taken bypassed the scrutiny function. Earlier action would have allowed for increased scrutiny.
- Cabinet Decision – the decision was made on 26 August 2018 with minimal information to support the decision. The decision should have been subject to further review.
- Decision – the decision bypassed scrutiny and was called in to Audit Committee. The Committee was not given a genuine opportunity to scrutinize the issue – there was a lack of transparency and information. The decision complied with constitutional procedures but scrutiny by the Audit Committee could not be meaningful
- Payment - £189K was not dictated by Theatr Brycheiniog but determined by the Council. The Authority should have considered payments from other bodies. It cannot categorially be stated that it was legitimate capital expenditure to improve the asset.
- The Committee recognised the need to learn from the circumstances surrounding the award of this payment and the need to be more open throughout the process.
- The public need to know that their money is being well spent
- There was no evidence that the Theatr was in a better position for having had the grant
- Members are frequently told that local authorities are not commercial entities but checks and balances must be in place – there were no minutes of meetings throughout the process and only lip service was paid to scrutiny.
- It was not clear whether Arts Council Wales additional grant funding had been considered as part of the decision
- It was unacceptable that the positions Acting Chief Executive and S151 Officer were vested in one person at the time the decision was made leading to a loss of rigour in the process

- The Corporate Director, Resources and Transformation assured the Committee that there had been significant progress since 2018 in strengthening governance. Additional training had been provided for officers and scrutiny arrangements were being improved. Impact Assessments have also been improved. The structure of reports has been changed to improve the level of detail and information provided. Senior Management Team and the Executive Management Team meet more frequently to identify issues.
- Although there had been insufficient time to involve scrutiny in the process, there had been time to consult with local members
- It was clear that there were concerns in January 2019 and that any urgency could have been identified at that time. It had not been necessary for an urgent decision.
- Members noted that other Theatres in the area were frustrated or angry that one venue should have received additional support
- The Monitoring Officer confirmed that there had been a separation of function of the Chief Executive and S151 Officer. New processes will be put in place to enhance transparency. Information will be provided in one location on sharepoint to ensure this is easily accessible.
- The Head of Service, Property and Planning confirmed that the Corporate Landlord function was being implemented. Assets will be dealt with by Strategic Property – work will continue to deal with services more closely. Inspections of properties will be undertaken.
- The Head of Finance stressed that all decisions should be subject to due diligence, not just urgent ones
- The Committee were concerned regarding responsibility for delegated decisions and whether sufficient information is available to enable such decisions to be made

Outcomes:

- **A follow up audit to ensure all actions for improvement have been implemented will be carried out**

7. REVIEW OF INTERNAL AUDIT SERVICE
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The Corporate Director, Resources and Transformation gave a presentation on the review of Internal Audit arrangements which had been carried out as the contract with SWAP approached the end of its third year. Audit Committee had been advised of the process and had contributed to an assessment of the function.

- Compliance was appropriate but improvements could be made. There is greater flexibility and the structure framework has been strengthened.
- SWAP have a good understanding of Council business, but this can be enhanced with greater communication. Internal Audit has had, and continues to have, a positive impact on the organisation.
- Members asked if SWAP could undertake preliminary research into issues – the Internal Audit Plan was sufficiently flexible to accommodate additional work but that the Executive Management Team would manage such requests.

The Chief Executive of SWAP gave a presentation on the new way in which SWAP worked. He welcomed any review to ensure continuous improvement. Mr Hill gave a detailed presentation – a copy of which would be circulated to Members after the meeting.

Outcomes:

- **The SWAP slides would be circulated for information**
- **SWAP would be invited to make the same presentation to all Members as part of a Member Development Session**

8. INTERNAL AUDIT UPDATE

Documents:

- Internal Audit Update, Q1 and 2

Discussion:

- The Internal Audit service had worked throughout lockdown
- Not all audits could be progressed due to business continuity
- SWAP have supported the Council's finance function
- There has been less work and therefore the opinion has less assurance
- Work on Y Gaer had started as a desk top exercise

Outcomes:

- **The report was noted**

9. INTERNAL AUDIT - HOWPS

Documents:

- Internal Audit Report on management of HOWPS contract

Discussion:

- Four key areas had been identified
 - Lack of continuity in the event of supplier failure – this posed an increased risk and should be monitored
 - There was a disconnect between KPIs and actual performance and the true position was not being measured. A more rounded approach was needed.
 - Perceived conflict for those officers and Members with joint responsibility. An independent scrutiny body should be considered
 - Elements of essential services were not included in the contract and it was recommended that the contract be strengthened
- Contingency plans are in place
- a business continuity and exit plan are in place and will be reviewed annually
- The Chair and Vice Chair had met with the Senior Management Team and Kier Directors where a clear commitment to HOWPS was given
- HOWPS was also entered onto the Strategic Risk Register and this should be reviewed

- It was agreed that Internal Audit need no longer be involved as a number of other Boards were in place. A scrutiny working group had also been established

Outcomes:

- **The report was noted**
- **No further action would be taken by Internal Audit**

County Councillor JG Morris (Chair)

CYNGOR SIR POWYS COUNTY COUNCIL**AUDIT COMMITTEE****19th November 2020****REPORT AUTHOR: Jane Thomas, Head of Financial Services****SUBJECT: Pension Fund Accounts 2019/20**

REPORT FOR: Decision

- 1.1 The approval of the Powys Pension Fund accounts is delegated to the Audit Committee.
- 1.2 The draft Pension Fund accounts for 2019/20 were signed off by the Head of Finance (Section 151 Officer) on 15 June 2020.
- 1.3 The onset of the Covid 19 pandemic in March has had a significant impact on the completion and audit of the accounts. Audit Wales prioritised resources to complete the audit of the Councils Accounts before directing them to the Pension Fund Accounts audit in early September 2020.
- 1.4 The Auditor General intends to issue an unqualified report in respect of the 2019/20 Pension Fund Accounts, following receipt of the certified Letter of Representation and the approved Pension Fund Accounts.
- 1.5 The Audit Committee is asked to consider the enclosed Letter of Representation and Powys Pension Fund Accounts and authorise the Chair of the Audit Committee and the Head of Finance (Section 151 Officer) to sign the documents.
- 1.6 The ISA260 report provided by the Auditor General notes that there are no identified misstatements in the accounts which remain uncorrected. The corrected misstatements are listed in Appendix 3 of the report.
- 1.7 The Auditor General's report includes emphasis of matter paragraphs relating to the uncertainty on valuations of Pension Fund property assets. This reflects the unknown future impact that Covid 19 might have on the real estate market.
- 1.8 The approved accounts will form part of the Pension Fund Annual Report which will be considered by the Pension and Investment Committee on 25 November, with the intention to publish the Annual Report prior to the Local Government Pension Scheme Regulations 2013 deadline of 1 December.

Recommendation:	Reason for Recommendation:
<p>That Audit Committee considers and approves the 2019-20 Pension Fund Accounts and Letter of Representation. Which can be formally signed by Chair of the Committee and the Section 151 Officer.</p>	<p>To ensure compliance with the Statutory Requirements.</p>

Contact Officer Name:	Tel:	Email:
Jane Thomas	01597 826341	jane.thomas@powys.gov.uk

Audit of Accounts Report – Powys Pension Fund

Audit year: 2019-20

Date issued: November 2020

Document reference: 2090A2020-21

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at infoofficer@audit.wales.

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

Contents

We intend to issue an unqualified audit report on your Accounts. There are some issues to report to you prior to their approval.

Audit of Accounts Report

Introduction	4
Impact of COVID-19 on this year's audit	4
Proposed audit opinion	6
Significant issues arising from the audit	6
Appendices	
Appendix 1 – Final Letter of Representation	8
Appendix 2 – Proposed audit report	11
Appendix 3 – Summary of corrections made	15

Audit of Accounts Report

Introduction

- 1 We summarise the main findings from our audit of your 2019-20 annual report and accounts in this report.
- 2 We have already discussed these issues with the Head of Finance and the Financial Reporting and Policy Accountant.
- 3 Auditors can never give complete assurance that accounts are correctly stated. Instead, we work to a level of 'materiality'. This level of materiality is set to try to identify and correct misstatements that might otherwise cause a user of the accounts into being misled.
- 4 We set this level at £6,453,000 for this year's audit.
- 5 There are some areas of the accounts that may be of more importance to the reader and we have set a lower materiality level for these for example Related Party transactions.
- 6 We have now substantially completed this year's audit.
- 7 In our professional view, we have complied with the ethical standards that apply to our work; remain independent of yourselves; and, our objectivity has not been compromised in any way.
- 8 However, I draw your attention to one potential conflict of interest that has arisen. This relates to a member of my financial audit team who holds a voluntary role as Treasurer of a charity which has a contract to provide a service within Powys' Adult Social Care and which is an admitted body of the pension scheme. I can confirm that planned safeguards have operated as intended in respect of this matter. I can also confirm that, all other members of my team are independent of the Council and its senior officers.

Impact of COVID-19 on this year's audit

- 9 The COVID-19 pandemic has had a significant impact on all aspects of our society and continues to do so. You are required by law to prepare accounts and it is of considerable testament to the commitment of your accounts team that you have succeeded in doing so this year in the face of the challenges posed by this pandemic. We are extremely grateful to the professionalism of the team in supporting us to complete our audit in such difficult circumstances.
- 10 The pandemic has unsurprisingly affected our audit and we summarise in **Exhibit 1** the main impacts. Other than where we specifically make recommendations, the detail in **Exhibit 1** is provided for information purposes only to help you understand the impact of the COVID-19 pandemic on this year's audit process.

Exhibit 1 – impact of COVID-19 on this year’s audit

<p>Timetable</p>	<ul style="list-style-type: none"> • The COVID-19 pandemic has created some exceptional circumstances this year and Welsh Government has issued revised timescales that require preparation and certification of draft accounts by 31 August 2020 and publication of final audited accounts by 30 November 2020 for all local government bodies in Wales. Public bodies are encouraged to conclude audits early, where possible. • As a result of the pandemic, we received the draft accounts on 15 June 2020 as planned, and ahead of the Welsh Government revised timescales. • As a result of prioritising our resources to work on the Council’s statutory accounts audit, we did not commence our audit of the Pension Fund until early September. • We expect your audit report to be signed on 23 November in line with the revised timescales issued by Welsh Government.
<p>Electronic signatures</p>	<p>The Head of Finance provided an electronic signature, along with a supporting e-mail to confirm that she had certified the draft statement of accounts. We will continue to accept the use of electronic signatures and electronic transfer of files during the approval and signing process.</p>
<p>Audit evidence</p>	<p>As in previous years, we received the majority of audit evidence in electronic format. We have used various techniques to ensure its validity. Where we have been unable to obtain access to paper documents because of COVID-19 restrictions, we have devised alternative audit methodologies to obtain sufficient audit evidence. Specifically:</p> <ul style="list-style-type: none"> • officers provided electronic working papers in accordance with our agreed Audit Deliverables Report; • officers provided audit evidence to the audit team via e-mail or via the secure ‘Sharepoint’ folder which was accessible to Audit Wales staff remotely; • officers were available through Microsoft Teams for video conference meetings, and to share on-screen information/evidence; and • Audit Wales also secured remote read only access to the Council’s ledger system. <p>The practical implications of lockdown, together with the additional workload pressures on your staff created by the over-riding need to respond to the pandemic, meant that we prioritised the audit of the Council’s statutory accounts ahead of Pension Fund accounts this year.</p>

	Despite this, the audit is due to be completed within the Welsh Government's revised deadline of 30 November.
Other	<ul style="list-style-type: none"> • Video conferencing has enabled the audit team to correspond effectively with officers throughout the audit. • Video-conference based Audit Committee meetings have enabled us to discharge our responsibility for reporting to those charged with governance

- 11 We will be reviewing what we have learned for our audit process from the COVID-19 pandemic and whether there are innovative practices that we might adopt in the future to enhance that process.

Proposed audit opinion

- 12 We intend to issue an unqualified audit opinion on this year's accounts once you have provided us with a Letter of Representation based on that set out in **Appendix 1**.
- 13 We issue a 'qualified' audit opinion where we have material concerns about some aspects of your accounts; otherwise we issue an unqualified opinion.
- 14 The Letter of Representation contains certain confirmations we are required to obtain from you under auditing standards, along with confirmation of other specific information you have provided to us during our audit.
- 15 Our proposed audit report is set out in **Appendix 2**. Whilst our audit opinion is unqualified, we have included an Emphasis of Matter paragraph as per ISA (UK) 706 within our Auditor's Report. This is in relation to material valuation uncertainty assigned to the property fund investments at 31 March 2020.

Significant issues arising from the audit

Uncorrected misstatements

- 16 There are no misstatements identified in the accounts, which remain uncorrected.

Corrected misstatements

- 17 There were initially misstatements in the accounts that have now been corrected by management. However, we believe that these should be drawn to your attention and they are set out with explanations in **Appendix 3**.

Other significant issues arising from the audit

- 18 In the course of the audit, we consider a number of matters relating to the accounts and report any significant issues arising to you. There were some issues arising in these areas this year as shown in **Exhibit 2**:

Exhibit 2 – significant issues arising from the audit

<p>Impact of McCloud Pension remedy proposals on IAS 19 figures</p>	<p>Our Audit Plan highlighted the impact of the McCloud judgement as a potential audit risk. An estimate for this potential liability was included in the draft 2019-20 financial statements prepared in June 2020.</p> <p>On 16 July 2020, the UK government proposed its remedy for the McCloud judgment which had the potential to impact on the McCloud estimate already included in the financial statements.</p> <p>We corresponded with both management and the actuary regarding the issue. We subsequently received confirmation from the actuary that the assumptions used, in the draft statement of accounts, were broadly similar to the proposed remedy. Therefore, we were able to conclude that the estimate included in the financial statements remains reasonable.</p> <p>No adjustments were therefore required to be made to the relevant disclosure within Note 21 'Actuarial Present Value of Promised Retirement Benefits' within the financial statements.</p>
<p>Material uncertainty in relation to pension fund property assets</p>	<p>I have requested that the Council sets out in Note 3 Critical Judgements in Applying Accounting Policies', additional narrative to disclose the material uncertainty in relation to pension fund property assets</p> <p>I have drawn the reader's attention to this disclosure in an emphasis of matter paragraph in my audit report.</p> <p>My opinion is not modified in respect of this matter.</p>

Appendix 1

Final letter of representation

[Audited body's letterhead]

Auditor General for Wales
Audit Wales
24 Cathedral Road
Cardiff
CF11 9LJ

19 November 2020

Representations regarding the 2019-20 financial statements

This letter is provided in connection with your audit of the financial statements of Powys Pension Fund for the year ended 31 March 2020 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20; in particular the financial statements give a true and fair view in accordance therewith; and
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and

- unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects Powys Pension Fund and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Representations by the Audit Committee

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Audit Committee on 19 November 2020.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Signed by:

Head of Finance and Section 151 Officer

Chair of Audit Committee

Date: 19 November 2020

Date: 19 November 2020

Appendix 2

Proposed Audit Report

The independent auditor's report of the Auditor General for Wales to the members of Powys County Council as administering authority for Powys Pension Fund.

Report on the audit of the financial statements

Opinion

I have audited the financial statements of Powys Pension Fund for the year ended 31 March 2020 under the Public Audit (Wales) Act 2004. Powys Pension Fund's financial statements comprise the fund account, the net assets statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2020, and of the amount and disposition at that date of its assets and liabilities; and
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the pension fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

I draw attention to Note 3 'Critical Judgements in Applying Accounting Policies', of the financial statements, which describes the impact of material uncertainty disclosed in pension fund manager year-end valuation reports for the UK property funds they manage

on behalf of the Powys Pension Fund. The Council has disclosed this material uncertainty.

My audit opinion is not modified in respect of this matter.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the pension fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The responsible financial officer is responsible for the other information in the annual report. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Report on other requirements

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements and the annual report has been prepared in accordance with the Local Government Pension Scheme Regulations 2013.

Matters on which I report by exception

In the light of the knowledge and understanding of the pension fund and its environment obtained in the course of the audit, I have not identified material misstatements in the annual report.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Powys Pension Fund in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the financial statements, the responsible financial officer is responsible for the preparation of the financial statements, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the responsible financial officer is responsible for assessing the pension fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Adrian Crompton
Auditor General for Wales
23 November 2020

24 Cathedral Road
Cardiff
CF11 9LJ

Appendix 3

Summary of corrections made

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Exhibit 3: summary of corrections made

Value of correction	Nature of correction	Reason for correction
£953,000	Note 15 – Additional Voluntary Contributions Note 15 disclosure in the draft accounts was incomplete and £953,000 was inserted to the disclosure following receipt of the information from two additional voluntary contribution providers.	Numerical disclosures amended to Note 15 to ensure the disclosure is complete.
n/a	Various minor narrative and arithmetical amendments. These include amendments to: <ul style="list-style-type: none">• Note 20b – reconciliation of Investment level 3 changes for casting; and• Note 12 – Investments Analysis for casting.	The amendments or additional information provide enhanced understanding to the reader of the financial statements.



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We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.



Pension Fund Accounts 2019/2020

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Contents

Statement of Responsibilities for the Statement of Accounts.....	5
Fund Administration Report.....	6
Scheme Statistics and Performance	7
Investment Report	9
Net Assets Statement.....	12
Pension Fund Account.....	12
Notes to the Pension Accounts	13
The independent auditor’s statement of the Auditor General for Wales to the members of Powys Pension Fund on the Annual Report	35
Statement of the Actuary for the Year Ended 31 March	38
Appendix 1: Pensions and Investment Committee.....	42
Appendix 2: Fund Employers.....	43

Statement of Responsibilities for the Statement of Accounts

The Pension Fund's Responsibilities

The Pension Fund is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. For Powys County Council Pension Fund, that officer is the Section 151 Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

These accounts were approved by Audit Committee on 19 November 2020.

Signature:

Date 19 November 2020

Audit Committee Chairman

Section 151 Officer Responsibilities

The Section 151 Officer is responsible for the preparation of the Pension Fund's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code of Practice"). These accounts are required to present a true and fair view of the financial position of the Fund at the accounting date and its income and expenditure for the year.

In preparing this Statement of Accounts, the Section 151 Officer has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and consistent.
- Complied with the Code of Practice.

The Section 151 Officer has also:

- Kept proper accounting records which were up to date.
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Section 151 Officer on the Accounts of Powys County Council Pension Fund for 2019/20.

I certify that the accounts set out on pages 6 to 35 present a true and fair view of the financial position of Powys County Council Pension Fund as at 31 March 2020 and its income and expenditure for the year then ended.

Signature:

Date 19 November 2020

J Thomas, Head of Finance

Fund Administration Report

Scheme Details

Powys County Council is the Administering Authority for the Powys Pension Fund. The Pension Fund provides pension entitlements under the Local Government Pension Scheme (“LGPS”) to all eligible employees of Powys County Council and other participating bodies. See appendix 2 for a list of the fund employers. Membership of the LGPS is not mandatory and excludes teachers, police officers and fire fighters, for whom specific separate pension schemes are available. The LGPS is a statutory public service defined benefit pension scheme based on final salary for benefits accrued up to 31 March 2014 and Career Average Revalued Earnings (“CARE”) for benefits accrued from 1 April 2014. Contributions payable by employees and the benefits due to them are prescribed by the Local Government Pension Scheme Regulations.

Additional Voluntary Contribution (AVC) Scheme

Since 6 April 1988, it has been a legal requirement for all pension schemes to provide members with access to an in-house AVC Scheme. The Powys Pension Fund’s appointed providers are the Equitable Life Assurance Society, the Standard Life Assurance Company and Prudential plc. Members are able to pay contributions into a variety of AVC arrangements offered by the providers, to secure additional pension benefits. The AVC investments are excluded from the Pension Fund Accounts but are disclosed for information in note 15.

Annual Governance Statement

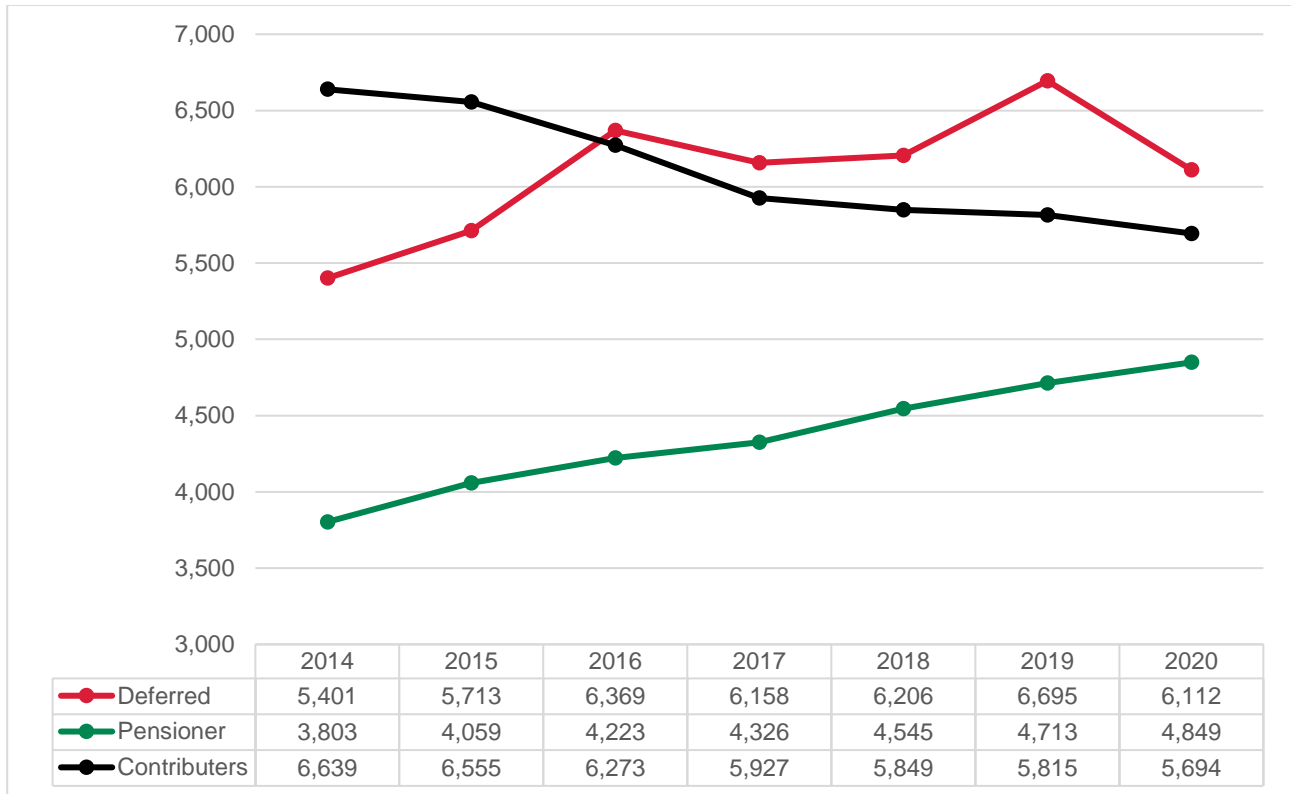
The Annual Governance Statement of Powys County Council is disclosed as a separate document and can be viewed on the Authority’s website.

<https://en.powys.gov.uk/article/7469/Council-Accounts>

Scheme Statistics and Performance

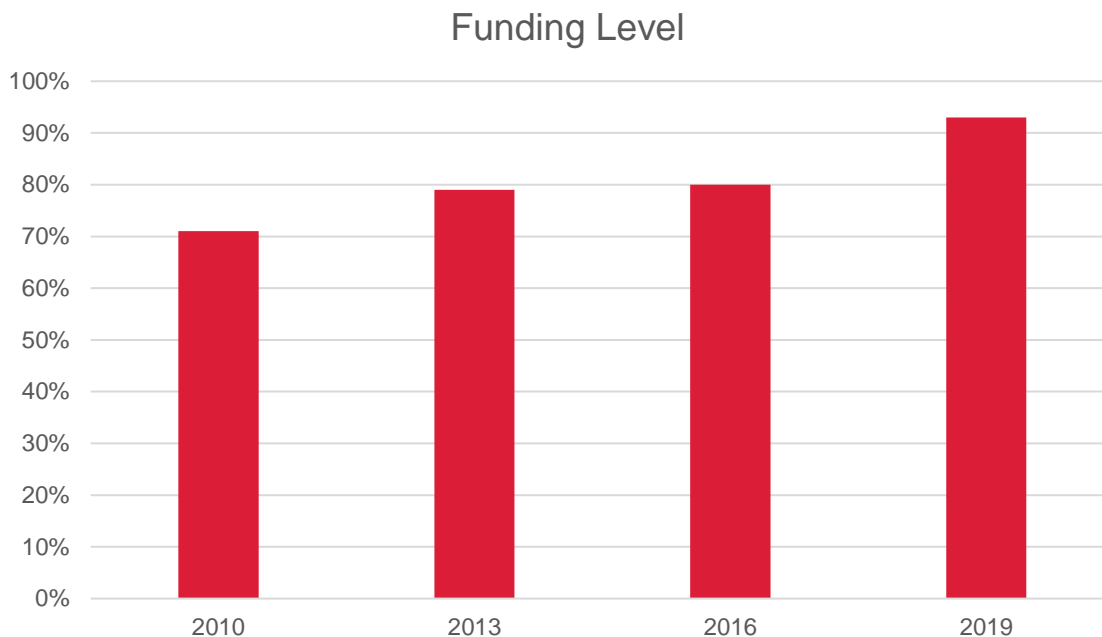
Membership Trends

The graph below shows the membership of the Fund as at 31 March. Deferred members are former employees of the contributing authorities who have yet to draw their pensions.



The total for deferred members does not include unprocessed leavers or frozen refunds.

Funding and Valuation



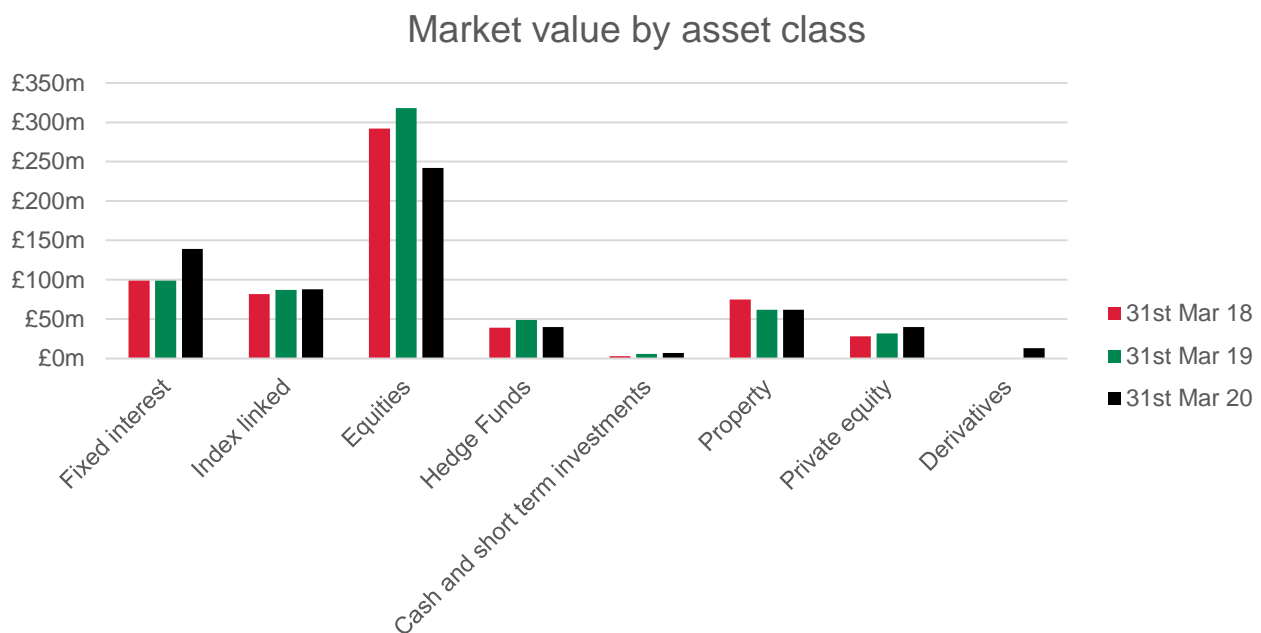
The aim of the funding is to accumulate current contributions at a level sufficient to provide known benefits at some time in the future. In short therefore, the scheme benefits are financed by contributions from employees and employers together with income from investments. Both the employees' contributions and the benefits to be provided by the scheme are fixed by the Government as set out in the Local Government Pension Scheme Regulations, leaving the employers' rate of contribution as the only element which can be deliberately adjusted.

The employers' rate of contribution is assessed by the Actuary to the Fund who reviews the future income and liabilities of the Fund. These reviews, or actuarial valuations, are required by law with a major review being undertaken every third year. The statement of the actuary can be seen on page 36.

The actuarial valuation as at 31 March 2019 showed the assets held at the valuation date were sufficient to cover 93% of the accrued liabilities assessed on an ongoing basis. This is a marked improvement on the 80% achieved as at 31 March 2016, however, it is the long-term goal to achieve 100% funding and efforts continue to be made to address this. The level of funding has no impact on members' benefits which are guaranteed by law.

Investment Report

The prime requirement in managing the Fund is to ensure adequate diversification of its assets over different asset classes and different geographical areas. The right balance must be struck between the desire for enhanced returns and potential ‘risk’ of volatility in those returns i.e. the investment policy of the Fund is aimed at maximising returns within the acceptable limits of risk. There is no ideal split for any fund, so the portfolio balance needs to be regularly monitored and adjusted in line with the economic, financial and market indicators.



The investment style of the Fund is to appoint external expert fund managers with clear performance benchmarks and place accountability for performance against those benchmarks on the fund managers. The benchmarks are outlined in paragraph 6.3 of the Investment Strategy Statement which can be viewed at www.powyspensionfund.org. The Chief Financial Officer must ensure that the management of the Fund falls within the requirements of the Local Government Pension Scheme Regulations.

During 2019/20 the transition of active equity funds to the Wales Pension Partnership Pool was completed, also, an equity protection strategy using derivatives was undertaken during the period. Of the £30.9m capital commitment (Note 18) outstanding as at 31 March 2019, £4.9m was drawn down in 2019/20.

Performance Review

	1 Year %	3 Years %	5 Years %
Powys Pension Fund Overall Return	(0.95)	2.23	5.15
Inflation CPI	1.7	2.3	1.6
Average Earnings Index	3.1	2.8	2.6

Given the long-term nature of the Fund, perhaps the most significant column above is that detailing the comparisons over five years. Inflation and average earning percentages are taken from the Office for National Statistics data.

Investment manager structure as a percentage of fund total, as at 31 March 2020

	Blackrock	Link WPP	Insight Investments	CFM, IPM & MAN	Aviva, CBRE, Schroders & Hermes	Standard Life & Harbourvest	
Asset Class	Passive %	Active %	Active %	Active %	Active %	Active %	Total %
Equities	22.4	16.0	-	-	-	-	38.4
Bonds	4.8	-	17.1	-	-	-	21.9
Index Linked	9.2	-	4.8	-	-	-	14.0
Hedge Fund	-	-	-	6.3	-	-	6.3
Property	-	-	-	-	9.7	-	9.7
Private Equity	-	-	-	-	-	6.5	6.5
Derivatives	-	-	2.1	-	-	-	2.1
Cash/ Other	0.6	0.5	-	-	-	-	1.1
Total	37.0	16.5	24.0	6.3	9.7	6.5	100.0

The strategic asset allocation is as follows:

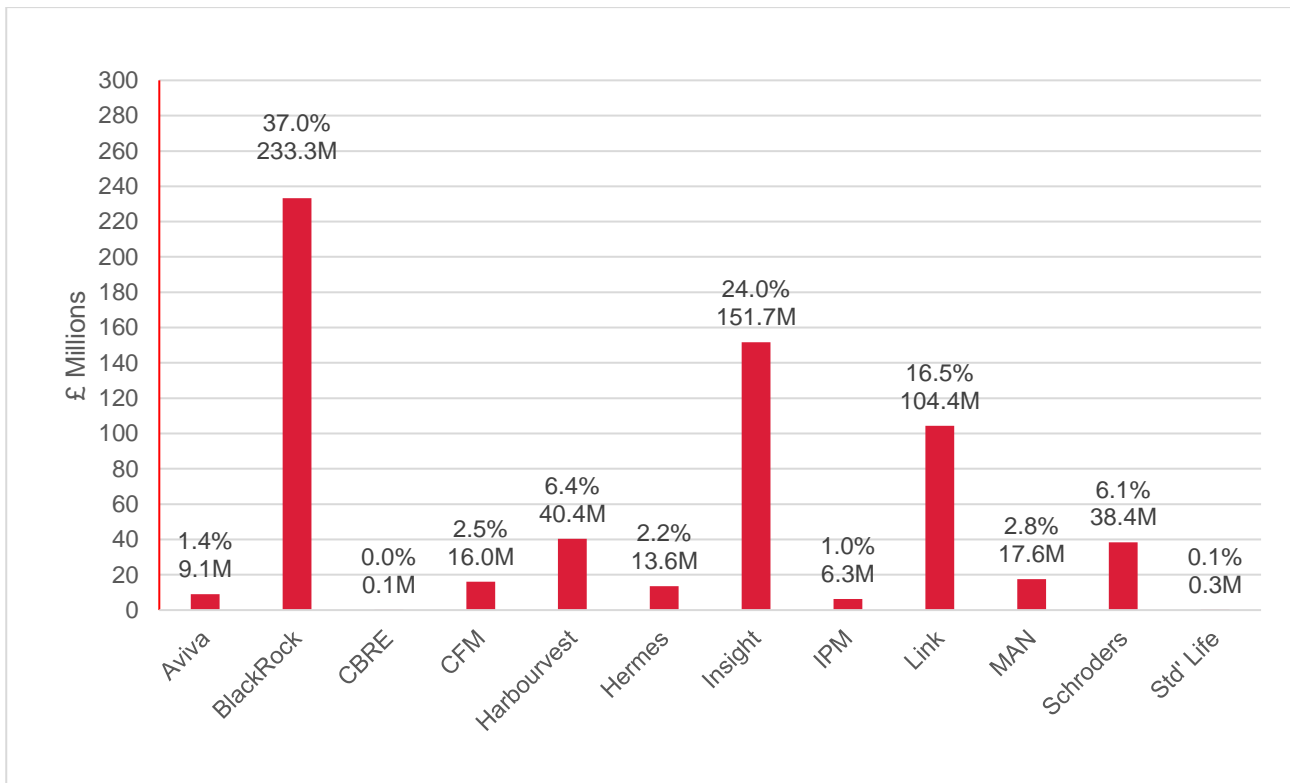
2018/19		2019/20
47%	Equities	47%
30%	Fixed interest and index linked securities	30%
10%	Property	10%
5%	Private equity	5%
8%	Hedge fund of funds	8%
100%	Total	100%

The current strategic asset allocation is 70% return seeking and 30% risk reducing (matching assets). This strategy was determined with the aid of the fund's Investment Advisors.

The strategic asset allocation is the ideal target and cannot be achieved until the scheme is fully funded in all areas. It does not reflect the actual investments held at the year-end. The current structure aims to have a 70:30 split between return seeking and liability matching assets.

PENSION FUND ACCOUNTS

The market value of assets spread between the fund managers as at 31 March 2020 is shown below.



Net Assets Statement

As at 31 March

2019 £'000		Note	2020 £'000
652,770	Investments	12	631,105
3,215	Current Assets	13	14,243
(1,412)	Current Liabilities	13	(803)
654,573	Net Asset as at 31 Mar		644,545

The accounts show cash held with the Investment Managers as investments as recommended in the Statement of Recommended Practice, Financial Reports for Pension Schemes.

Pension Fund Account

2018/19 £'000		Note	2019/20 £'000
	Contributions and benefits		
(26,545)	Contributions receivable	4	(27,367)
(1,851)	Transfers in	5	(1,459)
(31)	Other income	6	(34)
(28,427)	Total income		(28,860)
26,218	Benefits payable	7	28,579
2,664	Payments on account of leavers	8	2,746
3,602	Management expenses	9	3,977
32,484	Total expenditure		35,302
4,057	Net withdrawals from dealing with members		6,442
	Returns on investments		
(6,153)	Investment income	10	(5,690)
2	Taxes on Income	11	1
(33,542)	Changes in the market value of investments	12	9,275
(39,693)	Net profit on investments		3,586
(35,636)	Net (increase)/decrease in the fund		10,028
618,937	Opening net assets		654,573
654,573	Closing net assets		644,545

Notes to the Pension Accounts

Note 1: Basis of Preparation.....	14
Note 2: Accounting Policies.....	14
Note 3: Critical Judgements in Applying Accounting Policies	16
Note 4: Contributions Receivable	17
Note 5: Transfers In	17
Note 6: Other Income	17
Note 7: Benefit Payable	18
Note 8: Payments to and on Account of Leavers	18
Note 9: Management Expenses	18
Note 9a: Investment Management Expenses.....	18
Note 10: Investment Income.....	19
Note 11: Taxes on Income.....	19
Note 12: Investments.....	20
Note 13: Current Assets and Liabilities	23
Note 14: Related Party Transactions.....	23
Note 15: Additional Voluntary Contributions (AVC).....	23
Note 16: Contingent Liabilities	24
Note 17: Post Balance Sheet Events	25
Note 18: Capital Commitments.....	25
Note 19: Stock Lending	25
Note 20: Financial Instruments.....	26
Note 21: Actuarial Present Value of Promised Retirement Benefits	28
Note 22: Nature and Extent of Risks Arising from Financial Instruments	30
Note 23: Accounting Standards That Have Been Issued but Have Not Yet Been Adopted	34

Note 1: Basis of Preparation

The financial statements have been prepared in accordance with the requirements of the 2019/20 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The financial statements summarise the transactions of the scheme and deal with the net assets at the disposal of the trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the scheme year. The actuarial position of the scheme, which does take account of such obligations, is dealt with in the statement by the actuary included in the annual report and these financial statements should be read in conjunction with it.

Note 2: Accounting Policies

Contributions and Benefits

Contributions are accounted for on an accruals basis. Benefits payable represents the benefits entitlement up to the end of the reporting period.

Transfers to other Schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the fund during the financial year and are calculated in accordance with The Local Government Pension Scheme Regulations.

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contribution to purchase scheme benefits are accounted for on a receipts basis and are included in Additional Contributions.

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

Refunds to Leavers

These are accounted for when due.

Investment Management Expenses

Each fund manager receives a fee for their services based on the market value of the assets they manage.

Investment Income

Interest income

Investment income is recognised in the fund account as it accrues.

Distributions from pooled funds

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

Change in Market Value

Changes in market value of investments comprise reinvested investment income and all realised and unrealised profits/losses during the year.

Foreign Currency Transactions

Assets and liabilities held in a foreign currency are translated at the rate of sterling quoted at year-end. Income and expenditure arising during the year is translated into sterling at the rate quoted on the date of receipt or payment. Resulting exchange gains or losses are recognised through the revenue account.

Valuation of Assets

No property is directly held by the fund. The market value used for quoted investments is the bid market price ruling on the final day of the accounting period. Fund Managers value unquoted securities at the year-end in line with generally accepted guidelines to ascertain the fair value of the investment. Change in Market value also includes income which is reinvested in the fund, net of applicable tax. Fixed interest securities are recorded at net market value based on their current yields. Fair value for limited partnerships is based on the net asset value ascertained from periodic valuations provided by those controlling the partnership. It is not the intention of the fund to dispose of unquoted investments before maturity.

Cash and cash equivalents

Cash comprises cash in hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to cash and that are subject to minimal risk of changes in value.

Taxation

The fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

Financial Assets

Financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised in the fund account.

Financial Liabilities

The fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the net assets statement on the date the fund becomes party to the liability. From this date, any gains or losses arising from changes in the fair value of the liability are recognised by the fund.

Actuarial present value of promised retirement benefits

The actuarial value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards. As permitted under IAS 26, the fund has opted to disclose the actuarial value of promised retirement benefits by way of a note to the net assets statement (note 21).

Administrative expenses

All staff costs of the pension administration team and other overheads are apportioned to the fund in accordance with Council policy.

Contingent Liabilities

Contingent liabilities are possible liabilities whose existence will only be confirmed by future events and are not recognised until the realisation of the loss is virtually certain.

Additional Voluntary Contributions (AVC's)

Members of the Pension Fund may make additional voluntary contributions (AVCs) in order to obtain improved benefits on retirement. The AVC investments are excluded from the Financial Statements of the Powys Pension Fund, in accordance with section 4(2)b of the Local Government Pension Scheme (Management & Investment of Funds) Regulations 2009 (SI 2009/3093) but are disclosed as a note only (note 15).

Note 3: Critical Judgements in Applying Accounting Policies

Unquoted private equity investments

It is important to recognise the subjective nature of determining the fair value of private equity investments. They are inherently based on forward looking estimates and judgements involving many factors. Unquoted private equity investments are valued by the investment managers using acceptable guidelines. The value of these investments at 31 March 2020 was £40.7m (31 March 2019: £31.8m).

Property Fund valuations

The outbreak of the Covid-19 pandemic has impacted global financial markets creating uncertainty surrounding illiquid asset values. As at 31 March 2020, our property managers consider that less weight can be attached to valuations, resulting in valuations being reported on the basis of 'material valuation uncertainty'.

An analysis of investments can be found later in Note 12a.

Pension Fund liability

The pension fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS 19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in the statement of the actuary. This estimate is subject to significant variances based on changes to the underlying assumptions.

Note 4: Contributions Receivable

2018/19 £'000	By Category	2019/20 £'000
21,480	Employers	22,257
5,065	Employees	5,110
26,545		27,367

2018/19 £'000	By Authority	2019/20 £'000
24,225	Powys County Council (administering body)	25,214
956	Scheduled bodies	921
1,364	Admitted bodies	1,232
26,545		27,367

2018/19 £'000	By Type	2019/20 £'000
15,008	Employers normal contributions	15,329
5,065	Employees normal contributions	5,110
982	Employers additional contributions	679
5,490	Employers deficit reduction contributions	6,249
26,545		27,367

Note 5: Transfers In

2018/19 £'000		2019/20 £'000
1,851	Individual transfers from other schemes	1,459

Note 6: Other Income

2018/19 £'000		2019/20 £'000
10	Administrative fees received	34
21	Additional allowances recovered	-
31		34

Note 7: Benefit Payable

2018/19 £'000		2019/20 £'000
22,103	Pensions	23,040
3,594	Commutations and lump sum retirement benefits	4,826
521	Lump sum death benefits	713
26,218		28,579

Benefits can be further analysed as follows:

2018/19 £'000		2019/20 £'000
22,368	Powys County Council (administering authority)	24,630
2,546	Scheduled bodies	2,681
1,304	Admitted bodies	1,268
26,218		28,579

Note 8: Payments to and on Account of Leavers

2018/19 £'000		2019/20 £'000
55	Refunds to members leaving service	48
2,609	Individual transfers to other schemes	2,698
2,664		2,746

Note 9: Management Expenses

2018/19 £'000		2019/20 £'000
1,019	Administration expenses	1,073
2,432	Investment management expenses (see Note 9a)	2,778
151	Oversight and governance costs	126
3,602		3,977

Note 9a: Investment Management Expenses

2018/19 £'000		2019/20 £'000
2,058	Management fees	2,461
345	Investment advice	306
29	Custody fees	11
2,432		2,778

Note 10: Investment Income

2018/19 £'000		2019/20 £'000
(25)	Interest on cash deposits	(31)
(752)	Income from bonds	(706)
(1,632)	Pooled property investments	(1,624)
(3,737)	Private equity income	(3,327)
(7)	Other investment income	(2)
(6,153)		(5,690)

Note 11: Taxes on Income

2018/19 £'000		2019/20 £'000
2	Foreign tax on investment	1
2		1

Note 12: Investments

	Value as at 1 Apr 19	Purchases at Cost	Sales Proceeds	Fees included in NAV	Cash Movement	Change in Market Value	Value as at 31 Mar 20
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Bonds	99,008	39,500	(706)	(80)	706	302	138,730
Index linked Securities	86,418	7,310	(7,109)	(99)	-	1,839	88,359
Equities (pooled funds)	318,149	79,512	(130,670)	(648)	-	(24,506)	241,837
Property (pooled funds)	62,104	1,079	(841)	(393)	588	(1,425)	61,112
Private Equity	31,779	4,954	(5,517)	(619)	3,287	6,840	40,724
Hedge Fund of Funds	49,365	7,000	(12,091)	(510)	-	(3,847)	39,917
Derivatives (Options)	-	-	-	-	5,409	7,940	13,349
Cash & Short Term Investments	5,947	31,048	(33,500)	-	-	3,582	7,077
	652,770	170,403	(190,434)	(2,349)	9,990	(9,275)	631,105

	Value as at 1 Apr 18	Purchases at Cost	Sales Proceeds	Fees included in NAV	Cash Movement	Change in Market Value	Value as at 31 Mar 19
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Bonds	99,294	4,000	(4,752)	(76)	752	(210)	99,008
Index linked Securities	81,959	37,620	(38,200)	-	-	5,039	86,418
Equities (pooled funds)	291,722	95,689	(91,709)	(459)	-	22,906	318,149
Property (pooled funds)	74,542	1,151	(16,071)	(452)	522	2,412	62,104
Private Equity	28,465	4,696	(6,264)	(558)	3,695	1,745	31,779
Hedge Fund of Funds	39,599	48,600	(40,128)	(255)	-	1,549	49,365
Cash & Short Term Investments	2,746	51,600	(48,500)	-	-	101	5,947
	618,327	243,356	(245,624)	(1,800)	4,969	33,542	652,770

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year. Some transaction costs are included in the cost of purchases and sales proceeds. Transaction costs include costs charged directly to the scheme such as fees, commissions, stamp duty and other fees.

These transaction costs incurred in the year are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not

separately provided to the scheme. All equity investments held by the fund are in unitised funds.

The notional value of the Derivative options as at 31st March 2020 is £147m

Derivatives Summary

Investment Objective

The investment objective is to hedge against the Fund's underlying exposures as may be communicated to the Investment Manager.

Investment Policy

The Investment Manager will seek to achieve the Fund's investment objective by investing in including but not limited to put and call options. Whilst the Base Currency is Sterling, the manager may invest in non-Sterling denominated assets which may not necessarily be hedged back into Sterling.

The investments may or may not be listed on recognised exchanges and markets and will be without restriction as to geographical, industrial or sectoral exposure.

The manager may take both long and short positions.

Note 12a: Analysis of Investments

2018/19 £'000		2019/20 £'000
	Bonds	
99,008	UK unit trusts quoted	138,730
	Index linked securities	
86,418	UK quoted	88,359
	Equities	
13,043	UK unit trusts quoted	12,977
305,106	Overseas unit trusts quoted	228,860
	Hedge Funds	
49,365	UK	39,917
	Private Equity	
31,779	Overseas unquoted	40,724
	Derivatives	
-	Options	13,349
	Property	
61,692	UK unit trusts quoted	61,047
412	Overseas unquoted	65
121	Cash	232
5,826	Liquidity Funds	6,845
652,770		631,105

Note 12b: Investments Analysed by Fund Manager

31 Mar 19			31 Mar 20	
Market Value £'000	%		Market Value £'000	%
9,151	1.4	Aviva Investors Pensions Ltd	9,086	1.4
291,885	44.7	BlackRock Global Investors Ltd	233,290	37.0
412	0.1	CBRE Ltd	65	0.0
15,280	2.4	CFM	16,019	2.5
31,184	4.8	HarbourVest Partners LLC	40,398	6.4
13,799	2.1	Hermes Fund Managers Ltd	13,601	2.2
36,528	5.6	Hosking	-	-
104,053	15.9	Insight Investment Ltd	151,697	24.0
7,257	1.1	IPM	6,342	1.0
77,056	11.8	Link WPP	104,365	16.5
14,874	2.3	MAN	17,556	2.8
38,742	5.9	Schroders Investment Management Ltd	38,360	6.1
596	0.1	Standard Life Investments Ltd	326	0.1
11,953	1.8	Stone Milliner	-	-
652,770			631,105	

The following investments represent more than 5% of the net assets of the scheme:

31 Mar 19			31 Mar 20	
Market Value £'000	%	Security	Market Value £'000	%
56,809	8.7	Blackrock Aquila Life Over 5Yr Uk Idx Lkd	58,295	9.0
41,187	6.3	Blackrock Aquila Life Currency Hedged MSCI World Index Fund	36,249	5.7
72,939	11.2	Blackrock Aquila Life Currency Hedged US Equity Index Fund	63,133	9.8
36,528	5.6	Hosking Partners	-	-
47,097	7.2	Insight Bonds Plus fund	80,530	12.5
77,056	11.8	Link WPP	104,365	16.2
38,742	5.9	Schroder UK Real Estate Fund	38,360	6.0

Note 13: Current Assets and Liabilities

2018/19 £'000		2019/20 £'000
	Current Assets	
167	Contributions due from employers and members	114
2,557	Cash balances	13,510
491	Sundry debtors	619
3,215		14,243
	Current Liabilities	
(269)	Benefits payable	(632)
(1,143)	Sundry creditors	(171)
(1,412)		(803)

Amounts unpaid at the year end are subsequently paid within a reasonable time frame, i.e. the majority of the balances are paid within a 3 month period.

Note 14: Related Party Transactions

Details of Members and officers of the Council represented on the Pensions and Investment Committee are shown in Appendix 1. Their combined contributions into the scheme totalled £20.8k in 2019/20 (£19.2k in 2018/19).

The Fund is administered by Powys County Council. Consequently, there is a relationship between the Authority and the Fund.

The Authority incurred costs of £942k in 2019/20 (2018/19: £916k) in relation to the administration of the Fund and was subsequently reimbursed by the Fund.

The Authority is also the single largest employer of members in the Fund and contributed £19,942k to the Fund in 2019/20 (2018/19: £18,761k) in employers contributions and deficit recovery payments.

Governance

The makeup of the Pensions and Investment Committee can be seen in Appendix 1.

The role of Section 151 Officer for the Authority, plays a key role in the financial management of the Fund and is also an active member of the Fund.

Councillors are required to declare their interest at each meeting.

The Committee members and Section 151 Officer accrue their benefits in line with the regulations encompassing councillors and employees of the employing bodies of the Fund.

For the full Governance Statement please see Powys County Council Annual Report Appendix 5.

Note 15: Additional Voluntary Contributions (AVC)

Members of the Pension Fund may make additional voluntary contributions (AVCs) in order to obtain improved benefits on retirement. The AVC investments are excluded from the Financial Statements of the Powys Pension Fund, in accordance with section 4(2)b of the Local Government Pension Scheme (Management & Investment of Funds)

Regulations 2009 (SI 2009/3093). However, as administering authority we oversee the following AVC arrangements:

2019/20	Standard Life £'000	Prudential £'000	Equitable Life £'000	Total £'000
Contributions received				
Powys County Council	41	242	-	283
BBNP	-	17	-	17

	Standard Life £'000	Prudential £'000	Equitable Life £'000	Total £'000
Fund Value				
As at 31 Mar 20	872	1,173	81	2,126

Fund values at 31 March 2020 were not provided at 15th June 2020.

Note 16: Contingent Liabilities

No contingent liabilities were known to exist at the Balance Sheet date.

Note 17. Post Balance Sheet Events

There are no known post balance sheet events.

Note 18: Capital Commitments

2018/19 £'000	Private Equity and Property mandate	2019/20 £'000
937	Standard Life (Private Equity)	962
29,920	Harbourvest (Private Equity)	26,582
30,857		27,544

The Pension Fund has committed to guaranteed investments in private equity that the asset managers can draw down upon as and when required. The Capital Commitments figure above, represents the level of investment guaranteed but not yet drawn down at the year end.

Note 19: Stock Lending

The Investment Strategy Statement (included in the Annual Report) sets out the fund's policy on stock lending.

Note 20: Financial Instruments

Note 20A: Classification of financial instruments & liabilities

31 Mar 2019			31 Mar 2020	
Amortised cost £'000	Fair value through profit and loss £'000		Amortised cost £'000	Fair value through profit and loss £'000
		Financial Assets		
	128,617	Fixed interest securities		138,730
	56,809	Index linked securities		88,468
	318,149	Equities (pooled funds)		245,267
	62,104	Property (pooled funds)		61,111
	31,779	Private equity		40,725
	49,365	Hedge fund of funds		39,917
		Derivatives (options)		13,350
5,947		Cash & short term investments	3,537	
3,215		Current assets	14,243	
9,162	646,823	Total financial assets	17,780	627,568
		Financial Liabilities		
(1,412)		Current liabilities	(803)	
(1,412)			(803)	

Note 20B: Valuation of financial instruments carried at fair value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1

Financial instruments at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

Level 2

Financial instruments at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3

Financial instruments at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Such instruments would include unquoted investments and hedge fund of funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

PENSION FUND ACCOUNTS

The private equity values are based on valuations provided by the general partners to the private equity funds in which the Powys Pension Fund has invested.

The hedge fund values are based on the net asset value provided by the fund manager.

The tables below show the financial assets and liabilities of the Pension Fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

Value as at 31 Mar 20	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	371,637	165,476	93,992	631,105
Current assets	14,243	-	-	14,243
Current liabilities	(803)	-	-	(803)
Net financial assets	385,077	165,476	93,992	644,545

Value as at 31 Mar 19	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments	432,466	139,160	81,144	652,770
Current assets	3,215	-	-	3,215
Current liabilities	(1,412)	-	-	(1,412)
Net financial assets	434,269	139,160	81,144	654,573

Reconciliation of Level 3 movements

Level 3 asset	Value as at 31 Mar 19 £'000	Purchases, sales & transfers £'000	Change in market value £'000	Value as at 31 Mar 20 £'000
Hedge funds	49,365	(5,091)	(4,357)	39,917
Private equity	31,779	(563)	9,509	40,725
Derivatives	-	-	13,350	13,350
Total	81,144	(5,654)	18,502	93,992

Note 21: Actuarial Present Value of Promised Retirement Benefits

CIPFA's Code of Practice requires the disclosure for the year ending 31 March 2019 of the actuarial valuation of promised retirement benefits as set out in IAS 26. The actuarial present value should be calculated on an IAS 19 basis. IAS 26 is the accounting standard that sets out the requirements for accounting and reporting in respect of retirement and the requirements for accounting and reporting of promised retirement benefit plans following the move to financial reporting of the Pension Fund Accounts under the IFRS.

The actuarial present value of the promised retirement benefits were as follows

31 March 2016 £'000	31 March 2019 £'000
724,600	962,200

Assumptions used

	31 March 2016 %	31 March 2019 %
Discount rate	3.4	2.4
Inflation (CPI)	1.8	2.2
Salary increase rate	3.3	3.7

McCloud / Sargeant Judgement

The actuarial present value of the defined benefit obligation at 31 March 2019 includes an estimated liability in relation to the McCloud / Sargeant Judgement of £6.99m.

The McCloud / Sargeant Judgement (December 2018) found that the transitional arrangements put in place when the firefighters' and judges' pension schemes were reformed constituted illegal discrimination. The Government has since committed to compensate members of all public service schemes who were illegally discriminated against. In relation to the LGPS in England and Wales, all members joined the new 2014 Scheme for membership after 1 April 2014, but members within 10 years of normal retirement were given an underpin (or "better of both") promise so their benefits earned after 1 April 2014 would be at least as valuable in terms of amount and when they could be drawn, as if they had remained in the 2008 Scheme.

The remedy for the LGPS is expected to be consulted upon in the summer. The additional liability included within this note assumes the underpin will be extended to cover all members who were actively participating in the Scheme on 1 April 2012 and not just those within 10 years of retirement and will apply on retirement or the date of leaving service if earlier.

Equalisation and indexation of Guaranteed Minimum Pensions

The actuarial present value of the defined benefit obligation includes an estimated liability in relation to the equalisation and indexation of Guaranteed Minimum Pensions (GMPs) beyond the arrangements already formally in place, which apply to members whose State Pension Age (SPA) is between 6 April 2016 and 5 April 2021 inclusive. Those arrangements require the LGPS to pay pension increases on GMPs at the full rate of CPI for those members, whereas GMP legislation only requires limited price increases to be applied. The additional liability included within this note assumes those arrangements for

fully indexing GMPs will be extended to members whose SPA is after 5 April 2021. This has increased the defined benefit obligation by in the region of 0.1% to 0.2%.

Note 22: Nature and Extent of Risks Arising from Financial Instruments

Risk and Risk Management

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members.) Therefore the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The council manages these investment risks as part of its overall pension fund risk management programme. Responsibility for the Fund's risk management strategy rests with the Pension Fund Committee.

Market Risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Council and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis. Specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Equity futures contracts and exchange traded option contracts on individual securities may also be used to manage market risk on equity investments. It is possible for over-the-counter equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

Other Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short are unlimited.

The Fund's investment managers mitigate this price risk through diversification.

Other Price Risk – Sensitivity Analysis

The following movements in market price risk are considered reasonably possible for 2020/21. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates remain unchanged.

PENSION FUND ACCOUNTS

Asset Type	Value as at 31 Mar 20 £'000	Percentage Change %	Value on Increase £'000	Value on Decrease £'000
Active Equity	104,365	12.55	117,462	91,267
Passive Equity	140,902	13.88	160,459	121,345
UK Corporate Bonds	41,551	4.85	43,566	39,535
Absolute Bonds	80,530	2.69	82,696	78,364
Index Linked	88,358	10.51	97,644	79,072
Government Bonds	16,649	5.53	17,570	15,729
Property	61,111	1.91	62,278	59,944
Private Equity	40,725	10.05	44,818	36,632
Hedge Funds	39,917	4.55	41,734	38,101
Derivatives	13,350			
Cash & short term investments	3,647	0.17	3,654	3,641
Total Assets	631,105		671,881	563,630

Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate and return are monitored by the Council and its investment advisors as part of the monthly and quarterly reporting and assessment of interest rate return against benchmark.

Interest rates are expected to remain unchanged in the next twelve months, based on the Authorities Treasury Management advisors latest advice. The Fund's exposure to interest rate movements as at 31 March 2019 and 31 March 2020 is set out below.

As at 31 Mar 19 £'000	Asset Type	As at 31 Mar 20 £'000
5,947	Cash Instruments	3,537
2,557	Cash balances	13,510
128,617	Bonds	182,253
137,121	Total	199,300

Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the fund (£UK). The fund holds both monetary and non-monetary assets denominated in currencies other than £UK.

The fund's currency rate risk is routinely monitored by the Council and its investment advisors in accordance with the Fund's risk management, including monitoring the range of exposure to currency fluctuations.

The fund's currency exposure as at 31 March 2019 and 31 March 2020 is set out below.

As at 31 Mar 19 £'000		As at 31 Mar 20 £'000
31,779	Private equity	40,725
36,528	Equities (Pooled Funds)	-
68,307	Total	40,725

A 10% volatility associated with exchange rates is considered likely, based on analysis of historical movements.

This analysis assumes that all other variables, in particular interest rates, remain constant.

A 10% strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Asset Type	Value as at 31 Mar 20 £'000	Value on Increase £'000	Value on Decrease £'000
Private equity	40,725	44,798	36,653
Total	40,725	44,798	36,653

Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the fund's financial assets and liabilities.

In essence the fund's entire investment portfolio is exposed to some form of credit risk, with the exception of the derivatives positions, where the risk equates to the net market value of a positive derivative position. However the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment or receipt that remains outstanding, and the cost of replacing the derivative position in the event of counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Deposits are not made with banks and financial institutions unless they are rated independently and meet the council's credit criteria. The council has also set limits as to the maximum percentage of the deposits placed with any one class of financial institution.

The Council believes it has managed its exposure to credit risk, and has had no experience of default or uncollectable deposits over the past five financial years. The table below shows the funds cash holding as at 31 March 2019 and 31 March 2020.

	Rating	As at 31 Mar 19 £'000	As at 31 Mar 20 £'000
Bank Current Account			
HSBC	AA-	91	223
Bank Deposit Account			
HSBC	AA-	2,466	13,287

Liquidity risk

Liquidity risk represents the risk that the fund will not be able to meet its financial obligations as they fall due. The Council therefore takes steps to ensure that the pension fund has adequate cash resources to meet its commitments. This will particularly be the case for meeting the pensioner payroll costs; and also cash to meet investment commitments.

The Fund has immediate access to its pension fund cash holdings.

The fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert in to cash. As at 31 March 2020 the value of illiquid assets was £141.8m, which represented 22.5% of the total fund assets - (31 March 2019 - £143.2m, which represented 21.9% of the total fund assets).

Management prepares periodic cash flow forecasts to understand and manage the timing of the fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the fund's investment strategy.

All financial liabilities at 31 March 2020 are due within one year.

Refinancing risk

The key risk is that the Council will be bound to replenish a significant proportion of its pension fund financial instruments at a time of unfavourable interest rates. The Council does not have any financial instruments that have a refinancing risk as part of its treasury management and investment strategies.

Note 23: Accounting Standards That Have Been Issued but Have Not Yet Been Adopted.

The Code of Practice requires that the Authority discloses information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2020 for 2020/21). None of the standards introduced in the 2020/21 code are expected to have a material impact on the financial statements.

The independent auditor's statement of the Auditor General for Wales to the members of Powys Pension Fund on the Annual Report

Proposed Audit Report

The independent auditor's report of the Auditor General for Wales to the members of Powys County Council as administering authority for Powys Pension Fund.

Report on the audit of the financial statements

Opinion

I have audited the financial statements of Powys Pension Fund for the year ended 31 March 2020 under the Public Audit (Wales) Act 2004. Powys Pension Fund's financial statements comprise the fund account, the net assets statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2020, and of the amount and disposition at that date of its assets and liabilities; and
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the pension fund in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

I draw attention to Note 3 'Critical Judgements in Applying Accounting Policies', of the financial statements, which describes the impact of material uncertainty disclosed in pension fund manager year-end valuation reports for the UK property funds they manage on behalf of the Powys Pension Fund. The Council has disclosed this material uncertainty.

My audit opinion is not modified in respect of this matter.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the pension fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The responsible financial officer is responsible for the other information in the annual report. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Report on other requirements

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements and the annual report has been prepared in accordance with the Local Government Pension Scheme Regulations 2013.

Matters on which I report by exception

In the light of the knowledge and understanding of the pension fund and its environment obtained in the course of the audit, I have not identified material misstatements in the annual report.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept;

- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of Powys Pension Fund in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the financial statements, the responsible financial officer is responsible for the preparation of the financial statements, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the responsible financial officer is responsible for assessing the pension fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Adrian Crompton
Auditor General for Wales
20 November 2020

24 Cathedral Road
Cardiff
CF11 9LJ

Statement of the Actuary for the Year Ended 31 March

Introduction

The Scheme Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the Powys County Council Pension Fund (the Fund) is able to meet its liabilities to past and present contributors and to review employer contribution rates. The last full actuarial investigation into the financial position of the Fund was completed as at 31 March 2019 by Aon, in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.

Actuarial Position

1. The valuation as at 31 March 2019 showed that the funding level of the Fund had increased since the previous valuation with the market value of the Fund's assets as at 31 March 2019 (of £654.6M) covering 93% of the liabilities allowing, in the case of pre- 1 April 2014 membership for current contributors to the Fund, for future increases in pensionable pay.
2. The valuation also showed that the aggregate level of contributions required to be paid by participating employers with effect from 1 April 2020 was:
 - 20.6% of pensionable pay. This is the rate calculated as being sufficient, together with contributions paid by members, to meet the liabilities arising in respect of service after the valuation date (the primary rate),

Plus

- an allowance of 1.1% of pay for McCloud and cost management – see paragraph 9 below,

Plus

- Monetary amounts to restore the assets to 100% of the liabilities in respect of service prior to the valuation date over a recovery period of 16 years from 1 April 2020, equivalent to 3.6% of pensionable pay (or £3.0M in 2020/21, and increasing by 3.6% p.a. thereafter), which together with the allowance above comprises the secondary rate.
3. In practice, each individual employer's or group of employers' position is assessed separately and contributions are set out in Aon's report dated 30 March 2020 (the "actuarial valuation report"). In addition to the contributions certified, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

Total contributions payable by all employers over the three years to 31 March 2023 are estimated to be:

Year from 1 April	% of pensionable pay	Plus total contribution amount (£M)
2020	21.6	3.2
2021	21.6	3.3
2022	21.6	3.4

4. The funding plan adopted in assessing the contributions for each employer is in accordance with the Funding Strategy Statement. Different approaches were adopted in relation to the calculation of the primary contribution rate, stepping of contribution increases and individual employers' recovery periods as agreed with the Administering Authority and reflected in the Funding Strategy Statement, reflecting the employers' circumstances.
5. The valuation was carried out using the projected unit actuarial method for most employers and the main financial actuarial assumptions used for assessing the funding target and the contribution rates were as follows.

Discount rate *	4.1% p.a.
Rate of pay increases	3.6% p.a.
Rate of increase to pension accounts	2.1% p.a.
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.1% p.a.

** In addition, the discount rate for already orphaned liabilities (i.e. where there is no scheme employer responsible for funding those liabilities and employer has exited the Fund) was 1.3% p.a.*

The assets were valued at market value.

Further details of the assumptions adopted for the valuation, including the demographic assumptions, are set out in the actuarial valuation report.

6. The key demographic assumption was the allowance made for longevity. The post retirement mortality assumption adopted for the actuarial valuation was in line with standard self-administered pension scheme (SAPS) S2P mortality tables with appropriate scaling factors applied based on an analysis of the Fund's pensioner mortality experience and a Fund membership postcode analysis using Aon's Demographic Horizons™ longevity model, and included an allowance for improvements based on the 2018 Continuous Mortality Investigation (CMI) Core Projections Model (CMI2018), with a long term annual rate of improvement in mortality rates of 1.5% p.a. The resulting average future life expectancies at age 65 (for normal health retirements) were:

	Men	Women
Current pensioners aged 65 at the valuation date	21.8	24.9
Current active members aged 45 at the valuation date	23.1	26.3

7. The valuation results summarised in paragraphs 1 and 2 above are based on the financial position and market levels at the valuation date, 31 March 2019. As such the results do not make allowance for changes which have occurred subsequent to the valuation date, although we comment on changes in market conditions to 31 March 2020 in paragraph 10 below.
8. The formal actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1 April 2020 to 31 March 2023 were signed on 30 March 2020. Other than as agreed or otherwise permitted or required by the Regulations, employer contribution rates will be reviewed at the next actuarial valuation of the Fund as at 31 March 2022 in

accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.

9. There are a number of uncertainties regarding the Scheme benefits and hence liabilities:

▪ **Increases to GMPs:**

The 2019 valuation allows for the extension of the 'interim solution' for public service schemes to pay full inflationary increases on GMPs for those reaching State Pension Age (SPA) between 6 April 2016 and 5 April 2021. However, the Government is still exploring various options, including conversion of GMPs to Scheme benefits, in order to achieve equalisation for GMPs as required by the High Court judgement in the Lloyds Bank case.

The results of the 2019 valuation do not allow for the impact of potentially extending this interim solution indefinitely, providing full pension increases on GMPs for members reaching State Pension Age after 5 April 2021 nor for conversion of GMPs to Scheme benefits. Based on approximate calculations, at a whole of fund level, the impact of providing full pension increases on GMPs for those members reaching State Pension Age after 5 April 2021 is an increase in past service liabilities of between 0.1% to 0.2% across the Fund as a whole.

▪ **Cost Management Process and McCloud judgement:**

Initial results from the Scheme Advisory Board cost management process indicated that benefit improvements / member contribution reductions equivalent to 0.9% of pay would be required. However, the cost management process was paused following the Court of Appeal ruling that the transitional arrangements in both the Judges' Pension Scheme (McCloud) and Firefighters' Pension Scheme (Sargeant) constituted illegal age discrimination. Government confirmed that the judgement would be treated as applying to all public service schemes including the LGPS (where the transitional arrangements were in the form of a final salary underpin) and a consultation on changes to the LGPS is expected in June 2020.

The employer contributions certified from 1 April 2020 as part of the 2019 valuation include an allowance of 1.1% of pay in relation to the potential additional costs following the McCloud judgement / cost management process. This was a simplified approach which didn't take account of different employer membership profiles or funding targets and may be more or less than the assessed cost once the LGPS changes have been agreed depending upon the precise nature of the new final salary underpin, the members in scope, and how this affects the cost management process.

10. Since the valuation date, Fund asset returns have fallen short of the assumed return of 4.1% over the year to 31 March 2020, on its own leading to a reduction in the funding level. In addition, reduced expectations of future asset returns and falls in gilt yields have led to a decrease in the discount rates, further reducing funding levels and increasing the primary rate. The Actuary, in conjunction with the Administering Authority, will monitor the position on a regular basis and the Administering Authority will take action if it believes necessary.

11. This Statement has been prepared by the Actuary to the Fund, Aon, for inclusion in the accounts of the Fund. It provides a summary of the results of the actuarial valuation which was carried out as at 31 March 2019. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

This Statement must not be considered without reference to the formal actuarial valuation report which details fully the context and limitations of the actuarial valuation.

Aon does not accept any responsibility or liability to any party other than our client, Powys County Council, the Administering Authority of the Fund, in respect of this Statement.

12. The report on the actuarial valuation as at 31 March 2019 is available on the Fund's website at the following address:

<https://www.powyspensionfund.org/media/5318/powys-pension-fund-2019-valuation-report-v2.pdf>

Aon Hewitt Limited

May 2020

Appendix 1: Pensions and Investment Committee

The Pensions & Investment Committee is the principal decision-making body for the Pension Fund responsible for management, investment and administration issues. The Committee is governed by its constitution which sets out the Committee's authority, its membership and its overall mode of operation.

Members of the Committee are drawn from Powys County Council as the administering authority with the addition of two further (non-voting) members representing Fund Employers and Scheme Members. The Committee receives advice and guidance from both Officers of Powys County Council and external professional advisers. From 5 May 2018 the membership of the Committee was as follows:

County Councillor P Lewis (Chair)
County Councillor E A Jones (Vice Chair)
County Councillor T Van-Rees
County Councillor J Morris
County Councillor H Williams
County Councillor A Davies
Mr A M C Weale (Fund Employers)
Vacant (Scheme Members)

Officers and Advisors:

Mrs J Thomas (s.151 Officer and Head of Finance)
Mr C Hurst (Pension Fund Manager)
Mrs R Pinder / Mr S Mayne / Mr G Feane / Mr R Antrobus – Aon (Investment Consultants)
Mrs B Durran – Aon (Actuary)
Burgess Salmon (Legal Advisers)

Over the year the Committee met on 7 occasions. Information relating to the meetings, including Member attendance can be viewed on the Council web site:

<https://powys.moderngov.co.uk/mgCommitteeDetails.aspx?ID=163>

Appendix 2: Fund Employers

Powys County Council administers the scheme for employees and ex-employees of the following bodies:

Scheduled Bodies	Admitted Bodies
Brecon Beacons National Park Authority, Brecon Town Council, Knighton Town Council, Llandrindod Wells Town Council, Llanidloes Burial Joint Committee, Llanidloes Town Council, Machynlleth Town Council, Newtown and Llanllwchaiarn Town Council, Powys County Council, Powys Magistrates Courts' Committee, Welshpool Town Council, Ystradfellte Community Council, Ystradgynlais Town Council	Adapt Business Services, Agoriad, BUPA Care Homes, Camping & Caravanning Club, Careers Wales Powys, Development Board for Rural Wales, Elite Supported employment Agency, Freedom Leisure, Heart of Wales Property Services Ltd Just Perfect Catering Ltd. Kier Facilities Services Ltd. MENCAP, Menter Maldwyn, Mirus Wales, Powys Association of Voluntary Organisations, Powys Dance, Powys Valuation Panel, Presteigne Shire Hall Museum Trust, Shaw Healthcare Ltd. Solo Service Group, Theatr Brycheiniog, Wales European Centre, Ystradgynlais Miners Welfare & Community,

Community Councils and various other statutory bodies have the right to be included in the Fund. Other bodies can be admitted at the discretion of the County Council.

Contact List and Communications

A copy of this report is available to anyone on demand, subject to a small administration charge. A full copy of the report can be viewed at www.powyspensionfund.org. Should you have any comments on the financial statement or any other pension matter please contact the appropriate officer in the following list:

Pension Scheme, Fund Governance & Other Matters

Pension Fund Manager Mr C Hurst 01597 827640

Accounts & Investment

Pension Fund Accounts Mr D Paley 01597 826042

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

Jane Thomas
Head of Financial Services/
Pennaeth Gwasanaethau Ariannol

County Hall / Neuadd y Sir,
Llandrindod Wells,
Powys.
LD1 5LG

Auditor General for Wales
Audit Wales
24 Cathedral Road
Cardiff
CF11 9LJ

If calling please ask for / Os yn galw gofynnwch am

Jane Thomas

Tel / Ffôn: 01597 - 8267789

Email /Ebost: jane.thomas@powys.gov.uk

Your ref / Eich cyf:

Our ref / Ein cyf:

Date / Dyddiad: 19th November 2020

Representations regarding the 2019-20 financial statements

This letter is provided in connection with your audit of the financial statements of Powys Pension Fund for the year ended 31 March 2020 for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- The preparation of the financial statements in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2019-20; in particular the financial statements give a true and fair view in accordance therewith.
- The design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and

- unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects Powys Pension Fund and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Representations by those charged with governance

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by the Audit Committee on 19 November 2020.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been

communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Signed by:

Head of Finance

Chair of Audit Committee

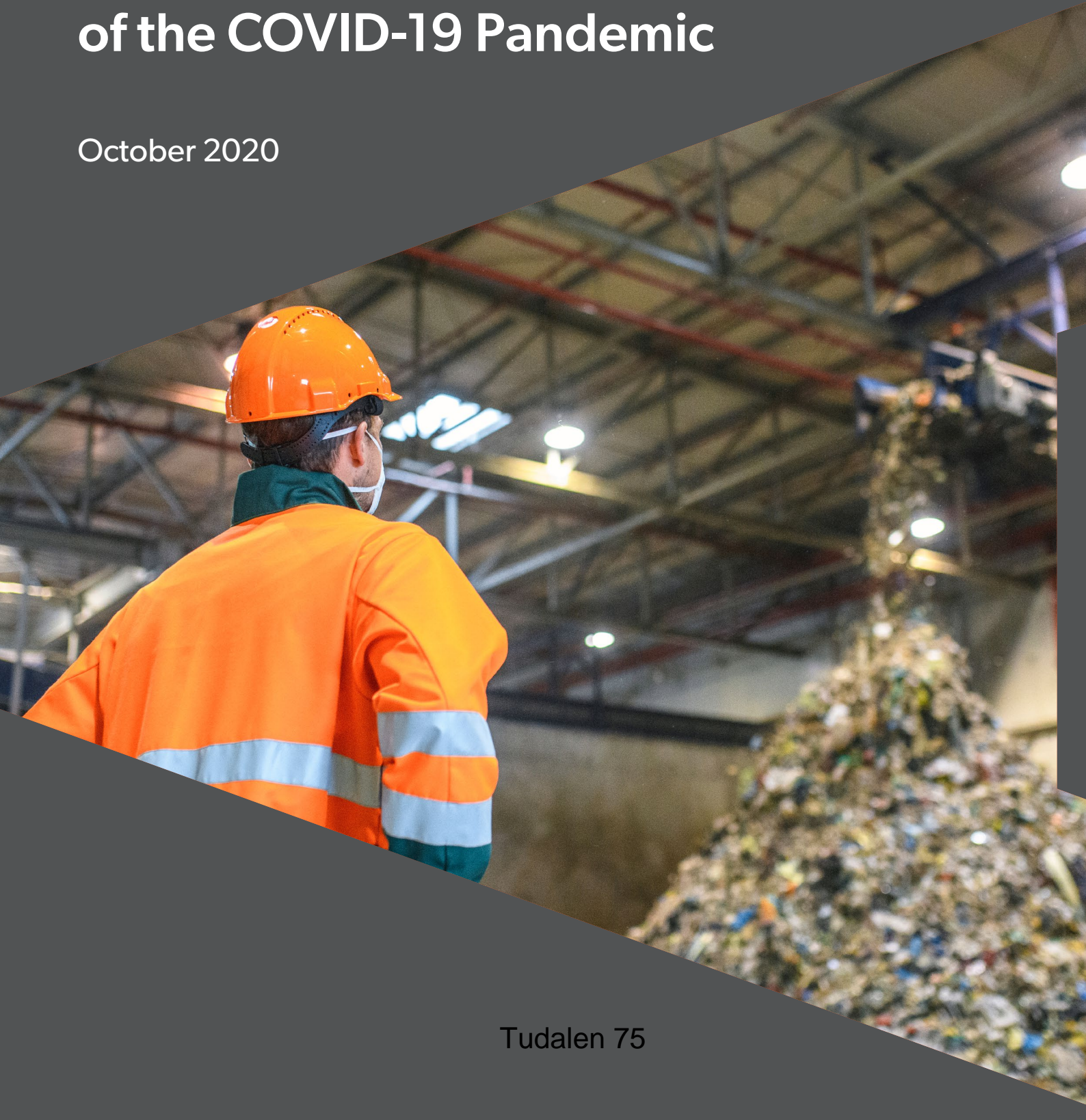
Date: 19 November 2020

Date: 19 November 2020

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

Financial Sustainability of Local Government as a Result of the COVID-19 Pandemic

October 2020



Adrian Crompton
Auditor General for Wales
Audit Wales
24 Cathedral Road
Cardiff
CF11 9LJ

The Auditor General is independent of the Senedd and government. He examines and certifies the accounts of the Welsh Government and its sponsored and related public bodies, including NHS bodies. He also has the power to report to the Senedd on the economy, efficiency and effectiveness with which those organisations have used, and may improve the use of, their resources in discharging their functions.

The Auditor General also audits local government bodies in Wales, conducts local government value for money studies and inspects for compliance with the requirements of the Local Government (Wales) Measure 2009.

The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office, which is a statutory board established for that purpose and to monitor and advise the Auditor General.

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg. **Tudalen 76**

Contents

Councils and the Welsh Government have worked well together to mitigate the impact of the pandemic to date but the future sustainability of the sector is an ongoing challenge.

Summary report	4
Summary	4
Why we have produced this report	4
Detailed report	5
Councils and the Welsh Government have worked well together to mitigate the impact of the pandemic to date but the future sustainability of the sector is an ongoing challenge	5
Against a backdrop of existing funding pressures, the financial costs of the pandemic are unprecedented in modern times	5
Some councils were better placed financially than others to respond to the challenges of the pandemic	6
The cost of the pandemic to councils is significant, although a large proportion of the short-term impact has been mitigated through the provision of extra funding	12
The financial challenges arising from the pandemic are numerous and go well beyond the more immediate and obvious costs of responding to the crisis	14
Audit Wales future work – supporting financial sustainability and recovering planning	15



Summary report

Summary

Why we have produced this report

- 1 We had already identified financial sustainability as a key risk to councils' arrangements before the pandemic occurred. This was, in part, due to the significant pressures on UK and, therefore, Welsh public finances following the financial crisis of 2008-09. We produced a report on the financial sustainability of each local council during 2019-20, and these reports showed that councils were in very different positions in terms of their level of reserves and track record of spending within their agreed budgets.
- 2 Against this backdrop the pandemic has already had an even more profound and immediate effect on public sector finances as a whole and, as a consequence, on councils' financial position. The impact on public sector spending over such a short period of time is unprecedented in modern peace time.
- 3 This report is the beginning of our work looking at the financial sustainability of local councils during 2020-21, building on the work we completed in 2019-20. The report sets a high-level baseline position, including the reserves position, of local councils before the pandemic. It also sets out the initial financial implications of the pandemic for local councils and the scale of the anticipated challenge going forward, as well as some reflections on the preparedness of local government in Wales for such an unprecedented event. Finally, we set out how Audit Wales intends to provide support and constructive challenge to councils and the local government sector, as a whole, over the remainder of 2020-21, in their efforts to maintain financial sustainability against such significant funding pressures.

Detailed report

Councils and the Welsh Government have worked well together to mitigate the impact of the pandemic to date but the future sustainability of the sector is an ongoing challenge

Against a backdrop of existing funding pressures, the financial costs of the pandemic are unprecedented in modern times

- 4 Local government funding in Wales has been under significant pressure for over a decade, following the financial crisis in 2008-09 that triggered a severe worldwide recession.
- 5 In response to this, councils have relied on a combination of significant savings for example through efficiencies, transforming services and cuts to services to reduce costs. Councils have also increased their income through council tax and the fees and charges applied to some services. Our previous reports on the financial sustainability and resilience of local councils, including our work on savings planning in local government, includes more detail on this. These reports are [available on the Audit Wales website](#).
- 6 Against this backdrop, the cost to public spending of tackling the pandemic will seemingly dwarf the cost of the financial crisis, affecting health and wellbeing, the wider economy and public spending. Below are just some of the predictions that the Office for Budget Responsibility has made recently (July 2020):
 - net UK public sector borrowing to be between £264 billion and £391 billion for 2020-21;
 - UK GDP will shrink by between 10.6% and 14.3%; and
 - borrowing to fund public spending will rise to between 94.8% and 113.2% of GDP over 2020-21.

- 7 It is highly unlikely that the financial impact of the pandemic will be limited to the current financial year. It will almost certainly affect public sector finances including local government, for many years to come regardless of the future path of the pandemic. In an [earlier blog](#) in June 2020, we set out how £2.5 billion additional funding has been allocated to, and within, Wales in response to COVID-19. This illustrates the scale of the financial response to date. As with many things associated with the pandemic, things continue to change rapidly with further funding announcements from both the UK and Welsh Governments. ‘The Local Government Hardship Fund’ now makes available nearly £500 million in support including an announcement from the Welsh Government of up to £264 million in financial support for local authorities for the remainder of the financial year on 17 August 2020. Other funding available has also been made available for local authorities in addition to the hardship fund, for example in relation to extra funding for teachers for catch up support from education, cleaning materials for schools and part of the cultural fund.

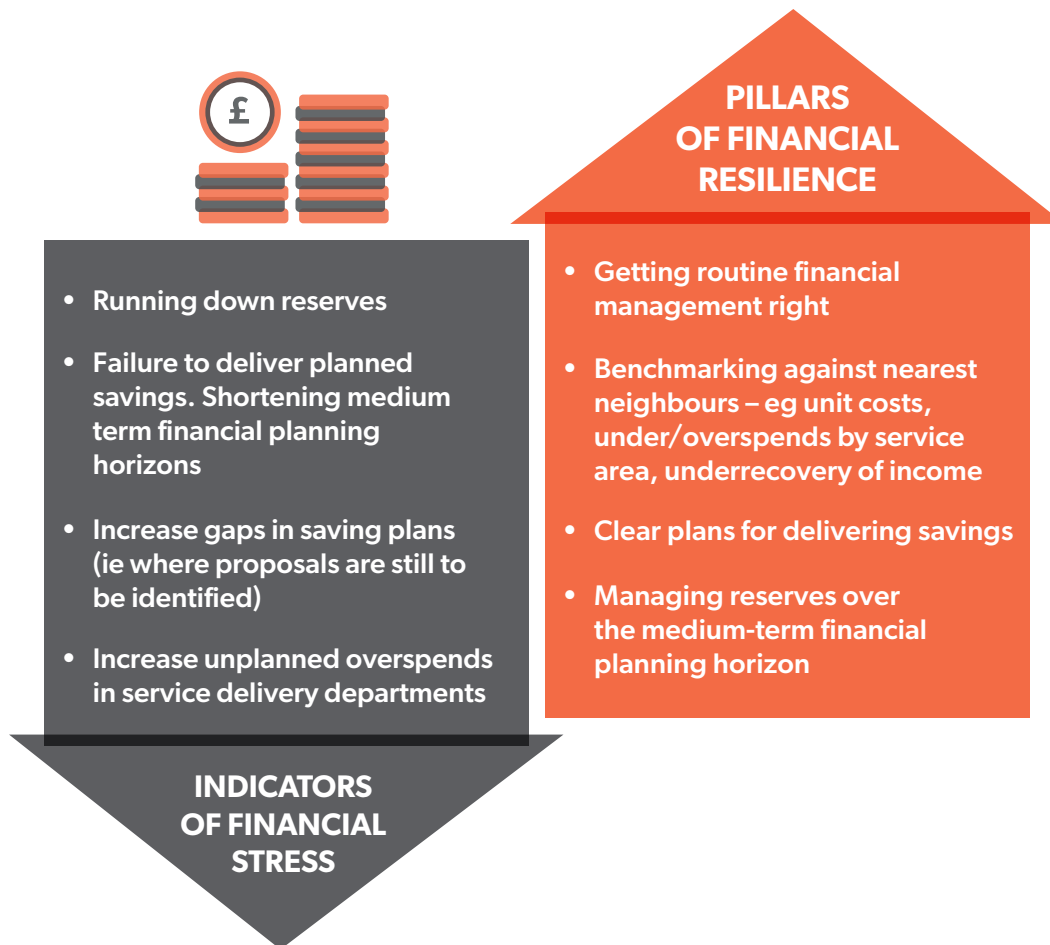
Some councils were better placed financially than others to respond to the challenges of the pandemic

- 8 Over 2019-20 we looked at the financial sustainability of councils in Wales and produced a report on each council. Publication of some of these reports was delayed by the pandemic but most are [now available on our website](#).
- 9 The reports show that some councils were much better placed than others to weather a financial challenge such as the pandemic. This is most clearly illustrated by the varying levels of usable revenue reserves held by councils, their track record of spending within their agreed budgets in recent years and, linked to this, the extent to which their usable revenue reserves have been increasing or decreasing in recent years. We also think that the ability of councils to identify, plan and deliver savings is a key indicator of financial sustainability.
- 10 The report [Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting](#) by Sir Tony Redmond noted that:
- ‘This suggests that the external auditor should report to Full Council on risks identified and conclusions reached, in a transparent and understandable format. To be of most use, such a report would need to be timely.’¹
- 11 The report also summarises CIPFA’s pillars of financial resilience and indicators of financial stress². These are presented in **Exhibit 1** below and include several areas that we commented on in our work in 2019-20.

1 Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting, Sir Tony Redmond, September 2020

2 building financial resilience: managing financial stress in local authorities, CIPFA, June 2017

Exhibit 1: CIPFA Pillars of Financial Resilience³



- 12 **Exhibit 2** shows the level of usable revenue reserves held by each council at 31 March 2019 and then at 31 March 2020, together with the amount by which they increased or decreased over that time. **Exhibit 2** shows that, in total, councils held over £1 billion usable reserves at the end of March 2020. We commented above that for 2020-21 additional funding from the Welsh Government has largely mitigated the financial impact of the pandemic on local councils. However should the impact of the pandemic continue into future years, it may be the case that councils will need to increasingly use their reserves to meet additional costs or supplement income losses.
- 13 We would expect differences in the level of reserves held by each council with, for example, those councils with larger net cost of services are likely to hold higher levels of reserves. **Exhibit 3** shows the amount of reserves held by each council as a percentage of their net cost of services. This varies considerably between councils, with the usable reserves as a percentage of the net cost of services varying from 33% to 5%.

3 Taken from the Independent Review into the Oversight of Local Audit and the Transparency of Local Authority Financial Reporting, Sir Tony Redmond, September 2020

- 14 However, the level of usable reserves should be treated with some caution. Whilst we have defined this as the level of revenue reserves including 'earmarked' reserves and 'general fund' reserves that could be re-purposed should the council decide to do so, we recognise in practise that some reserves would be easier to re-purpose than others, depending on what they have been earmarked for.
- 15 There are clearly a range of factors that could affect a council's financial sustainability as we noted above. These also include but are not limited to its balance sheet, level of liabilities and also other funding that it has available that could be re-directed such as contingency funds that are not part of reserves. Nevertheless, clearly a council with significantly higher levels of revenue reserves relative to its net cost of services that have been increasing in recent years, indicates that its financial position is more sustainable than a council with lower reserves that have been reducing over several years. Particularly where reserves have been used to fund unforeseen revenue expenditure.
- 16 The table below sets out the level of usable revenue reserves held by each local council at the end of 2018-19 and 2019-20. By usable reserves we mean the total general fund balance, together with earmarked reserves that councils are not legally prevented from redirecting to use for another purpose.

What we mean by 'usable reserves'

Reserves usable for revenue costs, where the purpose is not protected by law. This is the total of the general fund, earmarked reserves and schools balances. It excludes the HRA, Capital receipts and capital grants unapplied.



Exhibit 2: amount of usable reserves by local authority 2018-19 and 2019-20

	Net cost of services 2019-20 in £000⁴	Usable revenue reserves at 31 March 2019 in £000⁵	Usable revenue reserves at 31 March 2020 in £000⁶	Increase/ (decrease) in usable revenue reserves between 2019 and 2020 in £000⁷
Blaenau Gwent	£148,762	£12,725	£14,056	£1,331
Bridgend	£289,242	£56,883	£64,562	£7,679
Caerphilly	£370,910	£90,896	£100,547	£9,651
Cardiff	£712,111	£67,969	£69,149	£1,180
Carmarthenshire	£373,888	£93,898	£100,837	£6,939
Ceredigion	£155,817	£24,192	£27,688	£3,496
Conwy	£237,279	£14,114	£11,005	(£3,109)
Denbighshire	£207,366	£38,047	£36,434	(£1,613)
Flintshire	£315,765	£27,334	£24,318	(£3,016)
Gwynedd	£250,149	£64,885	£71,090	£6,205
Isle of Anglesey	£143,705	£15,271	£16,017	£746
Merthyr Tydfil	£118,608	£16,743	£15,875	(£868)
Monmouthshire	£177,834	£13,741	£15,246	£1,505
Neath Port Talbot	£306,961	£61,394	£59,093	(£2,301)
Newport	£313,904	£94,742	£78,806	(£15,936)
Pembrokeshire	£240,375	£46,435	£45,746	(£689)
Powys	£276,153	£26,758	£28,584	£1,826
Rhondda Cynon Taf	£529,390	£119,470	£119,873	£403
Swansea	£444,555	£77,022	£93,752	£16,730
Torfaen	£186,602	£18,690	£16,738	(£1,952)
Vale of Glamorgan	£248,602	£81,161	£83,008	£1,847
Wrexham	£257,842	£28,944	£26,205	(£2,739)
Total	£6,305,820	£1,091,314	£1,118,629	£27,315

4 Draft statement of accounts for 2019-20 subject to audit. Value used is the net cost of services charged to the general fund from the Expenditure Funding Analysis, less any Housing Revenue Account cost of services, plus precepts, levies and debt interest

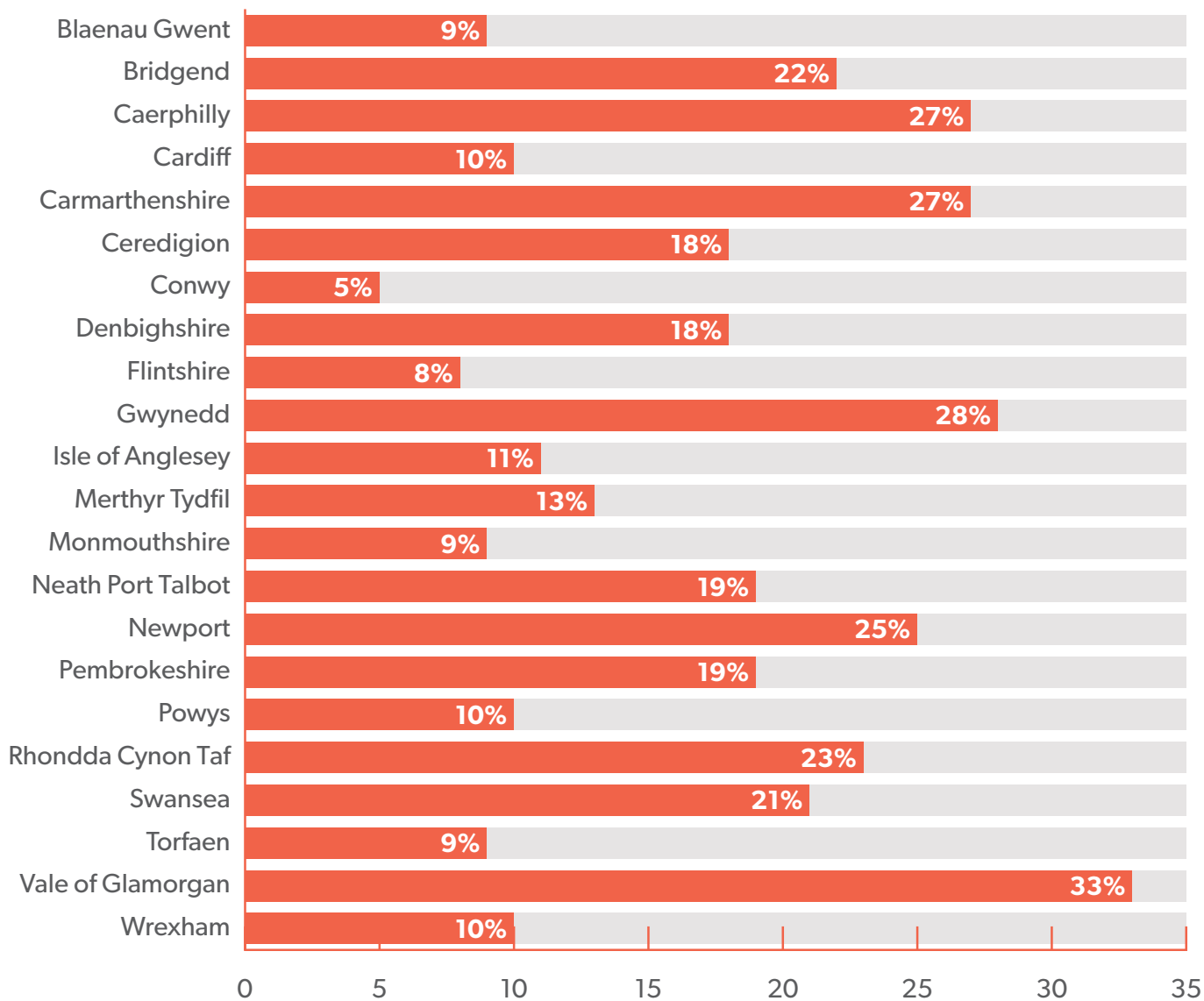
5 Audited Statement of Accounts for 2018-19

6 Draft Statement of Accounts for 2019-20 subject to audit

7 Audit Wales calculations

17 The exhibit below sets out the level of usable revenue reserves held by each local council at the end of 2019-20 as a proportion of the net cost of services of each council.

Exhibit 3: amount of usable reserves as a proportion of the net cost of services of each council



■ Usable revenue reserves as a % of net cost of services⁸

- 18 As shown above, at the end of the 2019-20 financial year councils held over £1 billion in usable revenue reserves, which equates to 18% of the total net cost of service across all councils. However, this is not evenly spread across councils, and it is also clear that some councils hold significantly more reserves than others relative to their approximate net cost of services. Although this is a relatively simplistic analysis, the level of usable reserves available to a council is one of the key indicators of financial resilience and sustainability.
- 19 From the work we undertook during 2019-20, that largely focused on the position at the end of the 2018-19 financial year, we identified some of the following themes that pre-date the pandemic but may well impact on the ability of councils to respond to it. These include:
- most councils reported either relatively small underspends or overspends overall in 2018-19 and it was a similar picture for 2017-18.
 - some councils relied on the unplanned use of reserves to balance their budgets during 2018-19. This approach is unlikely to be sustainable, particularly in those councils whose levels of usable reserves were already relatively low.
 - some councils relied on planned use of reserves as part of budget setting. Whilst this may have been planned at the start of the financial year, nevertheless, consistently using reserves, even in a planned way, to balance revenue expenditure is unlikely to be sustainable if this contributes to declining levels of reserves.
 - most councils, including those who delivered an overall surplus, still had some significant overspends in some demand-led services, with services such as social services being an area of overspend in many councils. Pressure on many demand-led services is likely to intensify as a result of the pandemic.
 - most councils delivered most of their savings, but very few delivered all of their planned savings in 2018-19.

The cost of the pandemic to councils is significant, although a large proportion of the short-term impact has been mitigated through the provision of extra funding

- 20 The costs to councils in responding to the pandemic have been unprecedented both in their scale and the speed with which they have arisen. Additional funding has been made available to councils to mitigate these costs, however, the extent to which this will fully fund the cost of dealing with the pandemic, particularly over the medium to long term, is unknown. This is partly inevitable due to the rapidly developing picture in terms of the progress of the pandemic, as well as its economic impact. This picture will also change considerably depending on whether or not there are future waves of the pandemic, and how many and how severe they might be.
- 21 The pandemic has affected local government finances both in terms of increased costs and loss of income. **Exhibit 4** shows the estimated additional net expenditure and income loss that councils have estimated as a result of the pandemic for the first six months of the 2020-21 financial year for quarter 1 and quarter 2.
- 22 The biggest areas of increased cost pressures so far are in social services and education.
- 23 Councils receive income from a range of services including leisure facilities, car parking, school meals and school transport. The largest estimated income losses are in leisure and cultural services.
- 24 It is also clear that the financial impact of the pandemic is likely to continue throughout 2020-21 and into future years.
- 25 **Exhibit 4** sets out the total amount of additional expenditure and income loss that local authorities have estimated as a result of the COVID-19 pandemic, based on submission from local authorities to the Welsh Local Government Association (WLGA).

Exhibit 4: total estimated additional net expenditure and income loss across the 22 unitary authorities in Wales as a result of the COVID-19 pandemic

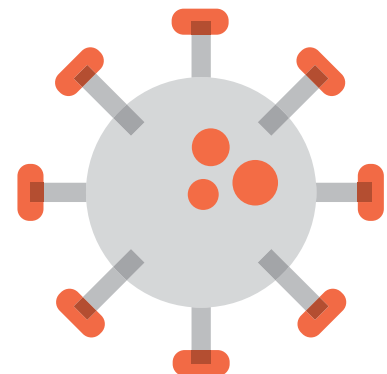
	Estimated additional net revenue expenditure	Estimated revenue income loss as a result of COVID-19
Quarter 1 (Apr-Jun)	£84.2 million	£100.1 million
Quarter 2 (Jul-Sept)	£81.3 million	£59.7 million

Source: WLGA

- 26 Public services have been significantly impacted by the pandemic and, in this context, mitigating the impact on councils will not only depend on the actions that they are able to take, but also to a large degree on the amount of resources allocated by governments. We recognise that a key issue for councils in trying to financially plan over the medium term remains uncertainty around both the level of funding they will receive from government, and their own income streams, such as council tax and fees and charges. Added to this is the uncertainty around the potential future costs associated with the pandemic. We note above that Welsh Government made nearly £500 million available for councils through the Local Government Hardship Fund as well as other additional funding.
- 27 This has mitigated local councils additional costs and income losses to date, but depending on the future course of the pandemic, there may still be a significant funding shortfall for local authorities during 2020-21. Welsh Government has also accelerated access to the Revenue Support Grant and other funding streams early in the financial year to help councils' cashflow. Welsh Government also announced in August 2020 an extra £2.8 million for councils to help fund the increase in demand on the Welsh Government's Council Tax Reduction Scheme (CTRS) since the start of the pandemic. There is clearly uncertainty surrounding the future course of the pandemic and therefore the costs and income loss associated with it. This poses a considerable challenge to both local and national governments in supporting the sustainability of the local government sector. We recognise the many uncertainties around the course of the pandemic and the future funding that will be available to councils. This makes it more difficult for councils, and governments, to plan over the medium term. However to ensure the future sustainability of councils, robust medium term financial planning is crucial.
- 28 Our local work on financial sustainability will continue to examine the extent to which councils face a budget shortfall for this and future years, and their plans to mitigate this in the context of future Welsh Government funding.

The financial challenges arising from the pandemic are numerous and go well beyond the more immediate and obvious costs of responding to the crisis

- 29 The pandemic is likely to affect almost every aspect of local government services, and therefore finances. The income loss and additional expenditure costs noted above are a significant element of this. But even as services re-open in the short to medium term, there will be added costs around the provision of personal protective equipment for staff and for other safety measures. For example, as schools re-open in September, there are likely to be costs associated with the re-introduction of school transport.
- 30 At the same time, it is likely that income streams such as from leisure centres and car parks will continue to be affected, due to safety requirements and/or potentially less demand for services. The economic impact of the pandemic is also likely to have wider repercussions for people's ability to pay for services, particularly those that they may view as 'non-essential'. This could also lead to an increase in eligibility for concessionary pricing schemes, which might also affect the level of income that councils are able to draw in.
- 31 As the economic impact of the pandemic deepens, it is also likely that income from council tax will fall, as well as housing revenue for those councils that still hold their own housing stock.
- 32 The sustainability of some services may be under threat with particular pressures likely to be felt in areas such as leisure services and the social care sector. The WLGA has also identified significant cost pressures in some service areas, most notably social services and education. By 2022-23 it estimates that the combined costs pressures in these services alone will equate to approximately £600 million.
- 33 Given the breadth, and depth, of the impact of the pandemic to date, alongside the uncertainty surrounding its future course, local authorities are likely to face difficult choices over the short and medium term. In this context, good strategic financial planning and robust governance and decision-making arrangements become even more important.



Audit Wales future work – supporting financial sustainability and recovering planning

- 34 Over 2020-21, in keeping with our commitment to support public bodies' response to the pandemic, we will work with councils to gain assurance that they are putting in place proper arrangements to secure financial sustainability. In doing so, we will seek to gather and share real-time learning and practice across the public sector. The focus of our financial sustainability work over 2020-21 will be on the issues identified above and how councils are planning for a sustainable recovery over the medium and long term. This work will also run alongside our support and challenge of recovery planning and the work we are undertaking through our 'COVID-19 learning project'. We will shortly be engaging with councils to discuss the next phase of our financial sustainability work in more detail.



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Via email

Reference: AC/219/caf

Date issued: 11 November 2020

Dear Colleague

Request for support on data analytics

I am writing to ask for your support as we modernise our work, with the aim of securing benefits for Audit Wales and also for the bodies we audit.

In our increasingly digital world, data is becoming a hugely important enabler for us, as it is for every organisation. As such, we have bold ambitions to transform the way we use data.

Our Data Analytics team has begun to make real progress, including:

- Publishing interactive data tools as a new type of product from our audits. These data tools add value to our work by making better use of the data we have collected and by generating more insightful analysis for exploration by the public, politicians, press and public bodies.
- Creating bespoke apps to automate aspects of our work. These apps have considerable potential to streamline our work, creating efficiencies for Audit Wales but also for the bodies we audit, mainly through eliminating the repetitive and time-consuming work associated with data collection and transfer.
- The team has a specific remit to collaborate with other public bodies. We have held numerous 'show and tell' sessions with other bodies, to talk about our new approaches and share our learning so far. We have also shared training materials that we have used to upskill our data analytics team. Please contact the team at data.analytics@audit.wales if you want to know more.

I am delighted with what we have achieved so far but we can do so much more, as set out in the Appendix to this letter.

The next critical step for us is to secure routine data downloads from the principle financial systems of the bodies we audit. This is why I am writing to you. Historically, our data requests have been ad hoc, and dependent on the area of testing being undertaken by the auditor. This can be onerous for your officers, and inefficient for my audit teams. Instead, we are now looking to routinely request data downloads, and here are the specific details of what I am asking for:

- Initially we will request a full download of your general ledger data for 2019-20 financial year for comparative purposes. We will then request downloads of your general ledger data for the 2020-21 financial year at interim and final audit stage. In future years, we may request this data on a quarterly or even monthly basis. We will also move on to requesting data from other key financial systems such as payroll and fixed assets.
- I would be grateful if you could convey your in-principle support to your Directors of Finance and Heads of IT, whom we are likely to speak with directly about accessing your organisation's data.
- We have invested in a Data Analytics Storage Solution based on Amazon Web Services' workspaces, which will underpin all of our future work on data analytics. This safe and secure environment will allow us to store and work with large datasets as well as sensitive data. We will work with you to determine the best way to transfer your data to us, which may be through the use of Objective Connect (an online transfer portal) or possibly via a specialist third party (that can directly link to your financial system).

In the medium term, we hope this new approach will save everyone time and effort by virtually eliminating the current data request process, which is sometimes protracted and repetitive. But more than that, these routine data downloads are a major steppingstone towards a higher-quality audit approach, based on a significantly larger evidence base, and which produces greater assurance and insight for organisations like yours.

I am hugely excited about the future for data analytics at Audit Wales so I would be more than happy to talk to you directly about this should you want to. Thank you in advance for your support and please don't hesitate to get in touch if you have any questions or concerns.

Yours sincerely



ADRIAN CROMPTON
Auditor General for Wales

Appendix: Details of our future vision for data analytics

Our Long-Term Vision for data analytics sets out a deliberately ambitious plan for the future, including:

- Streams of live data from public bodies allowing us to analyse performance and risks in real time.
- Use of machine learning and artificial intelligence to automatically cleanse data and flag high-risk issues for further consideration by auditors.
- Automatic linking and matching of data to detect fraud and anomalies.
- A move towards predictive analytics, to help us be more forward-looking in our commentary and recommendations.

Achieving this vision will be difficult and will take time but it is essential that we push ourselves.

A key change commitment within my Annual Plan 2020-21 is to improve how we “source, acquire and analyse data”. We are determined that this will lead to further improvements in the quality and efficiency of our work, and allow us to provide earlier, more insightful analysis to organisations like yours.

One of our most important projects is called Analytics Assisted Audit. This seeks to place data at the centre of our accounts work. There are four stages which underpin this project:

- **Data ingestion.** This is the most difficult stage. We need to be able to efficiently and securely transfer/ingest data from public bodies. However, public bodies have different systems. For example, Welsh public bodies use over 15 different financial ledger systems, excluding those used in support for HR, payroll, assets, schools, primary care, social care, etc.
- **Processing.** Once we have the data, we need to process it into a format that it can be easily read by our applications whilst ensuring its integrity. This will enable us to reproduce the trial balance from the source data, reconcile it to the accounts and automate analytical review. Auditors will have access to data at their fingertips, enabling them to drill down to transaction level data.
- **Testing.** We have developed applications to carry out key audit tests, freeing up our auditors to evaluate the outcomes and evidence their judgement. Examples include risk assessing transactions, selecting audit samples, linking to external data sources to independently verify transactions and balances (e.g. Land Registry, Companies House).
- **Visualisation.** Visualising the results of the data analysis will pave the way for more effective, interactive reporting of our audit work which we can share with our audited bodies.

The data downloads we will request from your financial systems will primarily be used within our Analytics Assisted Audit approach. We hope this approach will lead to more efficient audits, that have a more comprehensive evidence base, allowing us to create new insights and additional value to the bodies we audit.

CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE
Tuesday, 3rd November 2020

REPORT AUTHOR: County Councillor Aled Davies
Portfolio Holder for Finance

REPORT TITLE: Strategic Risk Register Report Quarter 2 2020/2021

REPORT FOR: Decision

1. Purpose

- 1.1 The purpose of this report is to set out the council's latest position on managing its key risks, contained in the Strategic Risk Register (SRR). It also outlines the arrangements put in place by the Council for managing the key risks relating to the Covid-19 pandemic.

1. Background

- 2.1 Our Strategic Risk Register is key to safeguarding the organisation and building resilience into our services. At a time when the Council is facing unprecedented challenges, the effective management of risk is needed more than ever. A risk-managed approach to decision making will help us to achieve the well-being objectives in Vision 2025, deliver services more efficiently and using innovative and cost-effective means, and help the Council manage its Covid-19 response and recovery.

2. Advice

- 3.1 To ensure a risk managed approach to decision making and good governance of the Council, it is proposed that Cabinet:
- Review progress to mitigate strategic risks
 - Continue to note the new Covid-19 risk register

Review of progress to mitigate Strategic Risks

- 3.2 As at the end of quarter 2 2020-2021, there are 12 risks on the strategic risk register. Following the decision made by Silver Command to proceed with risk monitoring, all strategic risk owners have provided a short summary of progress since quarter 1 2020-2021, to give assurance that mitigating actions are being actioned and monitored.
- 3.3 Please see appendix A for full details of the 12 strategic risks, and progress against the mitigating actions identified to control them.

- 3.4 Please see appendix B to view a heat map which presents the results of the quarter 2 risk assessment process visually. It highlights that two out of the twelve risks are placed within the 'major' impact category with a probability of almost certain, one is placed within the 'major' impact category with a probability of likely and one is placed within the 'catastrophic' impact category with a probability of possible.

Escalation of risks to the Strategic Risk Register

- 3.5 During quarter 2 2020/2021 no risks have been escalated to the Strategic Risk Register.

Covid-19 risk register

- 3.6 In order to effectively identify and manage risks relating specifically to the Covid-19 pandemic, a separate risk register was created to provide clarity and oversight for Gold and Silver Command. These risks are reviewed and monitored regularly and have been separated into response and recovery risks, using a new matrix developed specifically for assessing Covid-19 related risks.
- 3.7 Currently there are 56 risks recorded, 4 of the 64 risks are placed within the 'major' impact category 2 with a probability of likely and 2 almost certain, and another 1 placed within the 'catastrophic' impact category with a probability of possible. The register is still monitored by Gold and Silver Command on a weekly basis.

4. Resource Implications

- 4.1 There are no direct resource implications in relation to this report however all risk owners need to consider the resource implications of managing the risk and decide if the best course of action is to tolerate or treat.
- 4.2 The Strategic Risk Register outlines the key risks to the Council's activities, as well as risk to delivery of objectives contained within the Corporate Improvement Plan. There are no direct financial implications from the report although these may arise as new risks are identified on an on-going basis.

The Head of Finance (Section 151 Officer) notes the comment above, financial implications are identified through the relevant service and are considered through the financial management processes in line with the authorities' financial regulations.

5. Legal implications

- 5.1 Legal: The recommendation can be supported from a legal point of view.

5.2 The Head of Legal and Democratic Services (Monitoring Officer) has commented as follows: "I note the legal comment and have nothing to add to the report".

6. Data Protection

6.1 N/A

7. Comment from local member(s)

7.1 N/A

8. Integrated Impact Assessment

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

9. Recommendation

It is recommended that Cabinet notes the current Strategic Risk Register and is satisfied with progress against mitigating actions for quarter 2.

The recommendation above will ensure:

- **Appropriate understanding and management of strategic risks which could prevent us from achieving our objectives**
- **A risk managed approach to decision making and good governance of the Council**
- **The risk related to Powys residents, services and Council staff as a result of a COVID-19 (Coronavirus) epidemic is monitored and reviewed regularly.**

Contact Officer: Jane Thomas, Head of Finance

Tel: 01597 827789

Email: Jane.Thomas@powys.gov.uk

Head of Service:

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

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

Strategic Risk Register

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
CS0009 Jan Coles Escalated From :- Children's Services Tudalen 99	Ability to meet the requirements of the MTFS / Retaining grant funding around posts within Children's Services	<ul style="list-style-type: none"> - Budget overspend / efficiencies not achieved - Loss of funding leading to an impact on budget and potentially reducing Early Help and Intervention and Prevention, which could increase costs of statutory services - Financial implications for the Authority - budget will suffer an overspend - Impact on other services/functions- Significant budget overspend - Reconfiguration of anti-poverty grants likely to have an impact 	<p>11/10/2020</p> <p>Qtr 2 20/21 On behalf of Jan Coles. Review Summary: Continue to ensure that we are meeting all requirements of current grant funding, whilst actively seeking new funding streams through the RPB, Welsh Government and elsewhere. There have been additional financial pressures on the service due to COVID-19 and where possible alternative funding has been sourced to try to off-set this.</p> <p>05/07/2020</p> <p>1st Qtr 20/21. Review Summary: Continue to maximise access to and use of grants. Work with RPB is extending. Startwell review taking place.</p> <p>10/05/2020</p> <p>Review Summary: The COVID-19 pandemic has created significant uncertainty however grants which WG use to fund Children's Services are expected to continue.</p> <p>19/01/2020</p> <p>Qtr 3 19/20 Review Summary: . To date this year we have achieved savings however there is an increase in pressures, we continue to monitor this.</p> <p>Children looked after is currently sat at 239 following large sibling group coming in to the Care of the LA in November (5). Demand for the service can be unpredictable and the LA has a statutory duty to safeguard Children. However, this is significant work going on in the Service to shape the Market in Powys to ensure that we are able to provide high quality, cost effective provisions in County</p>	Cllr Rachel Powell Alison Bulman	9	9	<ul style="list-style-type: none"> • Budget challenge in respect of placement Budget overspend. • Increase number of foster carers. • Improvement to Edge of Care services. • Reporting to Assurance Board, FSP, and Audit Committee • Early help hub • All other opportunities for grant funding being reviewed, managed and approached • Core funding to be aligned to EI&P and not just to rely on Welsh Government grants • Future shape of service review • Decrease use of agency staff • Head of Service and Senior Managers routinely monitor with finance. • Head of Service and Senior Manager control significant spend and staffing • Budget challenge and scrutiny • Budget plan in place to address pressures • Opportunities for grant funding is continually explored with WG and all other bodies. • The RPB has a key priority for EI&P across all ages • Re-structure of Children's Services implemented to develop more locality working and enable resilience • Development of transformation plan • Review of residential placements 	Action In Progress Action In Progress Action In Progress Action In Progress Action In Progress Action In Progress Action In Progress Action In Progress Action In Progress Control In Place Control In Place Control In Place Control In Place Control In Place Control In Place Control In Place Control In Place Control In Place

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
Tudalen 100			<p>to meet the needs of our local population and support Children and Young People in our care to achieve the best possible outcomes.</p> <p>In addition to the pressure on our placement budget as described above, we also continue to have continued challenges in recruiting and filling our vacant posts and therefore have a continued reliance on agency staff.</p> <p>Funding by Welsh Government through grants is an aspect of delivering Children's Services. We have worked hard to make the most of the income and use on reducing demand and delivering channel shift. We are at the beginning of a programme of transformation, the benefits of which will not be fully felt for a number of years. Grants can be removed by Welsh Government. Work under way with the RPB to deliver big projects that will deliver big impact changes, e.g. multi agency funding of the early help hubs.</p> <p>The following wording 'Addressing the deficit in the FRM (£1.1million) for 2018/19' has been taken out of the risk title as it refers to 18/19 and is out of date. The current risk in relation to the FRM will still be addressed this risk as it is covered by the ability to meet the requirements of the MTFS.</p> <p>13/10/2019</p> <hr/> <p>07/04/2019</p> <hr/> <p>31/03/2019</p> <hr/>					

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
ED0022 Lynette Lovell Escalated From :- Education Tudalen 101	The council will be unable to manage the schools' budget without ongoing adjustments to the distribution formula 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.	Some schools will have spiralling deficits which will have a financial impact on the rest of the Council and the learners in their care.	04/10/2020 Qtr 2 20/21. Review Summary: In Quarter 1 the new formula was in place for schools, and the change mainly affects the secondary schools in Powys. The authority's ability to evaluate the impact of the change has been hampered by the pandemic, but in the budget setting process the signs were encouraging and were pointing towards reducing the overall in-year deficits within the secondary sector. All schools budget submissions were reviewed by the interim Chief Education Officer and SSMT in conjunction with the Head of Finance. All schools in a deficit or significant surplus position were asked to submit Recovery Plans or Spend plans, supported by all appropriate documentation by 16th October. The Schools finance team have worked with schools to identify the financial impact of their response to the Covid-19 pandemic, including ensuring that additional expenditure / lost income is accurately recorded and claimed and that any savings / delayed savings are identified and captured. Autumn Term finance surgeries have begun, prioritising those schools with deficits / concerns around finances. All opportunities taken to reinforce importance of good financial housekeeping (e.g. accuracy of coding etc. and to keep schools updated on latest economic / financial issues. 1-2-1 training and support has been provided to individual schools as required and additional support has been provided for any new business managers. Finance training was provided as part of the New Head Induction training. Support has been provided for Business Manager recruitment processes. The ALN element of the funding formula is currently being reviewed by a working	Cllr Phyl Davies Lynette Lovell	12	9	<ul style="list-style-type: none"> Implementation of R5 in the PIAP PIAP 	Action In Progress Control In Place

Strategic Risk Register				Portfolio	Inherent	Residua	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
Tudalen 102			<p>group of authority officers, head teachers and governor representatives to ensure that the budget is more closely targeted to learners with ALN.</p> <p>28/06/2020</p> <hr/> <p>1st Qtr 20/21. Review Summary: All Schools have submitted budgets approved by their Governing Bodies. These are being reviewed by the Schools finance team and finance surgeries with Schools are continuing. The interim Chief Education Officer and SSMT in conjunction with the Head of Finance will consider a report setting out individual schools' budget plans and agree any actions required in relation to deficits or clawback. The Schools finance team are working with Schools to update budgets for the impact of the Covid-19 lockdown, both in terms of cost reductions due to closure of schools and delayed savings realisation as a result of the temporary withdrawal of the Management of Change process. Schools service and Schools finance team will continue to work with Schools to produce balanced budgets / deficit recovery plans, providing support, challenge and scrutiny as required.</p> <p>A limited review of part of the Schools' funding formula during 2020 is proposed to consider the ALN element. Ongoing work on school transformation needs to be delivered to provide long term sustainable school finances.</p> <p>26/04/2020</p> <hr/> <p>4th Qtr 19/20 Review Summary: In Quarter 4 Cabinet and, subsequently in February, Full Council agreed the additional funding for the schools delegated budget as part of their budget proposals for 2020/2021. This funding would be used for the funding of pay awards, increased teachers pension costs, some items of non-staffing funding</p>					

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
Tudalen 103			<p>and the creation of a TLR allowance for the secondary sector.</p> <p>Schools were issued in February with their 2020/21 funding allocation including the above additional funding commitments, and were also provided with estimated funding for 2021/22 onwards.</p> <p>Ongoing work between the Schools Service, Finance, HR and the individual schools to look at the budget which is anticipated for 2020/21 and the setting of a balanced budget by each school continues to take place. Prior to the lockdown, budget meetings had taken place with the majority of the schools. However, due to Co-VID-19 the management of change has been temporarily stopped. Final budget plans from all schools are due by 1st May 2020, schools were given an extension until the 22nd May. However, due to the current COVID 19 lockdown in respect of schools, we have not received further guidance on schools delegated budgets and will continue to assess the impact on the budgets of schools being closed.</p> <p>12/01/2020</p> <p>3rd Qtr 19/20 Review Summary: The authority issued an additional 11 warning notices in September 2019 to schools and meetings have been held with those schools with the Head of Service and Section 151 officer. These meetings were to discuss the actions required by the respective schools to halt the deficit and to look at how these deficits could be clawed back. As part of the budget process for 2020/2021 the Cabinet will be considering the funding pay awards, pensions and the creation of a teaching and learning responsibility (TLR) allowance. The TLR Allowance would be for the secondary schools and would be within the funding formula.</p>					

Strategic Risk Register				Portfolio	Inherent	Residua	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
ED0023 Lynette Lovell Escalated From :- Education Tudalen 104	The council fails to make the necessary improvements in response to Estyn recommendations.	Failure to implement these recommendations would have a negative impact on learner experience in Powys. This could also result in the Welsh Government taking over the responsibility of education in Powys.	<p>04/10/2020</p> <p>Qtr 2 20/21 Review Summary: The risk was reviewed and agreed 28/9/2020. The Improvement and Assurance Board on 29.07.20 recognised that Recommendation 1 is most at risk due to the prolonged period in which the schools were closed.</p> <p>28/06/2020</p> <p>1st Qtr 20/21 Review Summary: All staff and pupils have access to the national learning platform (Hwb). All Schools were committed to providing online learning experiences for their pupils, including significant interaction across schools to share effective practice. There are 16,000 learners in Powys and 881 have been provided with digital devices and 532 have received mobile Wi-fi devices for use at their home address. This was achieved through effective collaboration between the schools and the Local Authority. Following the WG guidance 'Stay safe, stay learning' and the new advice around live streaming of lessons, all of the Powys schools have now engaged effectively in providing learning experiences for Powys learners. This is monitored weekly by the Challenge Advisers and fortnightly by the Interim Chief Education Officer. However, there is always concern that some learners will find it hard to engage without face to face support from teachers and staff. The School Transformation Board has considered papers which were taken to Cabinet and Scrutiny, and the Leader approved the Strategy for Transforming Education in Powys in Quarter 1. The strategy is currently being implemented and the governance has been approved. The Home to School Transport Policy, is currently in consultation. Following extensive discussions with headteachers, an</p>	Cllr Phyl Davies Lynette Lovell	12	9	<ul style="list-style-type: none"> • Reopen Schools • Implementation of the PIAP 	Action In Progress Action In Progress

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
Tudalen 105			<p>engagement paper outlining the broad vision for ALN reform has been agreed by Cabinet and is subject to public engagement which finishes in Quarter 2.</p> <p>In Quarter 1, collaborative and robust decision making by leaders was taken at pace. Officers produced clear guidance for schools and parents. Learners' wellbeing underpinned all strategic decision making.</p> <p>26/04/2020</p> <hr/> <p>4th Qtr 19/20 Review summary. Following an HMI visit, which took place on 11 February 2020, it was recognised that there is a clear direction of change, with effective prioritising of work and the Local Authority was moving at pace. The Improvement and Assurance Board have received monthly thematic reports, which detail progress made on all recommendations, both at a strategic and an operational level. The Improvement and Assurance board recognised in their February 2020 update that 'the authority has appropriate plans to push forward with improvements in education and is seeking to address these with energy.' It should be noted that the Improvement and Assurance Board is temporarily suspended due to COVID-19, however contact remains in place and progress against the Post Inspection Actions Plan is monitored by Schools Service, the Chief Executive and the Chair of the Board, Jack Straw.</p> <p>12/01/2020</p> <hr/> <p>3rd Qtr 19/20 Review Summary: The Post Inspection Action Plan is monitored weekly at the Schools SMT. It is also monitored monthly by the Improvement and Assurance Board with key themes being developed. These themes are Vision, ALN and Leadership. Estyn improvement conference has taken place on 28 November and as a</p>					

Strategic Risk Register				Portfolio	Inherent	Residua	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
Tudalen 106			<p>result the PIAP has been approved. The PIAP reports to the Transformation Board within the Council and there is a monthly leader's meeting to monitor progress.</p> <p>The Post Inspection Action Plan is monitored weekly at the Schools SMT. It is also monitored monthly by the Improvement and Assurance Board with key themes being developed. These themes are Vision, ALN and Leadership. Estyn improvement conference has taken place on 28 November and as a result the PIAP has been approved.</p> <p>The PIAP reports to the Transformation Board within the Council and there is a monthly leader's meeting to monitor progress.</p> <p>01/12/2019</p> <hr/>					

Strategic Risk Register				Portfolio	Inherent	Residua	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
FIN0001 Jane Thomas Escalated From :- Financial Services Tudalen 107	The Council is unable to deliver a financially sustainable budget over the sort and medium term. The probability 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.	<ul style="list-style-type: none"> - The Council is unable to fulfil its legal obligation in setting a balanced budget - The Council will not be financially resilient or sustainable - Council reputation damaged - Inability to fulfil our statutory requirements 	<p>11/10/2020</p> <p>Qtr 2 20/21 Review Summary: Q2 outturn deficit reduced due to the WG support - services still improving on their forecasts to minimise the demand on reserves.</p> <p>Budgeting challenge through IBP process is ongoing with Services being asked to bridge the gaps they evidenced through the first Service Finance Resource Model (FRM) discussions - £19m to be addressed, which is not sustainable even with optimistic WG settlement scenarios</p> <p>05/07/2020</p> <p>1st Qtr 20/21. Review Summary: The Outturn for 2019/20 reported an underspend against budget of £1.4 million, however there were significant variances against budget for some service areas, and delivery of costs reductions were not fully achieved. These budget gaps were resolved at budget setting for 2020/21. Although delayed, due to the pandemic, work is now underway to assess each service area and the activity within in it in preparation for budgeting for next financial year and over the longer term. We do not yet have any indication of the funding levels that can be expected from WG, but we will update our financial modelling within the MTFS for potential funding scenarios and the revised budget gaps this creates. Ongoing discussion through Welsh Treasurers with WLGA and WG is fundamental raising awareness of the impact of changes in funding on the service the Council is able to deliver.</p> <p>03/05/2020</p> <p>4th Qtr 19/20 Review Summary: The outturn position for 2019/20 is not yet completed however it is still anticipated that there will be an underspend again budget. The impact</p>	Cllr Aled Davies Jane Thomas	25	15	<ul style="list-style-type: none"> • Revise the Medium Term Financial Strategy • Ongoing discussion with WG and WLGA through Society of Welsh Treasurers for Future Funding of Local Government • WG claims for Hardship and lost income continue and expect to remain in place til march 2021 • Reassessment of the activities of the Council through the Recovery Coordination Group • Review budget position at end of first quarter and consider changes to the 2020/21 budget • Cost Recovery work • 3rd party spend reduction • Income Generation • Monthly reports to cabinet and Management Team on budget progress and progress on savings • Budget Challenge Events • Moved to a 3 year balanced budget 	Action In Progress Action In Progress Action In Progress Action In Progress Control In Place Withdrawn Withdrawn Withdrawn Withdrawn Withdrawn

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
Tudalen 108			<p>of Covid-19 pandemic is likely to have a significant impact on the councils budget and the situation is under constant review as we moved through the next weeks and months. The council will undoubtedly have to review its medium term financial plan in response to the emerging financial position.</p> <p>05/01/2020</p> <hr/> <p>3rd Qtr 19/20 Review Summary: Cabinet are finalising a balanced budget proposal for 2020/2021 with a 5 year medium term plan which identifies the projected budget gaps for the 5 year period. Integrated business planning will continue to be embedded and improved across the organisation to ensure that the council can deliver its vision outcomes and objectives whilst maintaining a balanced budget and financial stability over the medium and longer term.</p> <p>29/09/2019</p> <hr/> <p>07/04/2019</p> <hr/>					

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
HO0018 Andy Thompson Escalated From :- Housing Tudalen 109	Compliance in Powys County Council Housing Stock	Risk of Injury or loss of life - Reputational damage - Loss of grants (including Major Repairs Allowance circa £3.63m) - Risk of legal action and significant fines	<p>20/09/2020</p> <p>Qtr 2 20/21 Review Summary: 22.09.20: Compliance One Hundred project is working well but the extent of the work needed - including some works to assets - to achieve 100% compliance means that a revised target date of December 2021 is now in place. High risk areas are being addressed with highest priority (for example legionella, heating systems and fire safety) which will mitigate the risks to residents.</p> <p>21/06/2020</p> <p>1st Qtr 20/21. Review Summary: Compliance One Hundred project extended to December 2020. Work continues apace to achieve 100% compliance by the end of 2020 and to have in place all necessary policies and procedures to maintain that status thereafter. Water systems management has already been improved, with a specialist contractor undertaking water monitoring and a Seven-day-flush regime introduced for all vacant municipal homes. Heating servicing has regained momentum after a hiatus during the Covid-19 event but concerns remain about the quality and administration of work, which have being addressed by the introduction of formal Quality Assurance checking by the Compliance One Hundred team. Asbestos management is being reinforced by a detailed review of all asbestos liabilities in the municipal housing assets. Tenders are being prepared for specialist providers to undertake fire safety work.</p> <p>29/03/2020</p> <p>4th Qtr 19/20 Review Summary: Compliance One Hundred project has completed analysis of liabilities and responsibilities. Funds allocated in Housing Revenue Account Business Plan, approved by cabinet March</p>	Cllr James Evans Nina Davies	16	9	• Compliance One Hundred	Action In Progress

Strategic Risk Register				Portfolio	Inherent	Residua	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
Tudalen 110			2020. <u>01/03/2020</u> 4th Qtr 19/20 Review Summary: The Compliance One Hundred Project Team, reporting to the Housing Compliance Board, continues to make good progress. An assessment of six primary areas for compliance has been completed, the first stage of which is to make sure that there is a full and common understanding by both the Council and relevant contractors, including HoWPS, of all assets and systems which need to be included in compliance inspection, servicing and maintenance regimes. In the case of domestic heating systems, a Step-in has been issued to allow the Council to directly manage inspection and servicing for two months (March and April) to allow HoWPS the opportunity to brings its service up to the standard required. <u>02/02/2020</u> <u>19/01/2020</u>					

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
Tudalen 112			<p>regulator is able to take action against the Council as a Controller. The Council is not always able to control the errors caused by staff.</p> <p>The more robust the controls and measures the Council has in place to ensure compliance, then the more effectively it is able to argue cases of human error, when staff don't follow those measures or meet those controls put in place.</p> <p>05/01/2020</p> <hr/> <p>3rd Qtr 19/20 Review Summary: A breach of the GDPR and or Data Protection Act 2018 can occur not just through the disclosure of information, but by failing to comply with many aspects of the legislation. For example no provision of privacy notices, technical and organisational measures not being in place, data processing agreements not in place when personal data is being transferred to organisation processing our personal data, failing to meet timescales in the undertaking of subject access requests, failing to enable the public to exercise their rights of rectification, erasure etc.</p> <p>The Information Management Assurance and Governance plan (IMAG), planning overseen by Corporate Information Governance Group (CIGG), and the work of the Corporate Information Operational Governance Group (CIOG) support the Council's plans to reduce the potential to fail to meet the above obligations.</p> <p>13/10/2019</p> <hr/> <p>07/04/2019</p> <hr/> <p>31/03/2019</p> <hr/> <p>03/03/2019</p> <hr/>				<ul style="list-style-type: none"> - Implement revised WASPI Accord and templates - Revised centralised ISP register to link to information Asset and Record of Processing Activities (ROPA) - Create policy on services undertaking due diligence potential processors - Create log of data processors and agreements linking to information asset and ROPA 	<p>Withdrawn</p> <p>Withdrawn</p> <p>Withdrawn</p> <p>Withdrawn</p>

Strategic Risk Register				Portfolio	Inherent	Residua	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
ICT0029 Julie Davies Escalated From :- Digital Services Tudalen 113	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.	Loss of Information systems until they can be successfully restored. Loss of data, inability to access data or public disclosure of Personal Data. Cyber risk could materialize in a variety of ways, such as: <ul style="list-style-type: none"> Deliberate and unauthorized breaches of security to gain access to information systems. Unintentional or accidental breaches of security. Operational IT risks due to factors such as poor system integrity. 	<p>04/10/2020</p> <p>Qtr 2 20/21. Review Summary: Security Operation policy and Process formally documented, A Cyber Response procedure is in progress detailing Deter, Detect, Respond, and Recover procedures 28/06/2020</p> <p>1st Qtr 20/21. Review Summary: Control actions in place and work continues on continual improvements identified in the Security Work plan in progress. It remains possible that a cyber attack can happen despite the many controls and procedures in place to prevent this. 22/03/2020</p> <p>4th Qtr 19/20 Review Summary 30/3/2020: Continuing to work on actions identified in Cyber Security Plan and to conduct reviews into further improvements to add to plan. Capital investment has been used to strengthen process for vulnerability management and incident detection, which enables prompt corrective action on identified risks. Cyber Essentials + accreditation achieved during this financial year along with IASME Governance (Information Assurance for Small and Medium Enterprises Consortium). Progress made in Cyber Security Training for all staff and Council members. 29/12/2019</p> <p>3rd Qtr 19/20 Review Summary: Continued improvements to Patching and compliance monitoring procedures. Continuing to work on actions identified in the Cyber Security Improvement plan. Continuing to develop Advanced Threat detection and Security improvements using O365 tools</p>	Cllr Graham Breeze Diane Reynolds	12	9	<ul style="list-style-type: none"> Major Incident response processes End Point AntiVirus in place detecting known threats Disaster Recovery Procedures Capital investment in Security Operations Management Tools Additional Staff Awareness Capital Investment Security Operations Procedures Policy SBAR Reporting Cloud Security controls in place to detect and prevent malicious content in Office365 Device Encryprion Annual Penetration testing Cyber Security Improvement Plan Cyber Security Certification Staff Training 	Action In Progress Action In Progress Action In Progress Action In Progress Action In Progress Action In Progress Action Completed Action Completed Control In Place Control In Place Control In Place Control In Place Control In Place Control In Place

Strategic Risk Register				Portfolio	Inherent	Residua	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
Tudalen 114			<u>15/12/2019</u> <u>07/07/2019</u> <u>07/04/2019</u>					

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
PCC0002 Andrea Mansfield	The impact on the Council as a result of Brexit.	<ul style="list-style-type: none"> - Increased service demand; - Relocation from the EU to Powys of families - estimated at 500; - Fuel shortages; - Loss of access to external (EU) funding programmes; - Reduced income to Powys County Council; - External market factors; - GDPR compliance; - Potential financial crash; - Unable to recruit/retain staff (EU Nationals); - Employee workload; - Delays/disruption to food and/or essential supplies. 	<p>04/10/2020</p> <p>Review Summary: No change to risk rating. The Strategic Brexit Risk Register and associated contingency plans are still in place. Powys County Council continue to work with our partner agencies, Welsh Local Government Association, and Welsh Government to ensure that we are aware of, and acting to the latest advice and guidance.</p> <p>28/06/2020</p> <p>1st Qtr 20/21. Review Summary: Due to the impact of the COVID-19 outbreak UK Government preparations for Brexit have advanced at a slower pace. There is currently a lack of clarity over what, if any, trade deal might emerge from negotiations, as well as the measures the UK Government will take to mitigate disruption. This combined with the wider impact and current unknowns associated with COVID-19 has seen both the inherent and residual rating of this risk increase. The Strategic Brexit Risk Register and associated contingency plans are still in place. Powys County Council continue to work with our partner agencies, Welsh Local Government Association, and Welsh Government to ensure that we are aware of, and acting to the latest advice and guidance.</p> <p>12/04/2020</p> <p>4th Qtr 19/20 Review Summary: No change to risk rating. The Strategic Brexit Risk Register is still in place, and Powys County Council continue to work with our partner agencies, Welsh Local Government Association, and Welsh Government to ensure that we are aware of, and acting to the latest advice and guidance.</p> <p>12/01/2020</p>	Cllr Rosemaire Harris Nigel Brinn	16	12	<ul style="list-style-type: none"> • Close monitoring • Continue to monitor economic indicators • Ongoing dialogue with external advisers • Cabinet briefed • Advice from pension advisers • Continue to work with WEFO • Brexit Continuity Plan • Brexit Risk Register 	<ul style="list-style-type: none"> Action In Progress Action In Progress Action In Progress Control In Place Control In Place Control In Place Control In Place Control In Place

Tudalen 115

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
Tudalen 116			<p>3rd Qtr 19/20 Review Summary: Following the successful vote on the 2nd reading of the Withdrawal Agreement Bill, the Prime Minister confirmed that Operation Yellowhammer should be halted with immediate effect due to the decreased likelihood of the UK leaving the EU without a deal on 31 January 2020. This means that the operational phase of Yellowhammer will not now be stood up in January 2020 and no further preparation is needed for a no deal exit on 31 January 2020.</p> <p>However, whilst we are standing down no deal preparations, Powys County Council are continuing to work to ensure that any adverse impacts of Brexit are mitigated as far as possible. Powys County Council are also working to identify opportunities to the organisation that may arise from Brexit. Work has been done to ensure that citizens are best placed to understand the changes that Brexit will bring.</p> <p>At this stage we are now awaiting guidance from the Welsh Local Government Association (WLGA) and Welsh Government, to ensure that we are best placed for the transition period. A Strategic Brexit Risk Register is held, and reviewed by the Strategic Brexit Coordination Group.</p> <p>06/10/2019 _____</p> <p>07/07/2019 _____</p> <p>07/04/2019 _____</p> <p>31/03/2019 _____</p> <p>03/03/2019 _____</p>					

Strategic Risk Register				Portfolio	Inherent	Residua	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
PCC0003 Caroline Turner	The council receives a negative regulatory / inspection report	<ul style="list-style-type: none"> - Meeting regulatory and legislative duties - Ability to provide a good quality of service to service users - Managing demand on the service - Recruitment and retention of staff - Staff morale - Reputational damage 	<p>04/10/2020</p> <p>Qtr 2 20/21. Review Summary: Care Inspectorate Wales (CIW) Monitoring Visit held week 14th September 2020, but outcome letter has not yet been received. This risk will be reviewed following the CIW Improvement Conference on the 9th October, and the Estyn Improvement Conference on the 18th-19th November.</p> <p>28/06/2020</p>	<p>Cllr Rosemaire Harris</p> <p>Caroline Turner</p>	20	16	<ul style="list-style-type: none"> • Improvement and assurance board • Improvement plans • Communications strategy (internal/external) • close working relationships with regulators • corporate support provided to services • close working relationship with WG 	Control In Place
			<p>1st Qtr 20/21 Review Summary: Publication of the Sean Harriss report has been delayed due to Covid, but we expect WG to publish during the Summer of 2020. Powys County Council is currently establishing new improvements and assurance arrangements in place, as part of the transitional arrangements, in anticipation of WG bringing the current Improvement and Assurance Board to an end later this year.</p> <p>We are awaiting the outcome of the recent joint inspection of Mental Health Services by HIW and CIW. Regular meetings continue to be held with Estyn and CIW. CIW will be undertaking monitoring visits during this quarter, with a view to undertake an Improvement Conference during the Autumn.</p> <p>22/03/2020</p> <p>4th Qtr 19/20 Risk Review Summary: WG have commissioned Sean Harriss to undertake a review of the council's progress along its improvement journey since the Harriss review in Jan 2018. The review was undertaken during in Feb/March 2020, and will be published by WG in due course. All Inspections are suspended due to Covid-19, including the Improvement Conference that had been arranged for Adult Services by CIW.</p>					Control In Place

Tudalen 117

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
Tudalen 118			<p>05/01/2020</p> <p>3rd Qtr 19/20. Review Summary: On behalf of Caroline Turner: Regulatory Services continue to receive a high level of scrutiny and support across the Council. Robust support and challenge arrangements continue to be in place for Social Services, and are now in place for Education Services under the auspices of the Improvement and Assurance Board, as well as the Leader's Monthly Group Leaders meetings, and Scrutiny Committee arrangements. We are also ensuring that improvements in Housing are prioritised so that we can quickly demonstrate compliance with regulatory requirements. Whilst progress is being made in all areas this will continue to be a key focus for the Council for the rest of 2020.</p> <p>08/09/2019</p>					

Strategic Risk Register				Portfolio	Inherent	Residua	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
PCC0005 Nigel Brinn	The impact to Powys residents, services and Council staff as a result of a COVID-19 (Coronavirus) epidemic	Increased staff absenteeism; Increase demand for services from residents Increased workload for council staff as a result of staff absence and increased service demand Closure of Council premises resulting in reduced services to residents and office accommodation	<p>04/10/2020</p> <p>2nd Qtr 20/21. Review Summary: The Council has developed a separate risk register for the Coronavirus pandemic. The risks captured in this assessment include: Increase in services demands Financial impact on the council Availability of Personal Protective Equipment Reopening of Schools Safeguarding Workforce absence Delivery of Test Trace and Protect in conjunction with PTHB</p> <p>There are mitigating actions in place for all the risks identified and the risk register is reviewed weekly by the Council's internal GOLD Command Group (part of the Council's Emergency Response arrangements).</p> <p>12/07/2020</p> <p>Admin: amended review date from auto system setting it. 21/06/2020</p> <p>Review Summary: The Council has developed a separate risk register for the Coronavirus pandemic. The risks captured in this assessment include: Increase in services demands Financial impact on the council Availability of Personal Protective Equipment Distance learning for pupils Childcare provision Safeguarding Workforce absence</p> <p>There are mitigating actions in place for all the risks identified and the risk register is reviewed weekly by the Council's internal GOLD Command Group (part of the Council's</p>	Cllr Rosemaire Harris Nigel Brinn	25	20	<ul style="list-style-type: none"> Update Business Continuity Plans (at Service and Corporate Level); Establishment of an Internal Silver Command Powys County Council Representation on Powys Teaching Health Board Gold and Silver Command; Liaison with all Local Resilience Forum (LRF) Partners; PCC Liaison with Welsh Government and Public Health Wales; Communication and engagement with schools. Communications to residents, staff and members 	Action Completed Control In Place Control In Place Control In Place Control In Place Control In Place

Tudalen 119

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
Tudalen 120			Emergency Response arrangements) 03/05/2020					

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
PPPP0007 Gwilym Davies Escalated From :- Property, Planning, and Public Protection Tudalen 121	Heart of Wales Property Services (HOWPS) being unable to undertake contracted work in a timely and cost effective manner.	<ul style="list-style-type: none"> - Failure of statutory functions - Compliance. - Failure to perform repairs and maintenance. - Failure to achieve projected savings. - Reputational damage to PCC. - Cost to PCC for poor performance. - Officer time costs (due to additional workload). - Financial Risk to HRA and wider Authority. - Critical Wales Audit Office Report. - Non-delivery of key projects due to lack of resources. 	27/09/2020 Qtr 2 20/21 Review Summary: - Continued monitoring of HOWPS performance via monthly Contract Management Forum, weekly service area meetings with HOWPS, internal working groups on specific areas of concern, Compliance Boards and regular Cabinet/EMT updates. 12/07/2020 1st Qtr. 20/21: Review Summary: <ul style="list-style-type: none"> • Continued monitoring of HOWPS performance via monthly Contract Management Forums and Compliance Boards. • Additional monitoring now in place of HOWPS performance with service-specific meetings to monitor various issues including statutory testing, complaints, asbestos tracking, void management and the inspection and servicing of domestic heating systems. • A Rectification Plan has been received from HOWPS for services, provided for both Corporate and Housing. 03/05/2020 4th Qtr. 19/20: Review Summary: The performance of HOWPS is continued to be monitored closely via the monthly Contract Management Forums and additional monitoring mechanisms with HOWPS such as 1) Weekly compliance meetings 2) Weekly legionella meetings 3) Monthly/Weekly asbestos monitoring. Also additional monitoring meetings within PCC have been set up. The Corporate Compliance rectification plan is being monitored and at the end March, HOWPS are broadly on track with the rectification plan, but supply chain issues	Cllr Phyl Davies Nigel Brinn	12	12	<ul style="list-style-type: none"> • Performance monitoring • Utilisation of contract document to escalate issues. • Potential to invoke step in clauses for specific parts of the contract in line with contract • Development of evidence and fall-back systems • Introduced weekly officer level meetings • Development of contingency plans for contract failure • Head of Service on HOWPS Board of Directors. • Portfolio Holder on HOWPS Board of Directors. • Escalation of risk and concerns to Chief Executive and Strategic Directors. • Recovery plan submitted by Kier on behalf of HOWPS. • Additional resources allocated by Kier (3.5 FTE Change Managers). • Close monitoring by Directors/Portfolio Holder/Chief Executive/Strategic Directors. • Awaiting consultation resource plan. 	<ul style="list-style-type: none"> Action In Progress Action In Progress Action In Progress Action In Progress Action In Progress Action In Progress Control In Place Control In Place Control In Place Control In Place Control In Place Control In Place Withdrawn

Strategic Risk Register				Portfolio	Inherent	Residual	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
Tudalen 122			<p>due to COVID – 19 has meant that targets within the Rectification plan has been narrowly missed.</p> <p>HOWPS are now utilising a new Compliance Tracker which is much easier to use and compliance can be easily identified across buildings and across tests.</p> <p>PCC have had to audit the information within the Tracker to ensure that the information is correct – This is putting extra pressure on the Strategic Property, but is necessary to ensure that the information being given to PCC is correct.</p> <p>Additional monitoring has been put in place to audit the access of the Alpha Tracker Database (asbestos information) to ensure that Alpha Tracker is accessed before every job is started. Our monthly audit has identified gaps in this access procedure, therefore this has been increased to weekly monitoring.</p> <p>Issues with Legionella Monitoring, information has not been sent to PCC by HOWPS. Clarification over roles and responsibilities is underway to ensure that risks are assessed and actioned.</p> <p>12/01/2020</p> <hr/> <p>3rd Qtr. 19/20: Review Summary:</p> <ul style="list-style-type: none"> Continued monitoring of HOWPS performance via monthly Contract Management Forums. Additional monitoring now in place of HOWPS performance with service-specific meetings to monitor various issues including statutory testing, complaints, asbestos tracking, void management and the inspection and servicing of domestic heating systems. A Rectification Plan has been received from HOWPS for services, provided for both Corporate and Housing, which are falling 					

Strategic Risk Register				Portfolio	Inherent	Residua	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
Tudalen 123			<p>below the acceptable performance level. The Rectification Plan in its original form was rejected by the Council. A revised Rectification Plan is now awaited from HOWPS.</p> <p><u>06/10/2019</u></p> <p><u>07/07/2019</u></p> <p><u>07/04/2019</u></p>					

Strategic Risk Register				Portfolio	Inherent	Residua	Controls and Actions	
Ref & Owner	Risk Identified	Potential Consequence	Last Reviews	Director or Head of Service			Control or Action	Status
Tudalen 125			<p>we are redeploying employees to business critical services.</p> <p>The implementation of the council's workforce strategy and the RPB Workforce Futures Strategic Framework will resume when we return to business as usual. 19/01/2020</p> <p>3rd Qtr 19/20. Review Summary: In Quarter 3 the Council published its workforce strategy and as part of the RPB we have produced a final draft of the Workforce Futures Strategic Framework for the Powys health and social care workforce.</p> <p>The Council has mapped current activity around skills development across the county and has recently met colleagues from Ceredigion Council and agreed to develop a skills strategy for the Mid Wales Region, aligned to the Mid Wales Growth Deal.</p> <p>The Council has launched an apprenticeship talent pool and a joint apprenticeship programme with Powys Teaching Health Board.</p> <p>An action plan has also been develop to improve the recruitment and retention of Qualified Social Workers in Children's Services. 29/09/2019</p> <p>08/09/2019</p> <p>05/05/2019</p> <p>03/02/2019</p>					

Mae'r dudalen hon wedi'i gadael yn wag yn fwiadol

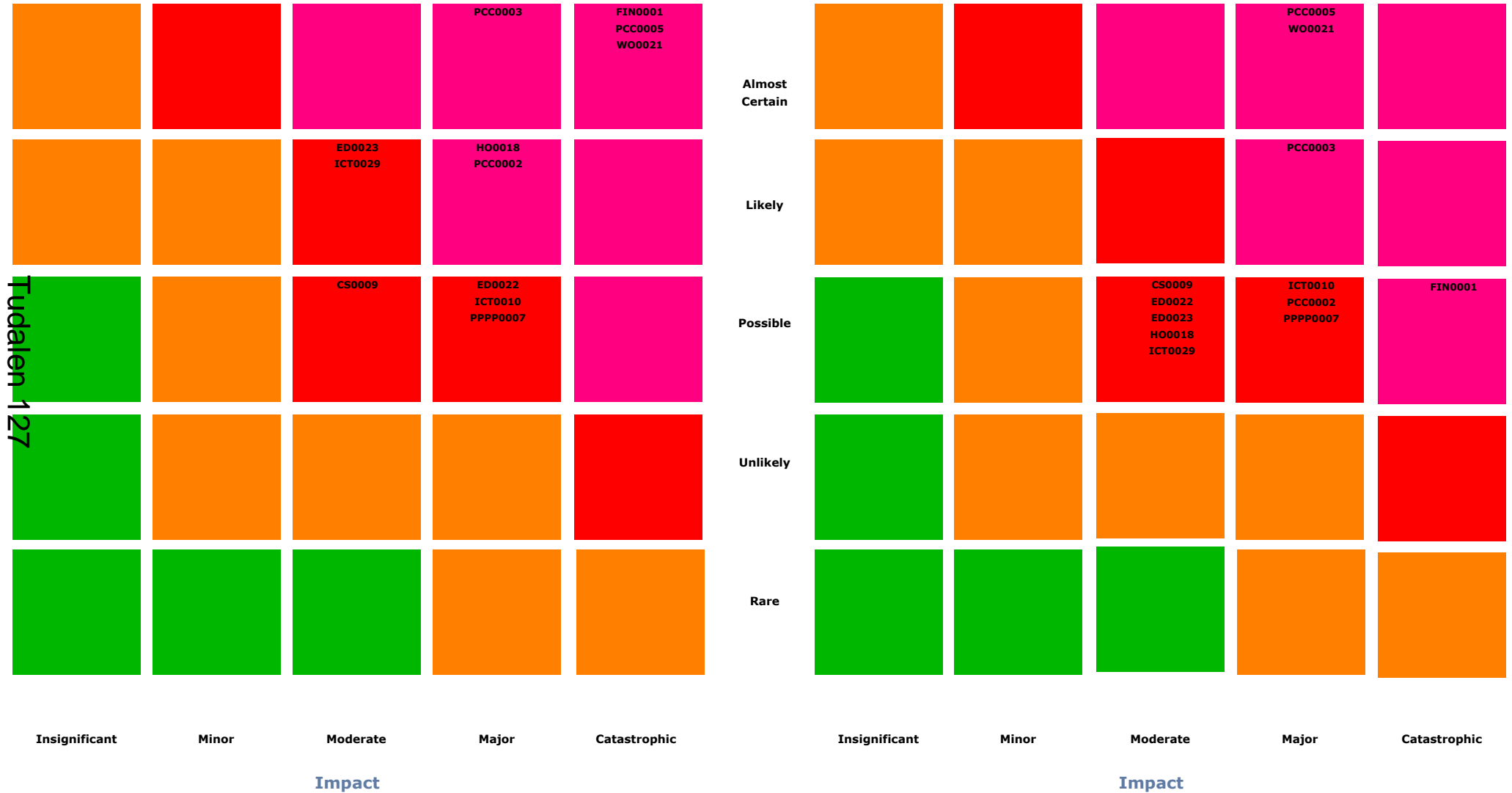
Heatmap Inherent and Current



Inherent Ratings Summary Heatmap

Residual Ratings Summary Heatmap

Probability



Detailed Risk Information

Residual and Target Rating Changes since 22/04/2020

Risk Ref	Risk Identified	Owner	Service Area	Prev Inherent Rating	->	Inherent Rating	Prev Residual Rating	->	Residual Rating
PCC0005	The impact to Powys residents, services and Council staff as a result of a COVID-19 (Coronavirus) epidemic	Nigel Brinn	Powys County Council	25	→	25	20	→	20
WO0021	Significant long term decrease in the working age population impacts on Council's ability to recruit and retain or commission the workforce it requires	Paul Bradshaw	Workforce and Organisation Development	25	→	25	20	→	20
PCC0003	The council receives a negative regulatory / inspection report	Caroline Turner	Powys County Council	20	→	20	16	→	16
FIN0001	The Council is unable to deliver a financially sustainable budget over the sort and medium term. The probability 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.	Jane Thomas	Financial Services	16	↗ ₉	25	9	↗ ₆	15
PCC0002	The impact on the Council as a result of Brexit.	Andrea Mansfield	Powys County Council	12	↗ ₄	16	9	↗ ₃	12
ICT0010	Non compliance with data protection legislation (General Data Protection Regulations (GDPR) and UK Data Protection Act (DPA) 2018	Helen Dolman	Digital Services	12	→	12	12	→	12
PPPP0007	Heart of Wales Property Services (HOWPS) being unable to undertake contracted work in a timely and cost effective manner.	Gwilym Davies	Property, Planning, and Public Protection	12	→	12	12	→	12
HO0018	Compliance in Powys County Council Housing Stock	Andy Thompson	Housing	16	→	16	16	↘ ₋₇	9
ED0018	The council will be unable to manage the schools' budget without ongoing adjustments to the distribution formula 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.	Lynette Lovell	Education	12	→	12	9	→	9
ED0023	The council fails to make the necessary improvements in response to Estyn recommendations.	Lynette Lovell	Education	12	→	12	9	→	9
ICT0029	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.	Julie Davies	Digital Services	12	→	12	9	→	9
CS0009	Ability to meet the requirements of the MTFS / Retaining grant funding around posts within Children's Services	Jan Coles	Children's Services	9	→	9	9	→	9

Report Selection Criteria

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

Risk Register

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
COVID0093	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.	If the Council is unable to balance its 2020-21 budget due to loss of income, increased demand for services and associated costs and a delay in delivery of planned budget reductions, this will result in the council having to reduce services and staffing numbers to bring expenditure in line with income.	<i>Cllr Aled Davies</i> Jane Thomas	25	20	<ul style="list-style-type: none"> Reassessment of the activities of the Council through the Recovery Coordination Group Ongoing discussion with WG and WLGA through Society of Welsh Treasurers for Future Funding of Local Government Revise the Medium Term Financial Strategy Review budget position at end of first quarter and consider changes to the 2020/21 budget 	Action In Progress Action In Progress Action In Progress Control In Place	10/12/2020 04/12/2020 30/11/2020
COVID0100	Disruption to pupils' learning caused by to a positive Co-Vid 19 test within a bubble, cohort, school or travelling to school.	The advice of the public health officers is that pupils and staff may have to self-isolate for 14 days and this would have an impact on their continuity of learning.	<i>Cllr Phyl Davies</i> Lynette Lovell	25	20	<ul style="list-style-type: none"> WG Guidance 	Control In Place	
COVID0029	Response Revenue Budget Risk	Unable to deliver a balanced budget for 2020/21 Undelivery of Cost Reductions Increased costs across the organisation Impact on the Councils Reserves Impact on Medium Term Financial Strategy	<i>Cllr Aled Davies</i> Jane Thomas	25	16	<ul style="list-style-type: none"> better understanding of all cost pressures, income losses, savings risks and cost savings Ongoing discussion with WG Reassess Budget Position monthly, Report and review mitigating action Ensure appropriate recording of additional costs to enable claim through WG COVID hardship fund Budget Management and virement reg's reinforced, decisions at service level that exceed service budgets must be escalated to EMT 	Action In Progress Action In Progress Action In Progress Action Completed Control In Place	14/01/2021 18/12/2020 10/12/2020

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
COVID0044	Response 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;	Unable to fulfil statutory obligations; Inability to provide care to service users; Service users are unsafe; Unpaid carers are unsafe; Staff are unsafe; Provider failure risk (residential, supported living, domiciliary care); Children's providers' failure – leading to vulnerable children at risk.	<i>Cllr Myfanwy Alexander Dylan Owen</i>	25	15	<ul style="list-style-type: none"> • Testing for front-line staff • Ongoing staff redeployment (from within Adult Social Care and other Council service areas) • Provision of appropriate Personal Protective Equipment • Rapid recruitment for care staff • Block booked residential care beds to lock-in step down capacity • Work with providers to ensure flexibility and sustainability (pay on planned care) • Prioritise care calls – priority 1 • Work with C-SERT to support priority 2 calls • Adult services daily sitreps 	Action In Progress Action In Progress Action In Progress Action In Progress Action Completed Control In Place Control In Place Control In Place Control In Place	20/01/2021 19/01/2021 19/01/2021
COVID0065	Response If there is a lack of appropriate equipment to mitigate the impact of COVID-19	Staff and carers left without protection Risk of further infection and spread - leading to possible illness and death Reduced faith in the Council - reputational damage	<i>Cllr Myfanwy Alexander Dylan Owen</i>	25	10	<ul style="list-style-type: none"> • Expecting receipt of some PPE Control/action • Attempts at procuring own supplies • Escalation to Welsh Government • Creation of systems to ensure prioritisation and provision on demand 	Action In Progress Control In Place Control In Place Control In Place	
COVID0041	Response People Handling Training Provision	There is a risk associated with stopping face to face training events as well as appointing people without prior knowledge/Training specifically in "People Handling"	<i>Cllr Graham Breeze Paul Bradshaw</i>	25	6	<ul style="list-style-type: none"> • Current trainer capacity identified and increased capacity through upskilling or revalidating other trainers • Further Adjustments to Safeguard the training provision in line with HSE Guidance 	Control In Place Control In Place	

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
COVID0049	Response HOUSING - Increase in homelessness - Additional duties to accommodate extra groups and enable self isolation in accordance with COVID19.	People coming to Powys from urban areas for sanctuary; relationship disruption caused by self-isolation (increased domestic violence); street homeless requesting safe accommodation. (Longer term – loss of home due to inability to make mortgage or rent payments following loss of employment income) Additional demand for temporary accommodation (TA) – primarily from homelessness households and social care clients - may reduce ability of the Council to provide general needs accommodation to other client groups, increasing risks of overcrowding, people living in unsuitable accommodation and additional void losses to the HRA. Welsh Government issued guidance to develop Homeless Co-ordination Cell to house all rough sleepers and provide suitable temporary accommodation that allows for effective self isolation.	Cllr James Evans Dafydd Evans	20	12	<ul style="list-style-type: none"> Homeless Co-ordination Cell Move on from temporary accommodation Additional support and accommodation to be made available Stock Monitoring - Additional temporary accommodation from social housing stock and Homeless Coordination Cell established 	Action In Progress Action In Progress Action In Progress Control In Place	17/11/2020 13/11/2020 13/11/2020
Tudalen 131								

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
COVID0068	Response Children's Service Placement Availability	<p>Unable to support placements and children and young people are required to move</p> <p>Foster carers have no capacity to accept new placements.</p> <p>Children remaining in unsuitable accommodation.</p> <p>Disruption to children and negative impact on their emotional wellbeing and mental health.</p> <p>Unable to place Powys CLA in regulated placements in or out of county</p> <p>Increase in number of children in unregulated arrangements</p> <p>Risk of harm to children</p> <p>Unable to comply with regulations</p> <p>Financial risk to the local authority as demand for placements increases</p> <p>Reputational risk – criticism from regulators.</p> <p>Litigation risk – non-compliance with court orders and statutory expectations leading to harm.</p>	<p>Owner</p> <p><i>Cllr Rachel Powell</i> Jan Coles</p>	20	12	<ul style="list-style-type: none"> Prioritisation of work. Redeployment of workforce. Maximisation of available resources. Widen pool of placements. 	Action In Progress	07/09/2020
Tudalen 132								

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
COVID0067	Response	<p>Children may be at increased risk if they are not accessing universal and community services which form part of safety and support plans for children.</p> <p>Families refusing access to children subject to CP plans</p> <p>Some children may become unwell and require hospitalisation.</p> <p>Children not able to see their family members</p> <p>Negative impact on emotional wellbeing and mental health</p> <p>Increase in children meeting the eligibility criteria for statutory assessment or threshold for child protection investigation.</p> <p>Use of PPE to offer care causes distress and fear for the child.</p> <p>Limits to intervention/assessment leaves children at risk of significant harm/abuse/neglect.</p> <p>Increase in poor family functioning, domestic abuse, domestic violence.</p> <p>Negative impact on emotional wellbeing and mental health of individuals</p> <p>Children may not have regular meals and could have their health and wellbeing affected.</p> <p>Isolation of care leavers impacting on their emotional wellbeing and mental health at a time when access to support is limited</p> <p>Increase in incidents of self-harm and suicide.</p>	<p><i>Cllr Rachel Powell</i> Jan Coles</p>	16	16	<ul style="list-style-type: none"> • Increase support for children who are/ may be at risk of harm in the light of continued schol closures • Risk assessment and prioritisation of all cases. Redeployment of staff. Maximise use of available resources. • Childcare Hubs are available for vulnerable children to attend • Available services have been reviewed and the Early Help service has been reinstated 	Action In Progress	09/10/2020
	Health and wellbeing of children and young people			Action In Progress	07/09/2020			
COVID0018	Response	<p>Increased pressure on budgets, Capital costs could also increase.</p>	<p><i>Cllr Aled Davies</i> Vincent Hanly</p>	16	12	<ul style="list-style-type: none"> • Review of all contracts to assess impact • Discussions with WG with regard to impact on Grant Funded Projects - delayed spend, unable to draw down of grant in time 	Action In Progress	19/12/2020
	Additional costs arising from Contract obligations			Action In Progress	14/11/2020			

Tudalen 133

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
Tudalen 134						<ul style="list-style-type: none"> Identify potential issues 	Action In Progress	11/11/2020

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
COVID0069	Response Increased demand on Children's Services	<p>Delay in response leaving children and adults at risk of significant harm/ abuse/ neglect.</p> <p>Unable to perform statutory functions.</p> <p>Unable to meet statutory requirements including qualifications of staff and timescales.</p> <p>Insufficient staff with suitable qualifications experience.</p> <p>Unable to respond within statutory timescales.</p> <p>Unable to undertake Section 47s Assessments.</p> <p>Increase in CLA population</p> <p>Financial implications for PCC having to intervene later with higher level of intervention.</p> <p>Reputational risk - criticism from regulators.</p> <p>Litigation risk – non-compliance with statutory expectations leading to harm.</p> <p>Unable to keep children safe.</p> <p>Shortened assessment for individuals (including staff members) to be approved as foster carers in the case of emergency, now approved and assessments are underway.</p> <p>3 QSW who have previously worked for the authority are completing application forms as sessional workers to enable them to undertake face to face visits and work on a sessional basis if they are required.</p> <p>Procedures developed and shared with regional colleagues.</p> <p>Regional consensus being achieved.</p>	<p>Owner</p> <p><i>Cllr Rachel Powell</i> Jan Coles</p>	16	12	<ul style="list-style-type: none"> • Redeploy staff, training, triage referrals and assessments, recruitment, temporary reg with SCW. • Staff have been identified to support Children's Services Front Door to meet an increase in demand 	<p>Action In Progress</p> <p>Control In Place</p>	09/09/2020
Tudalen 135								

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
COVID0092	Recovery Socio-economic challenges given the immediate economic impact and likely recession, including increased unemployment and take-up of universal credit and other benefits	The economic and social wellbeing of the population is expected to be negatively impacted by the COVID19 pandemic effects, increasing demand on council services	Cllr James Evans Nigel Brinn	16	9	<ul style="list-style-type: none"> Ongoing impact assessments Vibrant and Resourceful Communities Recovery Group Thriving and Sustainable Economy Recovery Group Powys County Council Business Survey Business and Economic Recovery Cell established as part of response Welsh Government Business Support Grants 	Action In Progress Action In Progress Action In Progress Action Completed Control In Place Control In Place	14/11/2020 14/11/2020 14/11/2020
COVID0028	Response Insurance Risk – increase in claims and more undefendable at court, higher cost	Services unable to maintain provision, increase in claims Temporary staff & Volunteers inadequately trained to fulfil roles Greater risks taken and inadequate records maintained	Cllr Aled Davies Anne Phillips	15	9	<ul style="list-style-type: none"> Communications, Training, risk appetite considered. guidance from insurance sent to services Provide DBS and necessary training before staff volunteers commence 	Action Completed Action Completed Control In Place	
COVID0096	Response Reduced reputation for the council if communications with stakeholders is poor, especially around any differences of approach between England and Wales.	Lack of clear communications or failure to reach the population with messages will lead to confusion about the different rules in place in England and Wales, especially on the borders.	Cllr Graham Breeze Emma Palmer	15	9	<ul style="list-style-type: none"> Service areas to work with corporate communications team to ensure clear messages. Communication manager sits on Gold and Silver Command Daily Media Briefings Share WG social media content New releases references WG regulations. Regular Cabient vlogs that references WG guidance Staff daily bulletins which shares up to date WG guidance Dedicated Covid-19 Staff Intranet Page Dedicated Covid-19 Public webpage on Council website 	Action In Progress Action In Progress Action In Progress Action In Progress Action In Progress Action In Progress Control In Place Control In Place Control In Place	11/12/2020 11/12/2020 26/11/2020 26/11/2020 26/11/2020 26/11/2020

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
COVID0023	Response Companies liquidating	Companies unable to sustain loss of business or reduced working/clients etc	<i>Cllr Aled Davies</i> Vincent Hanly	15	6	<ul style="list-style-type: none"> Business relief approach clarified so some provision will be given to support our main contractors and try to remain viable Government Support for Business clarified through grants / NNDR etc Residual risk being assessed 	Action In Progress	06/01/2021
COVID0025	Response Treasury Management -Maintaining the Authorities Cash flow to meet liabilities Reduced Levels of income coming into the Council	Treasury Management Function Staff reductions Potential loss of Grant funding Fee earning services disrupted or ceased Services not raising raising Debtor invoices or invoices not sent out (post issues) Reduction in Collection Rate for Council Tax Increase in Bad debt levels or bad debt enforcement	<i>Cllr Aled Davies</i> Anne Phillips	15	6	<ul style="list-style-type: none"> reduced outgoings will mitigate reduced income WG identified grant to fund C19 additional costs, and may fund other pressures & reductions Additional Borrowing Discussion with other funding bodies, Internal comms Welsh Government open to discussions with individual authorities if problems arise Identify service income at risk and model impact of reductions Business Continuity Plan in place to maintain Treasury Management Function 	Action In Progress	06/01/2021
COVID0094	Recovery The effects of COVID19 reduce the Council's ability to deliver the commitments contained in Vision 2025 (including the Transformation Programme), Towards 2040, the Health and Care Strategy.	The financial impact on the council and the economic and social impact of COVID19 on the county results in the council being unable to achieve its planned outcomes, within a reduced financial envelope. The commitments in our plans therefore need to be reviewed and may need to be reduced.	<i>Cllr Graham Breeze</i> Emma Palmer	15	4	<ul style="list-style-type: none"> The Transformation Programme with the exception of Schools Transformation and the Growth Deal is temporarily suspended Complete sprint one -well-being assessment of COVID-19 Complete sprint two - planning post-pandemic and analysis of current council activities Complete Sprint Three: Adjust 2020-21 content of Integrated Business Plans to include short term recovery action Complete Sprint Four - Produce 2021-24 Integrated Business Plans to include medium term recovery action Support PSB to review step delivery plans 	Action In Progress	11/12/2020

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
COVID0022	Response Contract Award/ Development Delays in procurement process	Companies unable to price/ or unable to provide documentation internally to tender etc Delays in delivery of funded projects eg 21st Century Schools Housing	Cllr Aled Davies Vincent Hanly	12	12	• Residual risk being explored. Consider future of capital and planned services contracts and assess against type of contract	Action In Progress	30/11/2020
COVID0045	Response Impact of Covid-19 restrictions and redeployment on the capacity of the Planning & Public Protection Service.	-Failure to deliver statutory services. -Income loss. -Failure to achieve savings targets. -Impact on the economy. -Health and safety risks.	Cllr James Evans Gwilym Davies	12	12	<ul style="list-style-type: none"> • Keep up-to-date with Welsh Government & Regulator advice and legislation. • Monitor Environmental Health staff resource requirements. Secure additional staff capacity where appropriate. • Keep service customers up-to-date on service delivery. • Implement alternative service delivery methods, where appropriate. • Recruitment to vacant Planning posts to recommence. • Secure the return of staff from redeployment where appropriate. 	Action In Progress Action In Progress Action In Progress Action In Progress Withdrawn Withdrawn	09/01/2021 04/12/2020 04/12/2020 04/12/2020
Tudalen 138								

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
COVID0007	Response LEISURE/SPORT Leisure Contractor significantly affected by COVID-19 situation	Freedom Leisure - (i) Significant loss of income, (ii) inability to meet contract requirements, (iii) potential redundancies though lack of funds, (v) depleted / reduced reserves, inability to pay costs, staff or suppliers, (vi) reduced ability to ensure statutory compliance, (vii) inability to complete repairs, maintenance or capital programmes, projects or works which may result in longer term loss / reduction of facilities when normal business resumes, (viii) inability to recoup sufficient funds (i.e. management fees, external funding, staffing costs) either from clients through contracts, or through Central Government support Powys CC - (i) ensure advance payments do not conflict with Government support to Freedom (ii) the leisure centres could transfer back into the Council if Freedom Leisure become insolvent (iv) the Council do not have the resources to support leisure services transferring back to an in-house model	<i>Cllr Rachel Powell</i> Jenny Ashton	12	9	• Ongoing discussions between Powys CC & Freedom Leisure in order to address this risk	Action In Progress	19/11/2020
COVID0051	Response HOUSING - Failure to adhere to repair and maintenance responsibilities to municipal homes, which could include statutory testing and structural maintenance, due to difficulties in arranging for technicians to attend properties and/or access to materials.	Increased repair costs in the future. Dissatisfaction from tenants. Rise in disrepair claims. Damage to fabric of properties.	<i>Cllr James Evans</i> Andy Thompson	12	9	• Work focus on repairs & maintenance, compliance, voids and major works	Control In Place	

Tudalen 139

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
COVID0053	Recovery HOUSING Loss of, or disruption to, income of tenants may reduce income to the HRA.	A drop in income could impact on HRA work programmes	<i>Cllr James Evans Andy Thompson</i>	12	9	• Income Recovery Activity	Control In Place	
COVID0058	Response Post Inspection Action Plan (PIAP) for Estyn - Coronavirus may impact on the ability of the service to maintain the 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/Reorganisation programme) could be affected by the Council's ability to conduct strategy consultations relating to Schools Organisation.	Progress against the PIAP may be affected due to the Covid-19 pandemic.	<i>Cllr Phyl Davies Lynette Lovell</i>	12	9	• Control • Ongoing progress / service improvement as specified in the PIAP • September Update	Action In Progress Action In Progress Action In Progress	27/01/2021 19/11/2020
COVID0079	Response National data modelling and reporting does not reflect what is happening on the ground	Media reporting uses national data giving residents an incomplete picture of what is happening in Powys. If data modelling on the trajectory of the pandemic is not consistent with actual figures and it is used it could lead to poor decision making about service provision. Residents behaviour is influenced by national data reporting which could lead to an increase in spread of the virus if actual figures of cases and deaths is higher than nationally reported figures.	<i>Cllr Graham Breeze Nigel Brinn</i>	12	9	• Weekly BI report to GOLD comparing national modelling with actual data from various sources. • PCC Communications focus on local data to set national data in context. • GOLD and SILVER use BI report and local intelligence to determine service provision required in response to the pandemic	Control In Place Control In Place Control In Place	

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
COVID0083	Recovery Possible second surge of COVID19 cases and deaths.	If there is a second surge, the council will need to pause any recovery work and resume focus on Business Critical Areas only.	<i>Cllr Rosemaire Harris</i> Nigel Brinn	12	9	<ul style="list-style-type: none"> GOLD is monitoring COVID19 case/death data closely Service areas Business Continuity Plans Redeployment pool arrangements 	Control In Place Control In Place Control In Place	
COVID0086	Recovery The supply of PPE for public services, particularly as public consumption of PPE is likely to increase as lock-down eases and in line with Government guidance.	A shortage of PPE for public services would put staff and the population at risk from coming into contact with the virus.	<i>Cllr Graham Breeze</i> Clive Pinney	12	9	<ul style="list-style-type: none"> Monitor ability to procure PPE 	Control In Place	
COVID0021	Response Contract Cessation/ Suspension	Certain contracts will not be delivered in accordance with planned requirements Impact on Service provision due to project delays e.g. Schools	<i>Cllr Aled Davies</i> Vincent Hanly	12	8	<ul style="list-style-type: none"> Review contracts - not award new 	Action In Progress	30/11/2020

Tudalen 141

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
COVID0082	<p>Recovery</p> <p>As all school buildings have now reopened and pupils are attending school, there is an increased risk of infection for school staff and pupils. All pupils have to attend from 14th September 2020, and with the return of all pupils to school, this may increase the risk of infection.</p>	<p>There may be an increased risk of infection of the Coronavirus for staff and pupils. Increased rates of infection may lead to partial or full school closures, with consequent childcare implications for parents. This may impact on the local economy and the provision of services.</p> <p>Delays and lack of capacity in the testing system may further impact on the availability of staff to work in schools, including where staff are self-isolating due to their own family members displaying symptoms and those family members cannot access testing or their results are delayed.</p> <p>Lack of confidence in the ability of schools to take effective measures against the coronavirus (whether based purely on generic concerns of potential higher rates of infection, or backed-up by actual experience of higher rates) may lead parents to decide to Electively Home Educate their children. This would have an impact on levels of funding into the education system.</p>	<p>Owner</p> <p><i>Cllr Phyl Davies</i> Lynette Lovell</p>	12	8	<ul style="list-style-type: none"> • WG Guidance • Guidance, Planning and Review • Guidance 	<p>Action In Progress</p> <p>Action In Progress</p> <p>Control In Place</p>	<p>18/11/2020</p> <p>18/11/2020</p>
COVID0099	<p>Increased visits to hospital sites and homes in the community by social workers. The plan is to increase the presence of social workers on hospital sites and where appropriate support hospital discharges, attend MDTs and increase visits to those with sensory loss and business critical needs in the community.</p>	<p>Increased risk of exposure to COVID -19</p>	<p><i>Cllr Myfanwy Alexander</i> Adam Greenow</p>	12	8			

Tudalen 142

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
COVID0017	Response Supply Chain Risk Shortages of staff to maintain processing of orders and payments	Failure to be able to provide an adequate service for the residents of Powys. esp Social Care Disruption to other services e.g. Software Support	<i>Cllr Aled Davies</i> Jane Thomas	12	6	<ul style="list-style-type: none"> PPN 20 Supplier Relief considered for at risk suppliers Alternative Supply explored Contact key suppliers and providers & put in place alerts & review the business continuity arrangements for suppliers. 	Action In Progress	02/12/2020
COVID0047	Response Waste and Recycling not collected from households.	Cause health and environmental hazards and panic	<i>Cllr Heulwen Hulme</i> Matthew Perry	12	6	<ul style="list-style-type: none"> Redeployment of staff from other areas of service. Recruitment of additional staff 	Action In Progress	21/12/2020
COVID0057	Recovery EXTRA CARE - HOUSING - Lack of demand for extra care resulting from COVID-19 (Coronavirus) pandemic Crosslinked with Social Services+ Adult Social Care	If the worst case scenario for the COVID-19 (Coronavirus) pandemic becomes a reality this could impact upon the demand for extra care in Powys. This could lead to an unused development This risk is cross linked to Extra Care Risks (see HO0022)	<i>Cllr Myfanwy Alexander</i> Rosalyn Murphy	12	6	<ul style="list-style-type: none"> Planned work - Autumn/Winter 2020 Social Services implemented business continuity plan 	Action In Progress	27/10/2020
COVID0090	Recovery Workforce health and wellbeing	Staff are demonstrating signs of fatigue from three months in emergency response mode and may not have the capacity / resilience to undertake recovery concurrently with response.	<i>Cllr Graham Breeze</i> Paul Bradshaw	12	6	<ul style="list-style-type: none"> Recovery activity to reduce employee fatigue and promote positive return to office working where appropriate 	Action In Progress	14/12/2020

Tudalen 143

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
COVID0010	Response Failure to provide accurate and timely information to inform decision making	Lack of corporate oversight Lack of oversight on vulnerable individuals Impact on public health Reactive at a time of crisis	Cllr Graham Breeze Emma Palmer	12	2	• Prioritise resources to support the intelligence of COVID-19	Action In Progress	30/11/2020
COVID0019	Response Exemptions to keep exiting contracts	Costs rise due to no re-procurement	Cllr Aled Davies Vincent Hanly	10	10	• Negotiate with suppliers well before contract end dates to negotiate better rates. Contracts reviewed individually for decision	Action In Progress	11/11/2020
COVID0040	Response General recruitment across council ceasing/reducing	Unable to conduct face to face interviews. Candidates cant access the digital platform of Skype/Teams. Best candidate not appointed Reputational damage if excluding applicants without Skype/Teams access	Cllr Graham Breeze Paul Bradshaw	10	8	• Where Skype is available to all candidates, continue, where not follow a protocol for COVID secure face to face interviewing. • COVID Recruitment process updated	Action In Progress Control In Place	24/11/2020
COVID0043	Response New Starters not having an appropriate induction process.	Staff are not corporately inducted until ICT access is provided.	Cllr Graham Breeze Paul Bradshaw	10	8	• Service Managers have a responsibility to conduct an appropriate service induction as reasonably practical • Corporate Inductions will be undertaken at a later date when practical to do so	Control In Place Control In Place	

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
COVID0050	<p>Response</p> <p>HOUSING: Lockdown restrictions (commencing 24.03.20) may lead to an increase in domestic violence and anti-social behaviour with a potential for civil unrest. (This may also increase demand for temporary accommodation)</p> <p>Crosslinked with Social Services+ Adult Social Care (Please refer to COVID0049 for matters relating to homelessness).</p>	<p>Increased demand and need for temporary accommodation and support services (including Adult Social Care and Children's Services).</p> <p>Increased demand and need for social rented homes both immediately and in the future.</p> <p>Potential for civil unrest/community tensions.</p> <p>Increase in mental health issues.</p> <p>Increase in domestic violence.</p> <p>Reduction in safeguarding reporting.</p>	<p>Owner</p> <p><i>Cllr James Evans Andy Thompson</i></p>	9	9	<ul style="list-style-type: none"> Monitor and control situation Work with C-SERT to support the community 	<p>Control In Place</p> <p>Control In Place</p>	
COVID0070	<p>Response</p> <p>HOUSING _ COMPLIANCE</p> <p>This requires access into our tenant's homes to carry out inspections and servicing. Some tenants are in self isolation and do want engineers and tradesmen coming into their homes.</p>	<p>The risk is not being able to access the properties to carry out the remedial works or servicing as tenants or families are self-isolating. The risk of not being compliant with statutory testing against the risk of the spread of COVID 19 needs to be considered on a case by case basis. The elderly and vulnerable are most at risk as they are isolating for 12 weeks minimum.</p> <p>Dwellings out of statutory compliance due to access being refused and the lack of available contractors/engineers. Potential increased risk from out of date checks.</p>	<p><i>Cllr James Evans Mark Davies</i></p>	9	9	<ul style="list-style-type: none"> Monitoring Contractors Tenant engagement 	<p>Action In Progress</p> <p>Action In Progress</p>	

Tudalen 145

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
COVID0098	<p>Response</p> <p>Risk of legal challenge from providers on interpretation and implementation of eligibility for access to the Welsh Government Hardship Fund for social care providers.</p> <p>The concern is about the guidance provided on the hardship fund and the recent confusion from receiving slightly different guidance via the ADSS Cymru. PCC has worked closely with care providers to support them and to enable them to access the hardship fund.</p> <p>The original WG guidance set out that the fund could be used to pay for: "...loss of income and double running costs that arise because a care home has experienced a death or deaths as a result of Covid-19". The WG clarification shared a few days later advised that the fund could be used to pay: "...where additional costs, including double commissioning costs, arise because a care home has experienced a death or deaths as a result of Covid-19 thereby creating a vacancy or void. Therefore funding could be used in this instance to cover that void, or to commission a placement elsewhere were it was not possible to do so with that home." We have worked accordingly.</p> <p>The new guidance by the ADSS suggests that the hardship fund can pay for voids in care homes that were not created by COVID-19: "Taking account of your local decision making and discretion in relation to claims, we will remove the bullet on p7 of the guidance which details that the Hardship Fund does not cover "lost income other than where it relates directly from a COVID-19 death". Further clarification</p>	<p>This could damage relations with the provider market and could leave the Council, and possibly the Welsh Government, open to challenge and/or legal proceedings, as some providers in Wales will have received preferential options.</p>	<p>Owner</p> <p><i>Cllr Myfanwy Alexander Dylan Owen</i></p>	9	9	<ul style="list-style-type: none"> Further clarification sought from Welsh Government 	Action In Progress	

Tudalen 146

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
	<p>sought has not helped understanding.</p> <p>We have already received a further claim from a provider who advise that they have seen the further guidance and wish to claim for a significantly more money. To change the interpretation of the guidance in any way at this point would require that we prepare a new pro-forma for providers to complete and submit; make contact with all service providers in order to request their consideration, amended calculation and submission for the past 4 months; to receive, scrutinise and pay them; and to submit our claim in 3 working days.</p> <p>The chosen option (following a discussion with WG Civil Servants) is to refuse the application received and to not offer the opportunity to other providers.</p>							
COVID0074	<p>Response</p> <p>WCCIS availability impacting services areas ability to carry out work during Covid 19 Pandemic</p>	Service Areas unable to carry out essential work during out of hours and weekends. WCCIS availability is required 7 days a week at the moment.	<i>Cllr Graham Breeze</i> Diane Reynolds	9	6	<ul style="list-style-type: none"> Performance issues raised to Welsh Government through SBAR Response to unplanned outages Steer change management 	Action In Progress Action Completed Control In Place	11/12/2020
COVID0091	<p>Recovery</p> <p>Ability to maintain remote working and social distancing in Council buildings for staff and visitors</p>	If staff return to office based working and social distancing measures are not adhered to then this could lead to an increase in the spread of infection.	<i>Cllr Phyl Davies</i> Gwilym Davies	9	6	<ul style="list-style-type: none"> Develop a plan for the safe return staff and visitors to council properties. 	Action In Progress	01/01/2021

Tudalen 147

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
COVID0027	Response Unable to Maintain Imprest Accounts	Vulnerable priority areas unable to make payments eg Social Care Clients	<i>Cllr Aled Davies</i> Anne Phillips	9	4	<ul style="list-style-type: none"> not all services will carry on as before post covid Weekly printing and signing of cheques at County Hall Corporate Purchase Cards to make payments scanned and emailed evidence – being explored. exploring food vouchers and use of Pay Point 	Action In Progress Action In Progress Action Completed Action Completed	04/02/2021 01/12/2020
COVID0030	Response Closing of Accounts and Statutory publication of Statement of Accounts and Whole of Government Accounts Pension Fund Accounts - Failure to complete	unable to meet deadlines and qualified accounts	<i>Cllr Aled Davies</i> Jane Thomas	9	4	<ul style="list-style-type: none"> Regular discussions with WAO and WG Provision in place to enable formal notification if unable to meet deadlines Business Continuity Plan 	Action Completed Action Completed Control In Place	
COVID0046	Response Public highways become unsafe.	Injury to the public. Need to assess winter gritting requirements	<i>Cllr Heulwen Hulme</i> Brent Campbell	9	4	<ul style="list-style-type: none"> Review resource daily 	Action In Progress	11/12/2020
COVID0060	Response Reduced reputation for the council if pandemic is not managed well	Reputation damage Stakeholders loss of confidence in the council	<i>Cllr Graham Breeze</i> Nigel Brinn	9	4	<ul style="list-style-type: none"> Business Continuity Plans invoked in response to pandemic The Council established strategic Gold and operational Silver coordination groups to manage pandemic response. Leader is doing weekly letter to Members, and frequent meetings are taking place with MP's / AM's 	Action In Progress Action In Progress Action In Progress	26/01/2021 26/01/2021 26/11/2020

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
COVID0077	<p>Response</p> <p>There is a risk that not all learners are able to access digital devices and have reliable remote connectivity in the event of a school closure or a local lockdown.</p>	This may have a negative effect on learners' education and wellbeing.	<p>Owner</p> <p><i>Cllr Phyl Davies</i> Lynette Lovell</p>	9	3	<ul style="list-style-type: none"> Digital Learning - Access to Devices 	Action In Progress	17/11/2020
COVID0031	CATERING Significant Loss of Income from school meals.	With the reopening of schools from the 3rd September school meal uptake has been low, with many parents opting to provide packed lunches. If school meal uptake doesn't increase over the autumn/winter terms it will place the service at a significant deficit at year end.	<p><i>Cllr Phyl Davies</i> Jason Rawbone</p>	8	8	<ul style="list-style-type: none"> Promotion of school meals in Autumn term 	Action In Progress	10/12/2020
COVID0052	<p>Recovery</p> <p>HOUSING Failure to progress major works, including construction of new homes, may lead to financial losses to contractors and to the Council.</p>	<p>Increased repair costs in the future.</p> <p>Dissatisfaction from tenants and people registered with 'Homes in Powys'.</p> <p>Rise in disrepair claims.</p> <p>Damage to fabric of properties.</p> <p>Insufficient provision of new homes to meet rising demand for social and affordable housing, increasing risk of rising levels of homelessness and social consequences arising from people living in poor quality and insecure accommodation.</p>	<p><i>Cllr James Evans</i> Andy Thompson</p>	8	8	<ul style="list-style-type: none"> Local Authority New Build Capital and Project Works Materials Finance 	<p>Action In Progress</p> <p>Control In Place</p> <p>Control In Place</p> <p>Control In Place</p>	30/12/2020

Tudalen 149

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
COVID0008	Response LEISURE/SPORT As a result of the COVID-19 outbreak, residents and communities become sedentary, participation and activity levels decrease, people's health & well-being deteriorates (physical, mental, social & emotional). Sport & Active Development Team unable to deliver face to face activities, programmes, events, advice (including funding) and schemes	(i) Individuals, groups, pupils, communities, targeted provision, schools, clubs and athletes will experience a reduction / loss of service, physical activity and learning opportunities. (ii) Unless people are motivated, encouraged and engaged the levels of physical activity throughout the County will reduce. (iii) A reduction in physical activity may have a long-term impact on mental health. (iv) Social isolation will have a profound impact on communication, engagement and social interaction for many people. (v) Funding applications will be delayed causing recipients unable to re-start or initiate schemes, projects and activities when delivery returns to normal (vi) if people are inactive they may become sedentary long-term which would have a negative impact on the health and well-being of individuals, communities and groups.	<i>Cllr Rachel Powell</i> Jenny Ashton	8	6	<ul style="list-style-type: none"> Virtual & remote resources to be made available Sport Wales funding for 2020-21 can be utilised flexibly during Covid-19 Sport Development Team deployed to support Childcare Hubs 	Action In Progress Control In Place Control In Place	02/12/2020
COVID0024	Response Potential Insolvency of participating Pension Fund Employers	Where Powys County Council acts as the "Guarantor" via risk sharing then the liabilities fall back onto the Powys part of the Fund. Where there is no risk sharing, then the liabilities will fall onto the rest of the participating employers within the Fund, but Powys are 91% of the Fund, so it will fall mainly onto Powys, with the remaining 9% spread over the other 22 Employers.	<i>Cllr Aled Davies</i> Chris Hurst	6	6	<ul style="list-style-type: none"> Risk Sharing Agreements and Bonds in place with the majority of Employers. 	Control In Place	

Tudalen 150

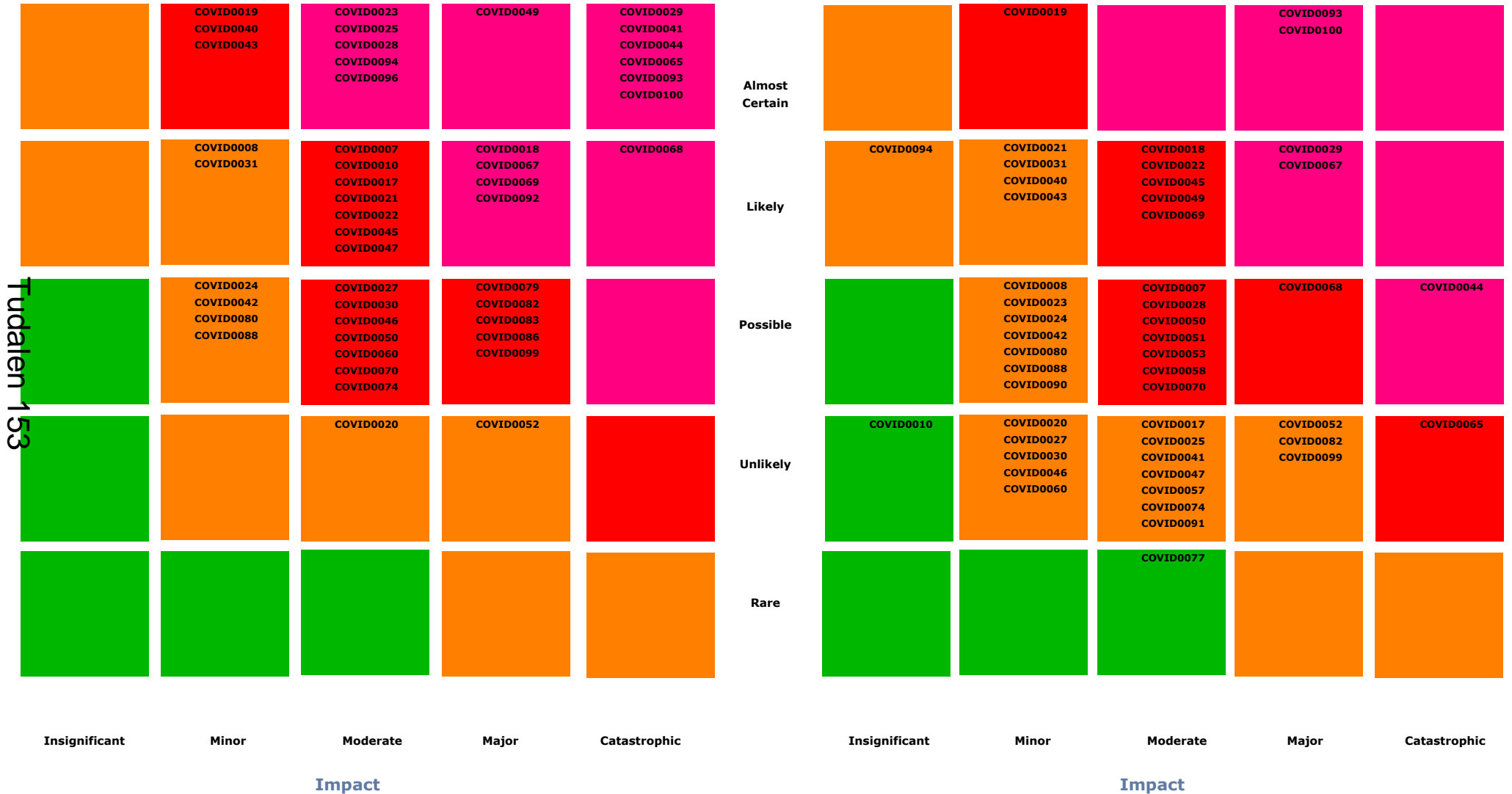
COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
COVID0042	Response First Aid Training Provision - ability and safety of front line staff to keep themselves and others safe following a first aid incident.	Ability to work safely and treat an incident or accident is diminished.	<i>Cllr Graham Breeze</i> Paul Bradshaw	6	6	• Alternative Renewal pathways in development - Elearning and bespoke in house course	Control In Place	
COVID0080	Response/Recovery Inability to provide an effective and efficient Contact Tracing service by PCC / PTHB to prevent the spread of Covid 19	1.Failure of Powys CC and Powys THB in partnership to deliver on the production of a fully functioning and suitable contact tracing system. Unable to fulfil obligations 2.Failure to control the spread of COVID-19 in Powys resulting in need for further lockdown, knock on effect on economy, mental health, council resource etc.. 3.No funding made available from WG to support the delivery. 4. Impact on services if large number of staff have to self isolate due to the spread of Covid 19	<i>Cllr James Evans</i> Nigel Brinn	6	6	• Need to prioritise the resources to support this project. Rapid recruitment and training required. • At a strategic level need to ensure adequate systems are in place to agree actions between PTHB and PCC. • Agree TOR actions and processes with PTHB and monitor and review the service provided. • Lobby Welsh Gov for Funding • Implement an effective contact tracing service to assist preventing the spread of Covid 19	Action In Progress Action In Progress Action In Progress Action In Progress Action In Progress	14/11/2020 14/11/2020 14/11/2020 14/11/2020 14/11/2020
COVID0088	Recovery Protracted civil restrictions (lockdown and social distancing measures)	Protracted restrictions could lead to an increased risk of community tensions and public disorder	<i>Cllr James Evans</i> Gwilym Davies	6	6	• Regular monitoring of the situation by Community Safety team.	Action In Progress	01/01/2021
COVID0020	Response Logistics problems	Food deliveries to homes & schools (if still open) Increased expense/security of supply	<i>Cllr Aled Davies</i> Vincent Hanly	6	4	• Source food locally	Action In Progress	30/11/2020

COVID-19			Portfolio	Inherent	Residual	Controls and Actions		
Risk Ref	Risk Identified	Potential Consequence	Owner			Control or Action	Status	Review Date
Tudalen 152								

Inherent Ratings Summary Heatmap

Residual Ratings Summary Heatmap

Probability



Tudalen 153

Detailed Risk Information

Inherent & Residual Rating Changes since 15/05/2020

Risk Ref	Risk Identified	Owner	Prev Inherent Rating	->	Inherent Rating	Prev Residual Rating	->	Residual Rating
COVID0093	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.	Jane Thomas	No Previous		25	No Previous		20
COVID0100	Disruption to pupils' learning caused by to a positive Co-Vid 19 test within a bubble, cohort, school or travelling to school.	Lynette Lovell	No Previous		25	No Previous		20
COVID0029	Response Revenue Budget Risk	Jane Thomas	16 9	↗	25	16 1	↗	16
COVID0067	Response Health and wellbeing of children and young people	Jan Coles	16 0	→	16	16		16
COVID0044	Response 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;	Dylan Owen	25 0	→	25	20 -5	↘	15
COVID0018	Response Additional costs arising from Contract obligations	Vincent Hanly	16 0	→	16	12		12
COVID0022	Response Contract Award/ Development Delays in procurement process	Vincent Hanly	12 0	→	12	12 -4	↘	12
COVID0045	Response Impact of Covid-19 restrictions and redeployment on the capacity of the Planning & Public Protection Service.	Gwilym Davies	12 0	→	12	12 4	↗	12
COVID0049	Response HOUSING - Increase in homelessness - Additional duties to accommodate extra groups and enable self isolation in accordance with COVID19.	Dafydd Evans	20 0	→	20	12 3	↗	12
COVID0068	Response Children's Service Placement Availability	Jan Coles	20 0	→	20	12		12
COVID0069	Response Increased demand on Children's Services	Jan Coles	16 0	→	16	12		12
COVID0019	Response Exemptions to keep exiting contracts	Vincent Hanly	10 0	→	10	10 -5	↘	10

Tudalen 154

Detailed Risk Information

Inherent & Residual Rating Changes since 15/05/2020

Risk Ref	Risk Identified	Owner	Prev Inherent Rating	->	Inherent Rating	Prev Residual Rating	->	Residual Rating
COVID0065	Response If there is a lack of appropriate equipment to mitigate the impact of COVID-19	Dylan Owen	25 0	➔	25	20 -10	➔	10
COVID0007	Response LEISURE/SPORT Leisure Contractor significantly affected by COVID-19 situation	Jenny Ashton	12 0	➔	12	9 -3	➔	9
COVID0028	Response Insurance Risk – increase in claims and more undefendable at court, higher cost	Anne Phillips	15 0	➔	15	9 -3	➔	9
COVID0050	Response HOUSING: Lockdown restrictions (commencing 24.03.20) may lead to an increase in domestic violence and anti-social behaviour with a potential for civil unrest. (This may also increase demand for temporary accommodation) Crosslinked with Social Services+ Adult Social Care (Please refer to COVID0049 for matters relating to homelessness).	Andy Thompson	9 0	➔	9	9		9
COVID0051	Response HOUSING - Failure to adhere to repair and maintenance responsibilities to municipal homes, which could include statutory testing and structural maintenance, due to difficulties in arranging for technicians to attend properties and/or access to materials.	Andy Thompson	12 0	➔	12	9 -3	➔	9
COVID0053	Recovery HOUSING Loss of, or disruption to, income of tenants may reduce income to the HRA.	Andy Thompson	12 0	➔	12	9 3	➔	9
COVID0058	Response Post Inspection Action Plan (PIAP) for Estyn - Coronavirus may impact on the ability of the service to maintain the 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/Reorganisation programme) could be affected by the Council's ability to conduct strategy consultations relating to Schools Organisation.	Lynette Lovell	12 0	➔	12	12 3	➔	9
COVID0070	Response HOUSING _ COMPLIANCE This requires access into our tenant's homes to carry out inspections and servicing. Some tenants are in self isolation and do want engineers and tradesmen coming into their homes.	Mark Davies	9 0	➔	9	9		9
COVID0079	Response National data modelling and reporting does not reflect what is happening on the ground	Nigel Brinn	12 0	➔	12	9		9
COVID0083	Recovery Possible second surge of COVID19 cases and deaths.	Nigel Brinn	No Previous		12	No Previous		9

Detailed Risk Information

Inherent & Residual Rating Changes since 15/05/2020

Risk Ref	Risk Identified	Owner	Prev Inherent Rating	->	Inherent Rating	Prev Residual Rating	->	Residual Rating
COVID0086	Recovery The supply of PPE for public services, particularly as public consumption of PPE is likely to increase as lock-down eases and in line with Government guidance.	Clive Pinney	No Previous		12	No Previous		9
COVID0092	Recovery Socio-economic challenges given the immediate economic impact and likely recession, including increased unemployment and take-up of universal credit and other benefits	Nigel Brinn	No Previous		16	No Previous		9
COVID0096	Response Reduced reputation for the council if communications with stakeholders is poor, especially around any differences of approach between England and Wales.	Emma Palmer	No Previous		15	No Previous	↗	9
COVID0098	Response Risk of legal challenge from providers on interpretation and implementation of eligibility for access to the Welsh Government Hardship Fund for social care providers. The concern is about the guidance provided on the hardship fund and the recent confusion from receiving slightly different guidance via the ADSS Cymru. PCC has worked closely with care providers to support them and to enable them to access the hardship fund. The original WG guidance set out that the fund could be used to pay for: "...loss of income and double running costs that arise because a care home has experienced a death or deaths as a result of Covid-19". The WG clarification shared a few days later advised that the fund could be used to pay: "...where additional costs, including double commissioning costs, arise because a care home has experienced a death or deaths as a result of Covid-19 thereby creating a vacancy or void. Therefore funding could be used in this instance to cover that void, or to commission a placement elsewhere were it was not possible to do so with that home." We have worked accordingly. The new guidance by the ADSS suggests that the hardship fund can pay for voids in care homes that were not created by COVID-19: "Taking account of your local decision making and discretion in relation to claims, we will remove the bullet on p7 of the guidance which details that the Hardship Fund does not cover "lost income other than where it relates directly from a COVID-19 death". Further clarification sought has not helped understanding. We have already received a further claim from a provider who advise that they have seen the further guidance and wish to claim for a significantly more money. To change the interpretation of the guidance in any way at this point would require that we prepare a new pro-forma for providers to complete and submit; make contact with all service providers in order to request their consideration, amended calculation and submission for the past 4 months; to receive, scrutinise and pay them; and to submit our claim in 3 working days. The chosen option (following a discussion with WG Civil Servants) is to refuse the application received and to not offer the opportunity to other providers.	Dylan Owen	No Previous		9	No Previous		9

Tudalen 156

Detailed Risk Information

Inherent & Residual Rating Changes since 15/05/2020

Risk Ref	Risk Identified	Owner	Prev Inherent Rating	->	Inherent Rating	Prev Residual Rating	->	Residual Rating
COVID0021	Response Contract Cessation/ Suspension	Vincent Hanly	12 0	➔	12	8 -8	➔	8
COVID0031	CATERING Significant Loss of Income from school meals.	Jason Rawbone	10 -2	➔	8	10 -2	➔	8
COVID0040	Response General recruitment across council ceasing/reducing	Paul Bradshaw	10 0	➔	10	8 -4	➔	8
COVID0043	Response New Starters not having an appropriate induction process.	Paul Bradshaw	10 0	➔	10	8 -4	➔	8
COVID0052	Recovery HOUSING Failure to progress major works, including construction of new homes, may lead to financial losses to contractors and to the Council.	Andy Thompson	12 -4	➔	8	12 -4	➔	8
COVID0082	Recovery As all school buildings have now reopened and pupils are attending school, there is an increased risk of infection for school staff and pupils. All pupils have to attend from 14th September 2020, and with the return of all pupils to school, this may increase the risk of infection.	Lynette Lovell	No Previous		12	No Previous	➔	8
COVID0099	Increased visits to hospital sites and homes in the community by social workers. The plan is to increase the presence of social workers on hospital sites and where appropriate support hospital discharges, attend MDTs and increase visits to those with sensory loss and business critical needs in the community.	Adam Greenow	No Previous		12	No Previous		8
COVID0008	Response LEISURE/SPORT As a result of the COVID-19 outbreak, residents and communities become sedentary, participation and activity levels decrease, people's health & well-being deteriorates (physical, mental, social & emotional). Sport & Active Development Team unable to deliver face to face activities, programmes, events, advice (including funding) and schemes	Jenny Ashton	8 0	➔	8	6 -6	➔	6
COVID0017	Response Supply Chain Risk Shortages of staff to maintain processing of orders and payments	Jane Thomas	12 0	➔	12	6 -3	➔	6
COVID0023	Response Companies liquidating	Vincent Hanly	15 0	➔	15	9 -3	➔	6
COVID0024	Response Potential Insolvency of participating Pension Fund Employers	Chris Hurst	6 0	➔	6	6		6

Tudacien 157

Detailed Risk Information

Inherent & Residual Rating Changes since 15/05/2020

Risk Ref	Risk Identified	Owner	Prev Inherent Rating	->	Inherent Rating	Prev Residual Rating	->	Residual Rating
COVID0025	Response Treasury Management -Maintaining the Authorities Cash flow to meet liabilities Reduced Levels of income coming into the Council	Anne Phillips	15 0	➔	15	9 -3	➔	6
COVID0041	Response People Handling Training Provision	Paul Bradshaw	25 0	➔	25	12 -6	➔	6
COVID0042	Response First Aid Training Provision - ability and safety of front line staff to keep themselves and others safe following a first aid incident.	Paul Bradshaw	6 0	➔	6	6		6
COVID0047	Response Waste and Recycling not collected from households.	Matthew Perry	12 0	➔	12	6		6
COVID0057	Recovery EXTRA CARE - HOUSING - Lack of demand for extra care resulting from COVID-19 (Coronavirus) pandemic Crosslinked with Social Services+ Adult Social Care	Rosalyn Murphy	12 0	➔	12	6 -2	➔	6
COVID0074	Response WCCIS availability impacting services areas ability to carry out work during Covid 19 Pandemic	Diane Reynolds	9 0	➔	9	6 -3	➔	6
COVID0080	Response/Recovery Inability to provide an effective and efficient Contact Tracing service by PCC / PTHB to prevent the spread of Covid 19	Nigel Brinn	6 0	➔	6	6		6
COVID0088	Recovery Protracted civil restrictions (lockdown and social distancing measures)	Gwilym Davies	No Previous		6	No Previous		6
COVID0090	Recovery Workforce health and wellbeing	Paul Bradshaw	No Previous		12	No Previous		6
COVID0091	Recovery Ability to maintain remote working and social distancing in Council buildings for staff and visitors	Gwilym Davies	No Previous		9	No Previous		6
COVID0020	Response Logistics problems	Vincent Hanly	6 0	➔	6	4 -5	➔	4
COVID0027	Response Unable to Maintain Imprest Accounts	Anne Phillips	9 0	➔	9	6 -2	➔	4

Tudalen 158

Detailed Risk Information

Inherent & Residual Rating Changes since 15/05/2020

Risk Ref	Risk Identified	Owner	Prev Inherent Rating	->	Inherent Rating	Prev Residual Rating	->	Residual Rating
COVID0030	Response Closing of Accounts and Statutory publication of Statement of Accounts and Whole of Government Accounts Pension Fund Accounts - Failure to complete	Jane Thomas	9 0	→	9	4 -2	→	4
COVID0046	Response Public highways become unsafe.	Brent Campbell	9 0	→	9	4 -2	→	4
COVID0060	Response Reduced reputation for the council if pandemic is not managed well	Nigel Brinn	9 0	→	9	4		4
COVID0094	Recovery The effects of COVID19 reduce the Council's ability to deliver the commitments contained in Vision 2025 (including the Transformation Programme), Towards 2040, the Health and Care Strategy.	Emma Palmer	No Previous		15	No Previous	→	4
COVID0077	Response There is a risk that not all learners are able to access digital devices and have reliable remote connectivity in the event of a school closure or a local lockdown.	Lynette Lovell	20 -11	→	9	9 -6	→	3
COVID0010	Response Failure to provide accurate and timely information to inform decision making	Emma Palmer	12 0	→	12	4 -2	→	2

Tudalen 159

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Powys County Council

Internal Audit Update Quarter 2 Report 2020/21

For Audit Committee 19th November 2020

Tudalen 161

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Contents

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Tudalen 162



Summary:

Role of Internal Audit

Page 1



Planning and Activity:

Internal Audit Planning and Delivery

Page 1-2

1. Appendix A-Emerging Risks for Powys Page 3 -6
2. Appendix B – Agreed Pre-Covid Plan 20/21 with current status Page 6 - 12
3. Appendix C- Adverse reports Page 13-18
4. Appendix D – Recommendation report Page 19 -60



SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors and the CIPFA Code of Practice for Internal Audit in England and Wales.

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.



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 & Quarter 2 has therefore been significant.



Revised Planning Arrangements

The risk-based coverage in the original audit plan allowed the Head of Internal Audit to form an opinion on the overall control environment. The inability of the Council to engage with Internal Audit in Quarters 1 & 2 has significantly reduced the work programme. Therefore, the level of assurance that can be provided decreases as the work programme reduces. SWAP are in discussion with appropriate Professional

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 - Update

Bodies for clarity around giving an Annual Audit Opinion in the current set of circumstances.

As the Council moved into a recovery phase from COVID-19, we have re-commence audit work in some areas and helped to assist with recovery efforts. However, a resurgence of corona virus cases across Wales has resulted in a National “firebreak” Lockdown. It is too early to understand the impact on the Council’s engagement with Internal Audit going forward.

Tudalen 164

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 continually under review

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.

Work Plan - Update

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

The Council has reduced the Internal Audit plan by 100 days for 20/21 as reported to the previous Audit Committee.

Discussions with the Senior Leadership Team has agreed a list of priority jobs for quarters 3 and 4 where there is the ability to engage.

Regular meetings with the Council's SLT is looking to identify potentially high-risk risk areas for inclusion in the forward work programme.

A list of audit projects planned for Q3 and Q4 is based on the Council's revised priorities suggested by the Senior Leadership Team. Below is list of those assignments and the status (as at 11/11/20):

Assignment	Status	Planned Deliver	Notes
Y Gaer Project	On going	Quarter 3	Delayed Due to Covid. Terms of Reference Agreed, Analytical data provided and reviewed, Interview ongoing with Officers, Members and other Stakeholders.
Childrens Services Financial Management		Quarter 3	Analytical review undertaken, Planned interaction with Budget Holders in November
Ysgol Calon Cymru		Quarter 3	Multiple requests to undertake the audit. So far, the School has been unable to agree dates for the review to begin.
Mental Capacity Act		Quarter 3	Terms of Reference in development. Auditors to attend Service Management Team to discuss.
Covid Business Grants (previous)		Quarter 3	Discussion with Principal Officers in Income and awards. Requirement information has not been provided after multiple requests. Review delay as Team are now process latest round of grants. Review on hold until data provided.
Supplier Relief		Quarter 3	Work in progress
Covid Business Grants (Data matching)		Quarter 3	Providing assurance through data matching to prevent fraudulent claims. Council will need to review the fair processing notices and Sign up to CifaS
Transport Grant Review		Quarter 3	Terms of reference Agreed. Work in progress
Recommendation Tracking		Quarter 3	SWAP is tracking all priority 1 &2 recommendations made since April 2019 to ensure implementation.
Welsh Government Grants		Quarter 3	Work in progress
Creditors system		Quarter 3	Work in progress

Tudalen 165

Work Plan - Update

Tudalen 166

Payroll		Quarter 3	Draft Report
Impact Assessment		Quarter 4	Planned
Council tax		Quarter 4	Planned
Performance Management		Quarter 4	Planned
Digital Transformation		Quarter 4	Planned
Financial Regulation Compliance		Quarter 4	Planned

Work Plan - Update

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	

Tudalen 167

Work Plan - Update

Tudalen 168

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 - Update

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

Tudalen 169

Work Plan - Update

Tudalen 170

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

APPENDIX B – Agreed Plan by EMT in March 2020

Tudalen 171

Rank	Assignment	Service Area	Original Indicative Quarter	Notes / Current Status
1	Impact Assessments	Trans & Comms	Q4	Planned Q3/4
2	Performance Management	Trans & Comms	Q1	Planned Q3/4
3	School Budget Deficit- Support and Enforcement	Schools	Q1	Deferred by Client- On Hold
4	Direct payments	Adult and Children	Q1	Deferred by Client- On hold
5	Creditors	Finance	Q1	Work in progress
6	Payroll	Finance	Q2	Draft
7	Purchase Cards	Finance	Q1	Draft- awaiting Client response
8	Rent	Housing & Community	Q2	On Hold
9	Digital transformation	Digital	Q4	Planned Q4

Work Plan - Update

Tudalen 172

10	HOWPS	Partnership	Q2	On Hold
11	Climate Change/ Sustainability	Cross Cutting	Q4	On Hold
12	Cyber security	Digital	Q1	Deferred by Client
13	Y Gaer	Housing & Community	Q1	Work in Progress
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	Planned Q3/ Q4
17	Schools Governance - Themed Review	Schools	Q4	On Hold
23	Fraud risk Assessment (TCWG)	Finance	Q2	Complete
24	Council Tax System	Finance	Q3	Planned Q3/Q4
25	School Collaboration - Themed Review	Schools	Q1	On Hold
26	Risk Assessment	ITC	Q2	Draft- awaiting Client response

Work Plan - Update

Tudalen 173

27	Corp Parenting -Missing Children Process	Childrens	Q2	On hold- Covid -19
28	Continuing Health Care	Adult and Children	Q4	On Hold – Covid -19
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	Awaiting School response
38	Gwernyfed High School	Schools	Q4	On Hold- Covid -19

Work Plan - Update

Tudalen 174

39	Third party Top Up - Charging and Financial enforcements	Adults	Q2	On Hold- Covid -19
40	Primary Schools x 10	Schools	All	On Hold -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	Work in Progress
46	Early Help- Corporate parenting	Children	Q3	On Hold Covid -19
47	GDPR	Digital	Q1	Draft- Awaiting Client Response
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

Work Plan - Update

Tudalen 175

51	Mental capacity Act or Safeguarding	Children and Adult	Q4	On hold Covid -19
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	On Hold- Covid -19
55	Contractor Checks	High, Trans & Waste	Q4	Deleted by Client
56	National Fraud Initiative Co-ordinator	Finance	Q2	Work in Progress
57	Virements - Continuous Audits	Finance	All	On Hold- Covid -19
58	WCCIS Contract Management	Adult and Children	Q2	On Hold -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

Work Plan - Update

Tudalen 176

Add	Enable Grant	Finance	Q2	Complete
Add	Supporting the Finance Function	Finance	Q2	Complete
Add	Risk Management Appetite Support	Finance	Q2	Complete
Add	Transport Grants	HTR	Q3	WIP
B/F	ICT Strategy	ICT	Q2	Draft- Awaiting Client response
B/F	Conflict of Interest	Legal	Q2	Complete
B/F	Employee Development	HR	Q2	Complete
B/F	Brecon High School	Schools	Q2	Complete
B/F	Software Licenses Follow up	ICT	Q1	Draft- Awaiting Client Response
B/F	School Theme -Procurement	Schools	Q1	Draft- Awaiting Client Response

Appendix C – Adverse Opinion Reports

Conflicts of Interest

Audit Opinion



I am able to offer partial assurance in relation to the areas reviewed and the controls found to be in place. Some key risks are not well managed, and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.

Audit Conclusion

The public is entitled to expect the highest standards of conduct from all Powys County Council employees in performing their duties. They serve the Council in providing advice, implementing its policies, and delivering services to the local community. In performing duties, Officers must act with integrity, honesty, impartiality, and objectivity. The Audit found that staff were generally aware of the Council's standards of behaviour.

Under the Bribery Act 2010, the Council has a responsibility to prevent bribery. It is deemed a reasonable defence if it can show that it has in place adequate procedures designed to prevent bribery e.g. an "Officer's Code of Conduct". A key element of this code is an embedded framework for the declaration of potential conflicts.

The Council has an employee code of conduct that sets out the Council's approach to ensure that officers act without undue or perceived influence, but it has not been reviewed for two years. Powys County Council's code requires officers to:

- Self-declare any conflicts or potential conflicts in a register
- Discuss and record any conflicts or potential conflicts in an annual appraisal

Adequate anti-bribery procedures (including conflicts of interests) are an essential part of any corporate ethics policy. However, without a strong corporate culture in which there is widespread awareness and embedded behaviours, no written policy document will ever be sufficient. The audit found that there was a general lack of staff awareness, both in managerial positions (51% aware) and in operational positions (50% aware), of the requirement under the Officer's Code of Conduct to formally declare conflicts. In addition, the review noted that guidance was not sufficiently clear to explain the processes and practical requirements of the code.

The Authority issues all new employees with a staff handbook during induction which has a small section on the Code of Conduct. It would appear that it is a line managers responsibility to ensure new staff are sufficiently aware of their responsibilities. A survey of a sample of employees found that 82% had not received any training about the code of conduct requirements. This factor may be one of the telling factors in the general level of staff awareness.

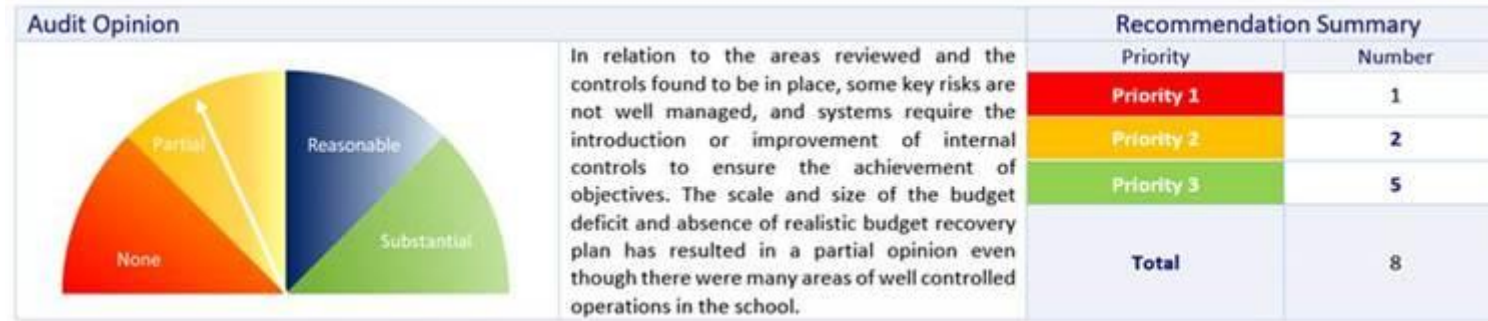
Whilst the audit found that the Council did have some registers for specific professional functions, it also found that the more general Service registers were not maintained as per the code of conduct.

Incentivising timely self-reporting is an essential part of the framework that will bring more transparency to the process. However, there was an absence of reporting of conflicts or potential conflicts either as a new employee when circumstances change or in the annual appraisal with their Manager. It was also difficult to differentiate between officers that had considered their position and provided a “nil return” and officers that had not considered potential conflicts. Therefore, the Council do not have effective embedded mechanisms in place to ensure that all officers with influence periodically declare any conflicts or potential conflicts of interests, especially those with advisory and delegated roles in decision making, recruitment and procurement.

The Council is unaware of the level of compliance with its constitutional code of conduct because it does not have monitoring arrangements in place. However, it is acknowledged that certain professions have their own code of ethics (e.g. planners, auditors) that require the declaration of such conflicts, although these may not be corporately transparent to the Council.

Overall, there is concern that there is an increased risk of fraud and that the reputation of the Council could be damaged and / or costs incurred by accusations that staff failed to declare interests that could impact on the outcome of decisions made. In addition, the failure to comply with the corporate responsibilities of the Bribery Act 2010 could result in an unlimited fine.

Welspool High School



Audit Conclusion

Tudalen 179

The main area for concern at the school is the management of the budget, the main areas of concern are;

- The school are operating under an unlicensed budget
- There is no realistic deficit recovery plan in place
- The annual deficit budget is projected to increase by 160% by the end of 2022/23 financial year to over £500k.
- By the end of 2022/23 there is a projected accumulative deficit of over £2.25 million.

The school have submitted a 4-year plan with 3 options;

- continue to operate as they are with a large deficit
- operate with a balanced budget
- operate with a balanced budget and deficit recovery plan


It was stated by the Headteacher that the last two options are not realistic as they would mean the class sizes would exceed the health and safety rules and be unmanageable.

Regarding Health and Safety Legislation, the school had failed to ensure all electrical equipment had been PAT tested on an annual basis. In addition, there was no formal process for providing cover when the Registration Officer was unavailable to perform their duties and monitor the absences from the registrations taken. Absences from the school may go undetected without effective cover arrangements.

Internal Audit were unable to provide an opinion on the following areas due to a lack of available documentation - fire alarm testing and the letting process. The school stated that these were well controlled but could not provide evidence to support this statement. In this position, Internal Audit cannot give assurance that the controls were operating effective.

Brecon High School

Tudalen 180

Audit Opinion		Recommendation Summary	
	Limited - Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	Priority	Number
		Priority 1	3
		Priority 2	4
		Priority 3	2
		Total	9

Audit Conclusion

Brecon High School was last audited in November 2013 with an overall opinion of Low Assurance, with a follow-up visit taking place in January 2014.

The school has an historical debt that has been increasing for several years resulting in the current deficit of £1.25M brought forward from 2018-19.

Following a succession of headteachers a new Headteacher has recently been appointed to the school having been in an interim post for a short while. He is well versed in the situation at the school and is working with the Governing Body to rectify the budget situation at the school along with the recommended curriculum improvements required following an Estyn Inspection. This is not easy to achieve as putting in additional subject choices for pupils whilst trying to reduce the budget expenditure to achieve savings. The Governing Body meet on a regular basis and take an active role in the school.


The school budget is currently unlicensed, a notice of concern was issued to the school in June 2019 and followed by a warning notice on 12th July 2019. There has been an uplift in the school’s budget for 2020-21 but there is an expectation by Schools Finance that a balanced budget will be set for future years. A deficit budget of £284k was set for 2019/20, in month 6 this deficit had been increased to £339k. Whilst savings for the year had been identified and implemented, this increase of £55k in the deficit was not planned, This indicates that the original budget figures will not be achieved and the overall deficit to

be carried forward in to 2020/21 will increase. The process of identifying savings and implementing them should be to reduce the deficit and not allow it to increase. The large brought forward deficit and subsequent increase has resulted in the overall partial audit opinion. The recovery plan has also failed as the savings identified will not achieve the planned budget recovery. The current budget management does not give Internal Audit any confidence that the school will be able to reduce the current expenditure and move towards reducing the overall deficit.

It was noted that there is lack of segregation in the purchasing processes, with the Business Manager carrying out most tasks involved.

Employee Development

Tudalen 181

Audit Opinion		Recommendation Summary	
	Limited - Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	Priority	Number
		Priority 1	1
		Priority 2	4
		Priority 3	2
		Total	7

Audit Conclusion

The Auditor’s recognise that the Council is planning to take steps to ensure that training is delivered to those that need it. Therefore, this audit report should be considered as a driver to help deliver change.

Policy

The Council do not have a Learning & Development Policy in place, though this has been recognised and one is being currently developed. Without a policy in place, there is no direction to the training provision to ensure the Council’s workforce are properly skilled to deliver services to the public.

Training Programme

Employee Development and Training has functioned effectively within the Council as a training provision service with a course programme organised annually using the same format each year. However, the training programme was not clearly linked to the needs of the Council. Therefore, it is possible that training is being focused on those that do not have the most need. The financial position of the Council means training resources are scarce and more effective direction

of those resources could result in skill gaps in the workforce.

Corporate induction courses are run periodically, and local induction for new employees is carried out by line managers. This induction should include all mandatory training. There is no formal monitoring of all the mandatory courses to ensure all staff receive or complete the training. As much of the mandatory training is run via an on-line system, this monitoring could be easily completed using reports from the system. Assurance could then be confirmed that all mandatory training is completed by all staff.

Training Needs Assessment

Staff could attend almost any course with their manager approval and within the budget constraints. It is beneficial to improve the skills across all levels of the workforce, but greater benefit will be derived from provided training to those with need rather than those with an opportunity.

Skills audits are not carried out widely across the organisation. The lack of periodic audits prevents the identification of staff skills gaps in the service areas and the identification of staff across the organisation that could be utilised in other areas from those that they currently work. This information could then feed into the training programme.

A Training Needs Analysis (TNA) has been carried out across the Council. This is the start to a process of identifying the training needs of the Council and will lead to an amended course programme. At the moment, there is no clear link to the training needs of the council and skills of its employees which will feed into the training programme for future years. However, it is planning to provide training places relating to the identified needs that will ensure a more skilled and effective workforce.

Staff Reviews

Staff reviews are a mandatory requirement, to be carried out on an annual basis with 6 monthly re-views. Analysis of the reviews carried out identified that around 57% of staff have undergone a review in 2019. This leaves 43% of the staff requiring a review. The result of the reviews are not collected and analysed centrally. These reviews should identify any required training and feed into the training programme for the following year. Without this information a relevant training plan provision cannot be produced. However, the Auditors are aware that the Council plans changes to the staff review process.

Central Training Records and Course Feedback


For Powys County Council to provide the correct training for the right staff it needs records of all training completed for analysis to produce efficient plans and training programmes, within limited budgets.





The data supplied for testing, from the iTrent system, on the training completed was found to be incomplete with empty fields and records not entered. The gaps made is difficult to gain assurance that the Council have appropriate skill levels. However, the data showed that a significant number of staff have attended training and it has been recorded on the Trent payroll system. The facility for recording training is available to all members of staff as they are all on the Trent payroll system, but the data provided indicated that not all staff use the facility.

Evaluation of courses and the completion of evaluation forms following training are not completed. This is an area that would identify both the added value the courses provided and areas where improvements could be made.

Housing Voids

Tudalen 183

Assurance Opinion		Recommendation Summary	
	Limited	Priority	Number
	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	Priority 1	0
		Priority 2	2
		Priority 3	1
		Total	3

Key Findings	
	Target times for the completion of works are set by the Housing Surveyors in agreement with the contractor. Currently all contractors are only achieving between 25% & 33% of the void works completion against the targets set. These delays result in lost income revenue for the Housing Section as the properties cannot be let.
	Housing Surveyors are not achieving their target time for the initial inspection of a void properties for 29% of the time. This creates delays from the start of the void process resulting in increased costs in the form of lost rental revenue to the Council.
	There are no documented procedures business continuity in the event of sudden failure of a contractor. Consideration has been given to this eventuality, but no formal documented policy has been drawn up yet.
	The revenue lost due to Housing Voids (due to excess time taken over the set targets for completion) is approximately £313,445 for the four-month period December 2019 to March 2020. This is using the average rental income of £95 per week, as calculated by the Housing Section in September 2019,

Appendix D SWAP Recommendations made Since April 2019

Tudalen 184

Directorate /Service	Audit Name	Audit Period	Audit Opinion	No. of Rec.	Priority	Status	Issue	Description
*Finance	Budgeting	April 2019	Reasonable	6	3	Agreed	There was a lack of formal guidance available to staff, and evidence was seen to show that training was not	We recommend that they ensure that guidance is easily accessible, and that training is attended by relevant staff.
					2	Agreed	Lack of evidence to show that there are appropriate feasibility checks over the savings targets.	A comprehensive audit trail of detailed formalised evidence should support the savings to be made in prior to the agreement of the budget. We recommend that the Authority ensures that this evidence is available.
					2	Agreed	Lack of evidence to show that there are appropriate feasibility checks over the savings targets	We recommend that the Authority should keep a record of any challenges made towards to feasibility of saving targets being made.
					2	Agreed	Lack of descriptions for the journals resulting in difficulty with regards to the audit trails.	We recommend that the Authority ensures that there are clear descriptions for any budgetary changes made ensuring that they are easily understandable to anyone who views them.
					2	Agreed	Delay in the presentation of budget reports to the Cabinet.	We recommended that the financial overviews are provided to the full cabinet within a shorter time period, to enable them to fully understand the Council's current budget position.

Tudalen 185

					2	Agreed	Evidence suggests that budgetary information is not readily available for those required to scrutinise the	We recommend that the Authority ensures that the appropriate information is provided to those who are scrutinising the budgets in a timely manner
*Community safety and emergencies	Crisis Management	April 2019	Substantial	2	3	Agreed	Overdue reviews of Corporate Business Continuity Plan and Major Incident Plan	We recommend that the Business Continuity Plan and Major incident Plans are reviewed as soon as possible, and then continue to be reviewed on a regular basis
					3	Agreed	No Emergency Planning details are available on the Powys County Council website.	We recommend that information is made available on the Powys County Council website giving details to the public of what to do in an emergency.
*Housing	ECO2t	April 2019	Advisory	9	1	Agreed	Vetting Process	The Council should implement a fit for purpose and robust vetting process for future ECO schemes that are based on independent evidence and ensure an accurate assessment of eligibility.
					2	Agreed	Documentation to support the brokerage process is not retained in a structured manner.	The Council should keep adequate records to support the outcome of their decisions.
					1	Agreed	Approved Agent Selection	The Council should define the criteria used for the selection of contractors and ensure that these are robustly applied during the selection process.

Tudalen 186

				1	Not agreed / Risk carried by client	ECO Agent Selection Anomaly	There is a lack of clarify around the selection of one company as they do not appear on the accreditation website. Therefore, the Council should consider obtaining an opinion from Ofgem/BEIS to seek clarification about the legitimacy of using an agent that was not Green Deal approved
				1	Agreed	Approved Applications	Given the concerns of the Auditors on the accuracy of ECO2t assessments, the Council should undertake a review of past claims to ensure those approved were in fact eligible. Those cases where the errors occurred in the checking process, which resulted in measures being delivered to ineligible applicants, should be referred to the Regulator.
				1	Agreed	Billing Discrepancies	Given the discrepancy over the number of measures delivered (2048) and the number of measures billed (2018), the Council should investigate the reason for the difference and arrange to invoice agents for any unbilled completed measures.

Tudalen 187

					1	Agreed	Outstanding Debt	The Council has outstanding Debts with Eco Agents who may require declarations under future ECO schemes. Therefore, the Council should consider withdrawing the LA declaration service from those ECO Agents until outstanding invoices have been settled.
					1	Agreed	Income Collection Criteria	The Council undertook a significant amount of work in producing declaration certificates for measures that will not be delivered. Therefore, the Council should review its charging policy to ensure that agents are billed upon the issue of the declaration certificate.
					1	Agreed	ECO3 Scheme	ECO2t declaration certificates are only valid for ECO2t measures. Therefore, the outstanding ECO2t declarations should not be considered as eligible for the ECO3 scheme.
*Housing	HOWPS	April 2019	Partial	5	1	Agreed	The Major incident and Business Continuity Plan is overdue a review and does not take into consideration the possibility of a sudden failure of the partner company.	We recommend that contingency plans are put in place as protection should the Kier Group fail suddenly without warning.

Tudalen 188

					1	Agreed	The major incident and Business Continuity Plan is overdue a review and does not take into consideration the possibility of a sudden failure of the partner company.	We recommend that regular monitoring of the Kier Group's performance in the marketplace is carried out to ensure they remain a viable company.
					2	Agreed	KPI figures are not accurate, providing misleading results on the performance of HOWPS	We recommend a review of the KPI's to ensure they provide the most accurate indication of the quality of work carried out by HOWPS
					2	Agreed	Powys County Council are unaware of the performance of the Joint Venture Company.	We recommend that there some form of independent scrutiny of the JVC that report to Powys County Council on the performance of HOWPS, the Joint Venture Company.
					2	Agreed	The contract does not include all the services required by the client.	We recommend that the contract be revised and updated following the identification of areas/requirements not currently covered by the contract.
*Education and skills	Crickhowell High School	May 2019	Reasonable	4	1	Agreed	Setting Budgets	Achievable savings on the budget must be identified and adhered to in order to meet the targets set, reliance cannot be put on the larger savings planned in future years, including staff redundancies, to offset the deficit.

Tudalen 189

					2	Agreed	Inventory records	<p>To ensure that there is a consistent approach throughout the school to entering information into the asset register.</p> <p>An annual check of the inventory to be carried out and signed off, confirming all items remain and are functional. Any items that have been disposed of or removed from the school should be recorded giving details of the removal from the record.</p>
					1	Agreed	Fire door repairs or replacement	To complete any outstanding works due and any items identified following the inspection in November.
					2	Agreed	PAT testing	Ensure that the PAT testing remains up to date in the future, through regular contact with HOWPS Compliance Section.
					2	Agreed	Strategy	We recommend the introduction of a DoLS strategy.
*Adult care services	D.O.L.S	May 2019	Partial	6	1	Agreed	Staffing Resources - Assessors	<p>Staffing Resources - Assessors</p> <p>We recommend reviewing staffing/contractor arrangements to ensure that the DoLS team is adequately resourced with appropriate procedures in place to ensure the availability of Best Interest Assessor to enable assessments to be carried out on a timely basis.</p>

Tudalen 190

					1	Agreed	Authorised signatory	We recommend employing an additional authorising signatory to enable assessments to be processed in a timely manner in line with statutory requirements.
					2	Agreed	Quality Assurance Process	Quality Assurance Process We recommend that a quality assurance process is introduced.
					2	Agreed	DoLS Backlog Management Strategy	DoLS Backlog Management Strategy We recommend the introduction of a DoLS Backlog Management Strategy
					3	Agreed	Supervisory Body Recommendation	We recommend that the Supervisory Body (PCC) meet to make any recommendations on individual cases or to discuss themes arising.
					2	Agreed	Parents Consent Form	The school needs to consider changing the wording on the consent form to include video footage.
					2	Agreed	Inventory Records.	The inventory record needs to include all model and serial numbers and computer and electrical items. The record should be signed and dated upon completion of the annual check. The inventory record should only consist of computer, electrical and desirable items,.
					3	Agreed	Utility Meter Readings	It is recommended that utility meter readings are taken and recorded monthly, this will enable the school to monitor and ensure that there is no exceptional use.

Tudalen 191

					1	Agreed	DBS CHECKS	The school need to obtain clarification as to whether the cleaners employed through SOLO require DBS checks.
					1	Agreed	School Fund	It is recommended that a minimum of three cheque signatories are held on the fund account.
					1	Agreed	School Fund	The school needs to comply with Financial Regulations and bank all monies intact.
					3	Agreed	School Fund	The school need to comply with Financial Regulations and ensure that the school fund accounts are audited and reported within the required 6 months periods.
					3	Agreed	School Fund	The school need to comply with Financial Regulations and make the fund accounts available to parents.
					2	Agreed	Boiler Service	It is noted that the boiler is due for its annual services, the school has no idea as to when this should take place. The school therefore need to ensure this is completed without delay to give assurance that the boiler is not a Health & Safety risk.
*Education and skills	Ysgol Gymraeg Dyffryn	May 2019	Partial	5	3	Agreed	Inventory	It is not clear as and when the last inventory check had been carried out as the records are not signed and dated upon completion. The school needs to implement the annual certification.

Tudalen 192

					2	Agreed	Voluntary Funds	The school need to ensure that a year end statement of accounts is produced. Once completed a copy needs to be issued to the Governing Body, LEA, parents and interested parties.
					2	Agreed	Safe	The school needs to remove the safe key offsite at the end of each day. The school aslo need to obtain a second key as a contingency measure.
					2	Agreed	VAT Invoices	The school needs to ensure that all invoices comply with the VAT guidelines.
					1	Ongoing	Delegated Budget	The School needs to work towards a balanced budget.
*Finance	Debt Management	June 2019	Reasonable	5	3	Agreed	Debt recovery procedural documents have not been reviewed since their creation in 2015.	We recommend that all policy and procedural documents for Debtors are reviewed on a regular basis, and the control box is marked accordingly to maintain an audit trail.
					2	Agreed	Not all debt is pursued by the recovery team, and therefore remains unpaid after long periods of time.	We recommend that all debt is pursued in line with the Authorities approved guidance.

Tudalen 193

					3	Agreed	The Income and Awards structure is not set up to ensure efficiency and effectiveness.	We recommend that the current structure is reviewed to ensure that it has the most efficient structure in place to eliminate any potential duplication of work and or delays in the work flow. It is also recommended that the use of sharepoint is utilised to reduce the number of copies of the spreadsheet in circulation.
					3	Agreed	Corporate Documentation cannot be accessed.	We recommend that all corporate documentation, such as the bailiff contract, are stored electronically in an area that is accessible by all appropriate officers.
					3	Agreed	Management Team and Cabinet do not receive reports showing the current overdue debt. No KPI's are defined for reporting purposes so progress cannot be monitored.	We recommend that KPI's are produced in order to monitor debt recovery progress, these reports should then be presented to Management Team.
*Health and safety	Health and Safety	June 2019	Reasonable	4	3	Agreed	Health and Safety Policy review	The current Health and Safety Policy is overdue a review in order to reflect the changes in the management structure within the authority and requires signing by the current Chief Executive Officer.
					2	Agreed	Staff awareness of their responsibilities regarding Health & Safety	All new staff should be reminded of their responsibilities regarding Health and Safety for themselves and for others in their workplace.

Tudalen 194

					2	Agreed	Staff are not prepared to take on additional voluntary roles in the event of an emergency.	A programme to encourage staff to take on required roles in the event of an emergency should be introduced.
					3	Agreed	Building Coordinator Training	Building Coordinators to receive specific training to carry out their role as the responsible person for the building and support in finding volunteers to take on fire marshalling roles, first aiders, etc.
*Information and communication technology	Patch Management	June 2019	Partial	6	3	Agreed	ICT Security Operation Management document is still in draft status	We recommend that the document is approved by the relevant parties and issued to all staff as soon as possible, this will ensure parity in the way issues are dealt with.
					2	Not agreed / Risk carried by client	Patches are not tested before deployment	We recommend that patches are tested to determine any adverse effects prior to deployment to the live system.
					2	Agreed	Risk Register is not maintained	We recommend that a list is created and maintained that details risks relating to unsupported systems that the Authority operates. This list needs to be incorporated into the Corporate Risk Register
					3	Agreed	Lack of Management Reporting	We recommend that regular reports are produced and issued to management which highlights the status of Patching for all pieces of software and any issues that have been encountered.

Tudalen 195

					2	Agreed	Patch deployment is not prioritised or categorised	We recommend that a register of all software is produced and given a criticality score. We recommend that ICT produce their own risk register and include patch management in it.
					2	Not agreed / Risk carried by client	Patching Records are not held by ICT	We recommend that records are created and maintained for patches that are applied to critical systems, servers and infrastructure devices. For completeness this should be rolled out to all software. We recommend that documented policies are created to govern the event of a failed update and the roll back procedures that need to take place.
*Housing	Smoke Alarm Compliance (External)	June 2019	Partial	8	3	Agreed	There are no formalised smoke alarm testing or replacement performance monitoring arrangements.	The Council's Tenant Services Team Leader should liaise with HoWPS' Compliance Team Leader to develop their respective systems to enable efficient sharing of smoke alarm information and reporting of smoke alarm test and replacement performance information reports. These reports should be produced on a regular basis, for the review of the Housing Services Manager and Tenant Services Team Leader. Poor performance in relation to compliance with the WHQS regarding smoke alarms should be escalated to Management at the monthly Contract Management Forum where necessary, by the Housing Services Manager who attends the Forum.

Tudalen 196

				2	<p>The Council’s Housing Services Policy requires that smoke alarms for elderly residents are connected to the Powys Careline service where the paid-for service is in place, however, information on whether the Careline system tested satisfactorily is not explicitly recorded in Detector Forms or heating certificates during smoke alarm tests. Information on whether properties are meant to be connected to the service is also not shared with Contractors who complete heating service visits (and therefore smoke alar</p>	<p>We recommend that the Council’s Client Services Team Leader ensures that data on whether properties are connected to the Careline service is shared with HoWPS, and that there are arrangements in place to ensure that any sub-contractors also receive this information where required. The Team Leader should also ensure that smoke alarm Detector Forms are updated to require contractors to explicitly record whether the Careline service was alerted and a call made to the tenant during the visit by the Careline staff.</p>
				3	<p>We found inconsistencies in the recording of mains-powered smoke alarm test results on minor work certificates.</p>	<p>We recommend that the HoWPS Compliance Team Leader ensures that HoWPS own, or subcontracted electricians, consistently record the results of mains-powered smoke alarms when completing electrical inspection condition reports for void properties.</p>

Tudalen 197

				2	Agreed	Currently, the HoWPS Servitor system does not extract, record, or report on smoke alarm compliance from the information collected in heating service certificates. Also, there is no current system interface to share such information seamlessly with the Council.	We recommend that the Council's Tenancy Services Manager liaises with Senior Management at HoWPS', to clearly communicate the Council's requirements for Servitor's smoke alarm data extract, record and an interface for data transfer to QL. A structured project plan for the above developments should be compiled based on these discussions.
				3	Agreed	There are no formalised Council or HoWPS Quality Assurance arrangements over smoke alarm compliance.	We recommend that the Council's Client Services Team Leader liaises with HoWPS Compliance Team Leader to develop appropriate quality assurance and reporting procedures over smoke alarm testing and replacements. The Contract Management Forum members should be informed of the progress of this development and should approve the processes prior to their implementation.

Tudalen 198

				1	Agreed	<p>Neither the Council or the contractor, HoWPS, could provide evidence during the review of the 20 sampled property's smoke alarms having been installed and/or checked within the last 10 years by a qualified electrician.</p>	<p>We recommend that the Council's Tenancy Services Manager takes urgent action to identify whether this is a wider problem, and whether the Council or HoWPS can evidence that all of their properties smoke alarms have been certified electrically safe within the past 10 years. For all properties within the Council's remit, the Manager should ensure that;</p> <ul style="list-style-type: none"> a) They can locate an existing electrical inspection condition report which confirms whether their properties smoke alarms are certified safe; or, b) Commission an electrical inspection condition report to be completed by a qualified electrician, for every property where the smoke alarm's electrical safety cannot be evidenced by existing records.
				3	Agreed	<p>Information is not obtained and recorded in the QL Housing Database to identify whether the new specification alarms are installed in each property.</p>	<p>We recommend that the Tenancy Services Manager considers recording the type of alarm installed in properties within the smoke alarm Detector Forms, and transfer of this information into QL during the existing data entry procedures. If this recommendation is implemented, QL data field alterations will need to be considered in accordance with the recommendation made under finding section 1.2.</p>

Tudalen 199

					2	Agreed	The Council's QL Housing Database does not record smoke alarm information for more than one alarm/property. There are also insufficient data entry fields to record all data relating to the properties smoke alarms separately, in a manner which enables effective reporting on compliance.	We recommend that the Council's Client Services Team Leader progresses the development of the Council's QL Housing Database, to ensure that the fields within allow for full, reliable data to be recorded. Once data entry fields are developed, the Team Leader should also address the ability to produce reports from the data in QL, which can identify compliance with relevant WHQS requirements. It is noted that the system alterations of this nature would require a significant amount of time and specialise resource to complete. As such, a structured project plan should be produced, with input from both HoWPS and the Council, to implement such changes to the system infrastructure of the smoke alarm service.
*Education and skills	Ysgol Bro Tawe	June 2019	Substantial	3	3	Agreed	Parents Consent Form	The school needs to consider the wording on the consent form to include that under no circumstances can recording or any photographs of other pupils be put on any social media sites.
					3	Agreed	Order Book	The white official order form should not be retained within the order book once good and services have been arranged.

Tudalen 200

					2	Agreed	Safe Facility	The key to the safe still remains on site at the end of the day, although this was a previous recommendation the school is aware that this invalidates the insurance. We recommend that the safe key is removed off site, as in the previous report.
*Information management	GDPR	August 2019	Reasonable	3	2	Proposed	There is a lack of consistency throughout the asset registers	We recommend that the Authority ensures all information within the asset registers are consistent.
					2	Proposed	There is a lack of oversight by the GDPR Team to determine if the information within the registers is correct	We recommend that going forward the GDPR team undertakes sample tests of the information that the services enter into the asset registers to determine that the information is accurate and timely.
					3	Proposed	There is a lack of awareness over who is responsible for destroying documents or electronic data	We recommend that the Council produces best practise guidance that informs the employees who is responsible for destroying the information on systems.
*Finance	Main Accounting System	August 2019	Reasonable	2	2	Agreed	Suspense accounts are not been cleared on a monthly basis which leads to inaccurate accounts	We recommend that suspense accounts are cleared before period end closedown takes place.
					2	Agreed	No secondary checks are performed on the figures before or after they are posted into the new year.	We recommend that all figures are reviewed for accuracy before and after the journal have been loaded into the new financial year. This evidence should be documented and held for completeness.

Tudalen 201

*Finance	Pensions Administration	August 2019	Reasonable	5	2	Agreed	There is no documented, formalised process for prioritising tasks relating to leavers on Altair.	We recommend the formalisation and documentation of the prioritisation of tasks on Altair to aid compliance with statutory time limits and for staff performance purposes.
					3	Agreed	An informal control is in place on Altair to ensure members of the Pensions Team can't amend their own/family members records.	We recommend introducing a documented system to enable members of the Pensions Team to formally declare the existence of any family members etc. whose pension details they would have access to. There should be a requirement for the periodic reconfirmation of this declaration and a formal means for the notification of any changes during the intervening period.
					2	Agreed	National Fraud Initiative (NFI) data is not reviewed on a timely basis.	We recommend that the data made available by the NFI is reviewed on a timely basis and where applicable the appropriate action is taken.
					3	Agreed	A review of the Pensions Administration Strategy is overdue.	We recommend that the Pensions Administration Strategy is updated to reflect changes that have occurred since it was issued in July 2016.
					2	Agreed	No information on the achievement of performance standards is available.	We recommend that performance standards are reviewed to ensure they reflect all legal requirements; that monitoring information is periodically produced, reported on and used to improve the efficiency of the team.

Tudalen 2022

*Democracy	Conflict of Interest	September 2019	Partial	8	2	Proposed	Staff Awareness - Officers lack knowledge regarding the declaration of interest policy and reporting systems	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	Proposed	Educating the Workforce - Lack of staff training in induction or refresher training for staff.	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	Proposed	Recording Conflicts - Registers / records of conflicts are retained but not in all areas.	We recommend that registers are held and maintained for all service areas and reviewed at least on an annual basis in line with the Code of Conduct Policy.

Tudalen 203

				2	Proposed	Identifying conflicts (new starters)- The Code of Conduct is clear in its expectations on identifying potential conflicts, but the absence of general service registers does not confirm the delivery of the expectation. However, some registers on specific high-risk functions are well maintained.	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	Proposed	Updating conflicts (annual appraisal) – There is no evidence to support that conflicts of interests are reviewed as part of an annual performance review.	We recommend that either: Conflicts of interest are discussed and formally recorded as part of the IPR process, in accordance with the Council Code of Conduct policy. Or The Council considers other ways in which they can ensure conflicts are gathered, recorded, and monitored

Tudalen 204

					3	Proposed	Monitoring and Review – there is no evidence to support that Services review their register annually or that corporate monitoring takes place to get assurance that the Council has adequate measures in place to protect against bribery and corruption.	We recommend that the Authority needs to ensure that there is an overall monitoring process in place to ensure a corporate view of compliance with the officers’ code of conduct.
					2	Proposed	Updating conflicts (annual appraisal) – There is no evidence to support that conflicts of interests are reviewed as part of an annual performance review.	We recommend that the Authority include details within the code of conduct policy for the failure to disclose any conflicts of interests. Failure to disclose could have an impact on any disciplinary action on failure to make a declaration.
					3	Proposed	Policies and Systems - Policy frameworks are developed, but parts of the system to identify conflicts are not embedded.	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.
*Human resources	Employee Development	September 2019	Limited	7	2	Agreed	There is no Learning and Development Policy in place at the time of the audit.	We recommend that the Learning & Development Policy is completed and submitted for final approval and is subject to regular review and promoted to all staff. Consideration should be given to including mandatory training in this policy.

Tudalen 205

					3	Agreed	Evaluation of training	We recommend that evaluation following the courses run is introduced as a method to analyse and review the provision to ensure that the training is fit for purpose.
					2	Agreed	No monitoring is carried out to ensure all new staff complete induction training	We recommend that an accurate record of training for staff is maintained.
					2	Agreed	Training needs analysis have not been routinely carried out to identify skill gaps that feeds into the Training	We recommend that an analysis of training needs is carried out routinely to identify any skills gaps and training requirements across the workforce and for specific projects.
					2	Agreed	No monitoring is carried out to ensure all new staff complete induction training	We recommend that central monitoring is introduced to ensure that all new employees' complete induction and mandatory training.
					3	Agreed	Contractors are not requested to complete the mandatory training	We recommend that assurance is sought from all contractors that they have received training equivalent to the mandatory training required of all Powys CC employees.
					1	Agreed	Staff reviews are not taking place for all staff as required in the managers guidance document.	We recommend that staff and managers are reminded that Staff Appraisal reviews are to be completed for all staff on an annual basis with re-visits made after 6 months.
*Information and communication	ICT Strategy	September 2019	Reasonable	2	3	Proposed	The ICT Strategy is still in draft status as the Health Board have not signed it off.	We recommend that the document is amended so it can be approved by the PTHB and then formally adopted.

Tudalen 206

tion technology					2	Proposed	The ICT Strategy and the Digital Transformation documents are not directly linked.	We recommend that the document is updated to include reference to the Digital Transformation Strategy and a version control box is added to the document.
*Finance	Insurance	September 2019	Reasonable	4	2	Agreed	Preparations for the retendering of the insurance contracts	We recommend that urgent preparations are made for the retendering of the insurance contracts.
					2	Agreed	Minimal data/ performance information made available for management purposes.	We recommend in addition to reporting the estimated liability for insurance purposes, the introduction of periodic monitoring and reporting of insurance data e.g. summary of claims received, settled, outstanding etc. for senior management information and service area purposes.
					3	Agreed	Current arrangements for the services of an insurance broker and specialised solicitors potentially do not comply with the Authority's Contract Procedural Rules.	We recommend the review of current arrangements for the provision of the services of an insurance broker and specialist solicitors to ensure value for money and compliance with Contract Procedural Rules.
					3	Agreed	The frequency of the reconciliation of the insurance vehicle database with the Fleet Register is insufficient.	We recommend increasing the frequency of the reconciliation of the insurance vehicle database with the Fleet register with the aim of progressing towards a monthly reconciliation where possible.

Tudalen 207

*Education and skills	School Theme - Procurement	September 2019	Reasonable	6	2	Proposed	Invoices for Agency Costs are being processed through the purchase cards, some of which don't coincide with the Authorities guidance of low value, high volume purchases.	Purchase Card transactions are transferred into the EFinancials system at the end of each month. This process means that the budgets are not updated immediately, and schools cannot effectively see what they have committed to spent on Agency staff until the EFinancials system has been updated. We recommend that all agency costs are procured through the Eprocurement System, to enable greater budgetary control, though commitment accounting.
					3	Proposed	There is a lack of clear guidance over what should or should not be purchased using the procurement cards, and whether this should be used as primary procurement method.	We recommend that guidance should be issued to schools to advise what should and should not be bought on the purchase cards.
					3	Proposed	There is a lack of clear guidance over what should or should not be purchased using the procurement cards, and whether this should be used as primary procurement method.	We recommend that if the decision has been taken to make the procurement cards the primary method of purchasing then this should be reflected within the Scheme for Financing Schools.

Tudalen 208

					3	Proposed	Not all purchases had been coded to the an account code within an appropriate time period.	We recommend that all transactions are coded to account codes to enable the schools to manage their budgets effectively.
					2	Proposed	There is a lack of clarity over which items from the Consortium Catalogue are being purchased	We recommend that Authority considers requesting that the line item details from the consortium are imported into the purchase card system for every purchase (line item details), to allow easier visibility of spending.
					2	Proposed	Lack of visibility on spends could lead to incorrect tendering or frameworks	Any framework developed by the Commercial Services team may vary depending on the overall spend with that particular company. It is therefore important that they receive the whole picture. We recommend that the School service uses the Eprocurement system for any major contractual purchases.
*Children and families services	Supporting People Grant 19/20	September 2019	Advisory	1	3	Proposed	Third party Certificates	Not all 3rd party certificates have been received.
*Leisure and culture	Theatr Brycheiniog	November 2019	No Opinion	14	3	Agreed	The Council have not undertaken periodic building surveys of the Theatre.	We recommend that the Council undertake periodic inspections.

Tudalen 2019

Payments	3	Agreed	The Council had a conflicting and uncoordinated approached to building management	We recommend that the Council should have a coordinated approach to its buildings across all services.
	2	Agreed	The constitutional framework allows a single officer to authorise the use of an urgent decision and to author the report making the recommendation.	We recommend that there should be segregations of duties between decision authoriser and report author.
	1	Agreed	Financial due diligence is less clear for the one-off capital payment	We recommend that robust financial diligence should be documented for urgent decisions. Consideration should be given to carrying out financial diligence checks before making payments to all outside bodies.
	2	Agreed	Due diligence documentation and evidence was not easily accessible.	We recommend that all information relevant to the decision that has been made is stored in one place to enable an effective audit trail.
	2	Complete (Client Self Assessment P1 & P2 - Evidence Required)	Inactivity by the Council has contributed to the need for an urgent decision. An urgent decision bypassed the normal decision process.	We recommend that the council needs to closely monitor the position pending decisions to ensure that they don't become urgent, and to consider implementing an escalation process for decisions.

Tudalen 210

				2	Agreed	Inactivity by the Council has contributed to the need for an urgent decision. An urgent decision bypassed the normal decision process.	Whilst the Council followed its constitutional rules, the principle of good scrutiny should be adopted wherever possible on urgent decision. We recommend that for any future urgent decisions that the Council involves scrutiny at the earliest possible time
				1	Agreed	The delegated decision report did not contain enough information to adequately support the decision.	We recommend that all delegated decision reports should contain adequate information to support the decision. This is an even greater priority in the case of urgent decisions.
				2	Agreed	The decision to award the payment was not clearly linked to an approved Council policy.	We recommend that all future reports for decision should specify a relevant policy/standard (where appropriate) and the rationale for the decision made.
				1	Agreed	The Council did not adequately consider the risks and effects that approving this decision would have on other similar situations.	We recommend that impact assessments should be undertaken where decisions have the potential to impact other organisations or similar situations.

Tudalen 211

				2	Agreed	The Council did not formally provide the Audit committee with sufficient information to scrutinise the decision. There were no formal records showing which documents had been shared with the audit committee.	We recommend that formal reports should be provided to scrutiny committees to allow affective challenge.
				2	Agreed	There is no evidence from the minutes of the Audit Committee meeting of 12 September that the Committee were satisfied with the decision to make the final payment.	We recommend that the decision-making process is adequately recorded and that the pathway to agreeing the decision is understood and formalized prior to making the decision itself.
				2	Complete (Client Self Assessment P1 & P2 - Evidence Required)	The delegated decision report required an internal review of the decision to be undertaken by Council Officers by the 31st March 2019, no evidence could be found of this.	We recommend that the Authority fulfills the requirement as stated on the delegated decision report to review the decision.

Tudalen 212

					2	Agreed	There is insufficient evidence to conclude that the capital payment conforms with the definition in Local Authority guidance.	We recommend that all capital payments should be in accordance with the rules on capital accounting and that sufficient information is held to support compliance.
*Education and skills	Brecon High School 19/20	December 2019	Partial	9	2	Agreed	Lack of clear segregation of duties when purchasing items.	We recommend that the school ensures that there is segregation of duties within the purchasing process used within the school.
					2	Agreed	No updated Business Continuity Plan in place	We recommend that a Business Continuity Plan is put in place to reflect the new school building, approved by the Governing Body and is tested regularly.
					1	Agreed	Lack of records for testing fire equipment and undertaking fire drills.	We recommend that records of tests are maintained and stored, if this was available electronically it would be more accessible to a wider audience.
					3	Agreed	Only ICT equipment has been included within the asset register	We recommend that the schools considers including other equipment within the school on their asset register not simply the ICT equipment.
					1	Agreed	A deficit budget has been set for the current year	We recommend that budgets are set in line with the Powys Scheme for Financing Schools 20-21. It states that "The budget submitted must not show a cumulative deficit balance in the current budget year". This will then be licenced by the Head of Finance.

Tudalen 213

					2	Agreed	Business Continuity Plans are held remotely for access in the event of a major incident.	We recommend that copies of the Business Continuity Plans are held remotely for access by staff in the event of a major incident. This could be a printed and/or electronic copy.
					2	Agreed	Lack on income records	We recommend that accurate records are kept, this is essential if the school plans to increase their lettings income.
					3	Agreed	Lack of records for the disposal/ sale of ICT equipment.	We recommend that all disposals or sales are recorded against the items in the registers.
					2	Agreed	Income records incomplete	We recommend that accurate records are kept, this is essential if the school plans to increase their lettings income.
					1	Agreed	Reduction of identified savings in the recovery plan.	We recommend that further savings be identified to reduce the increase in the current expenditure for 2019/20 in order to achieve the approved recovery plan and it's effect on the budget..
*Education and skills	Welshpool High School	December 2019	Partial	8	2	Agreed	Not all PAT testing has taken place	We recommend that all electrical equipment is tested annually to ensure its compliance with relevant regulations. This should then be managed to ensure compliance is maintained.
					3	Agreed	There are no formal procedures in place to provide cover for when the Registration Officer is absent from the school	We recommend that formal procedures are documented and implemented to cover the duties of the Registration Officer when they are absent from the school.

Tudalen 214

				2	Agreed	Receipts are not issued for income received	We recommend that receipts are issued upon acceptance of cash or cheques from teachers, pupils or their guardians.
				3	Agreed	The school inventory contains items that do not meet the criteria to be recorded, there is no evidence of an annual check of the inventory taking place.	We recommend that the inventory is reviewed to ensure that only valid items are recorded, and then reviewed on an annual basis.
				3	Agreed	No debt recovery procedures exist at the school. With the school not using EFinancials they are required to complete their own debt recovery.	We recommend that a debt recovery policy is created and reviewed on a regular basis going forward.
				3	Agreed	Software licenses are not formally reconciled, facilities exist to monitor Apple and Microsoft products but nothing is in place for other adhoc pieces of software.	We recommend that software licensing reconciliations take place on an annual basis, and are recorded accordingly.
				1	Agreed	Monthly figures presented to the Finance Section are not signed off by the Headteacher as a true and accurate reflection of the accounts.	We recommend that the Headteacher formally approves the monthly accounts before they are presented to the Finance Section for reconciliation.

Tudalen 215

					1		The school is operating with an unlicensed budget and growing annual deficit	We recommend that the schools complies with the regulations stipulated in the Scheme of Financing for Schools and produce a balanced budget and recovery plan.
*Finance	Cash Handling	January 2020	Reasonable	6	2	Agreed	Not all Customer Service Contact Centres hold appropriate policies and procedures.	We recommended that all staff are issued with appropriate polices and procedures. The service area also need to comply with section 6 of the policy that establishments/service areas should set down their own written procedures for cash collection.
					2	Agreed	There is no evidence that risk assessments have been carried out and documented at the Gwalia.	We recommended that risk assessments are carried out and documented for the Library at the Gwalia.
					2	Agreed	Newtown Library do not have in place personal/panic alarms in place.	We recommended that the Libraries consider putting in place safety and security measurers to ensure that the Authority has taken appropraite steps for a duty of care for all staff working on the Library.

Tudalen 216

					2	Agreed	Not all income is received as and when received.	We recommend that: all staff involved in income collection in Welshpool area need to ensure that all income is received as and when received. Income should also not be accepted without it being checked in the presence of the person presenting it. It is also recommended that there are appropriate records in place when receiving income from other officers to ensure that there is a complete audit trail and that the income reconciles.
					3	Agreed	Vending machine income is only received half yearly.	It is recommended that the officer emptying the vending machine is asked to complete on a monthly basis.
					3	Agreed	The float held at Neuadd Maldwyn is no longer used and therefore the monies should be repaid and the account closed.	It is recommended that the Team Leader at Neuadd Maldwyn needs to repay the cash float back to the Authority and close the account.
*Education and skills	Hafren Primary School	January 2020	Reasonable	7	2	Agreed	Outstanding declaration of business interests of the governing Body.	The school needs to ensure that all declaration are completed regardless if they attend the first meeting of the year or not.
					2	Agreed	Bankings are being completed every two months.	The school need to comply with Financial regulations and bank on a weekly basis to ensure that limited cash is retained on site at any one time.

Tudalen 217

				1	Agreed	There is no inventory record maintained at the school.	The school needs to ensure that an appropriate inventory record is maintained at the school and checked, signed and dated annually.
				2	Agreed	There is a lack of an audit trail if there is no internal controls for ordering without the purchase card.	The school needs to ensure that there is a full audit trail for all goods and services purchased.
				1	Agreed	The school funds have not been audited for the last three years	The school is not complying with the scheme of finance for schools with not having the school fund accounts audited within six months of the year end. The accounts have not been reported to the Governing Body, Central Finance or Parents with no year end account being produced.
				2	Agreed	School doe not have the certificate following the service of the boiler.	The school needs to obtain a copy of the service record for the school boiler to ensure that there are no advisory items that may need attention.
				2	Agreed	Not all invoices are VAT compliant	The school needs to ensure that all invoices include details of Powys County Council to ensure they are VAT compliant. Failure to obtain the correct invoices will result in the school being recharged the VAT element.

Tudalen 218

*Finance	Treasury Management	January 2020	Reasonable	4	3	Agreed	CIPFA Treasury Management in the Public Sector: Code of Practice Statement, Treasury Management Policy Statement, Practice Statement & Schedules are not up to date.	We recommend that the CIPFA Treasury Management in the Public Services: Code of Practice – Statement, Treasury Management Policy Statement, Practice Statements and Schedules should be formally reviewed and reissued.
					3	Agreed	No ethical investment policy in place.	We recommend consideration be given to the introduction of an ethical investment policy.
					2	Agreed	HSBS CHAPS transfer documentation not fully authorised	We recommend that the HSBC Priority Payment & CHAPS Payment print outs are always signed in accordance with approved procedures
					2	Agreed	All transactions are not recorded in the Temporary Borrowing spreadsheet	We recommend that steps are taken to ensure the Temporary Borrowing and Temporary Lending Register spreadsheets are an accurate, up to date record of all transactions.
*Finance	NNDR	February 2020	Reasonable	7	3	Agreed	Leaver process is not robust.	We recommend that the Income and Awards Manager requests that the System Administrator for iWorld is added to the corporate leaver notification list.
					3	Agreed	Two user accounts were inappropriate.	We recommend that the Income and Awards Manager seeks resolution in relation to the two accounts identified. A process for reviewing system user access at an agreed interval should be implemented and assigned to an appropriate member of staff.

Tudalen 219

				2	Agreed	No schedule for review of reliefs and exemptions.	We recommend that the Income and Awards Manager implements a schedule for review of reliefs and exemptions. It is suggested that this is done using a risk-based approach and that owners are assigned to the ongoing management and monitoring of the schedule. Review and end dates could be used in the system as a method for monitoring ongoing award.
				3	Agreed	The relief policy requires update.	We recommend that the Income and Awards Manager reviews and updates the discretionary relief policy to reflect current and govern current arrangements. This should be signed off by at the appropriate management and committee level thereafter.
				2	Agreed	Commencement and completion reports were not received for six months in 2019-20.	We recommend that the Income and Awards Manager ensures that a monthly process is introduced for receiving commencement and completion reports. Consideration should be given to automating this process to avoid missed schedules.
				3	Not agreed / Risk carried by client	There are no checks made on amendments to bills.	We recommend that the Income and Awards Manager implements a schedule for checking changes to NNDR accounts. It is suggested that a risk-based approach is adopted, for example targeting those changes where the bill balance is affected.

Tudalen 220

					3	Agreed	There is a lack of authorisation and audit trail regarding the process for reconciliation of the NNDR system to the General Ledger.	The monthly reconciliation between the iWorld system and the General Ledger is completed in a spreadsheet, using totals downloaded from both the NNDR system and the General Ledger. The totals used to populate the spreadsheet are not saved as source documents. There is no formal sign off of the reconciliation by the completing officer and no second officer used to authorise the process.
*Risk management and insurance	Risk Management	February 2020	Limited	10	1	Proposed	There are no service Level Risk Appetite Statements within the risk registers, nor within the Councils Risk Management Framework.	The risk appetite should dictate the level of risks that they are willing to accept. We recommend that the Council sets an overall risk appetite limit and includes this within the Risk Management Framework. This should be approved by the Cabinet.
					2	Proposed	There are no specific partnership risk registers on the JCAD system	We recommend that all partnership risk registers are included on the JCAD system, to allow for greater visibility on the potential risks to the Authority.
					3	Proposed	There are a large number of users on the JCAD system that have never accessed the risk registers	We recommend that the Authority reviews the users on the system to determine whether they still need access to the system, and whether they need training to use it.
					3	Proposed	Officers who had left the Authority still had access to the risk management system	We recommend that the users who can access the system are kept up to date, and any one who as left the Authority is removed from the system.

Tudalen 221

				2	Proposed	Lack of evidence to suggest that reviews of the risks and controls are taking place, and that these are being updated on the risk management system.	We recommend that the Authority reviews the current registers to determine if the scorings and tolerances given to risk are appropriate and ensure that future entries are challenged appropriately.
				1	Proposed	The information within the risk registers does not fully align with the definitions used within the Risk Management Framework. Auditors have concerns about the quality of the information within the risk registers.	We recommend that the Authority reviews its risk registers to ensure that the information within them aligns with the definitions within their framework.
				3	Proposed	The information within the risk registers does not fully align with the definitions used within the Risk Management Framework. Auditors have concerns about the quality of the information within the risk registers.	We recommend that the Authority provides Services with more guidance and training to ensure that officers have a good understanding of risk management. It is also recommended that the Authority provides the services with information to determine what controls they would consider as an adequate mitigation measure

Tudalen 222

					2	Proposed	Lack of evidence to suggest that reviews of the risks and controls are taking place, and that these are being updated on the risk management system.	We recommend that regular reviews of the controls and action plans are undertaken and that these are recorded on the JCAD system.
					3	Proposed	There has been slow progress with providing training to Officers within the Authority, and a need for further training on both the JCAD system and risks management fundamentals.	We recommend that the Authority ensure that all those who are responsible for challenging, reviewing and identifying risks within their roles understand the risk management process and what is expected of them.
					3	Proposed	There has been slow progress with providing training to Officers within the Authority, and a need for further training on both the JCAD system and risks management fundamentals.	We recommend that the Authority looks into the reports from the JCAD system to see if these could be produced to help the Authority determine if services are keeping up with their reviews.
*Education and skills	Ysgol Bro Cynllaith	February 2020	Reasonable	8	2	Agreed	Governing Body Meetings/minutes	The Governing Body to agree and set an expenditure limit for the school fund account as with the delegated budget.
					2	Agreed	Governing Body Meetings/ Minutes	There is a requirement that prior to the Governing Body meetings that it is asked and recorded if there are any declarations of interests with regards to the agenda.

Tudalen 223

				3	Agreed	Bankings	The school needs to comply with Financial Regulations and bank monies on a regular basis.
				3	Agreed	Banking	It is recommend that the school considers only accepting payments through ParentPay to reduce the need to bank.
				2	Agreed	Official Order Book	The top copy of the official order should be issued to the suppliers to ensure that the appropriate goods ordered are received and that the supplier is aware of the Authority's terms and conditions. The control boxes also need to be completed to comply with the Authority's requirements.
				2	Agreed	School Funds	The school fund accounts need to be audited within six months and the accounts also need to include the stock value of school uniform.
				3	Agreed	School Fund	A copy of the audited accounts are required to be issued to the Governing Body, Parents and Central Finance.
				2	Agreed	Invoices	It is recommended that invoices are not processed without having the correct details. Invoices should be sent back to the supplier to amend and inform them that failure to comply results in the delay of payment.

*Housing	Housing Void Properties	June 2020	Limited	3	2	Proposed	Sudden unforeseen failure of a contractor.	We recommend that a documented Business Continuity Plan be produced for the occurrence of a sudden failure of a major contractor.
					3	Proposed	Delays in the initial inspection of void properties	We recommend that Housing Surveyors improve their completion of initial inspections to achieve the target of 100% completion on time.
					2	Proposed	Over-running works on void properties	We recommend that more work is carried out with HOWPS to ensure that void works are completed on target.
*Finance	Payroll	July 2020	Substantial	2	3	Proposed	Delays and errors are being made by staff responsible for inputting payroll information	We recommend that a reminder is made to staff responsible for inputting payroll information that accuracy and timeliness is important and would help prevent the errors occurring.
					3	Proposed	Details have not been input correctly	We recommend that staff inputting information on to the payroll system are reminded to ensure that the details are correct.
*Housing	Enable Grant Certification	September 2020	Certification	2	3	Agreed	Details within the Housing QL System	We recommend that full details of expenditure are recorded within the QL system from the corresponding invoice.
					2	Agreed	Additional Training within the Housing QL System	We recommend that additional training is given to those officers to ensure that the Housing QL system is fully completed with all relevant details of expenditure.

**CYNGOR SIR POWYS COUNTY COUNCIL.
CO-ORDINATING COMMITTEE
28 September 2020**

REPORT AUTHOR:	Scrutiny Manager and Head of Democratic Services
SUBJECT:	Governance and Audit Committee
REPORT FOR:	Decision

1. Local Government and Elections (Wales) Bill.

- 1.1 The Local Government and Elections (Wales) Bill ("The Bill") was introduced into the Senedd on 18 November 2019. The Bill is currently at Stage 2 consideration by Assembly Committees and a notice of proposed amendments by the Minister was tabled on 7th September, 2020. The draft timetable for the next stages of the Bill is that it is hoped that all the Committee Stages will be completed by the end of this calendar year, and subject to the passing of the Bill by the Senedd it will gain Royal Assent in the New Year.
- 1.2 The Bill proposes amendments to the role and function of the Audit Committee which would become the "Governance and Audit Committee" if the legislation is passed. Set out in Appendix 1 are the current provisions relating to the Audit Committee as determined by the Local Government Measure 2011 together with the amendments proposed by the draft Bill.
- 1.3 None of the amendments proposed by the Minister on 7th September relate to the Sections of the Bill regarding the Governance and Audit Committee. There are a number of new functions proposed for the Governance and Audit Committee relating to the Council's ability to deal with complaints effectively, performance reporting, self assessments and responding to Auditor general's reports - **See Appendix 1.**
- 1.4 The Chair of the Economy, Residents Communities and Governance Scrutiny Committee has asked whether maladministration complaints to the Ombudsman regarding the Council should be considered by his committee. In addition, it is understood that the Head of Transformation and Communications is developing a new corporate dashboard.
- 1.5 It is therefore timely that the Co-ordinating Committee considers the future role of the Audit Committee, taking into account the new functions as well as considering whether there are other performance reports which should also be falling within the remit of this committee such as Ombudsman's maladministration complaints. The Committee is also asked to consider whether changes to the remit of the Audit Committee should be introduced in advance of the legislation coming into force, i.e. from January 2021.
- 1.6 It is important to note that Ombudsman's complaints in this context relate to complaints against the Council for failure or delays in providing a service or maladministration, rather than complaints against Councillors which have a separate legal process and are specifically within the remit of the Council's

Standards Committee. Any report to Audit or elsewhere would be a generic report on the Council's complaints handling process overall rather than detailed information about individual complaints. Members are also reminded that there is a separate complaints process for Social Care.

- 1.7 The current and suggested future reporting regimes for various performance reports are as follows:

Item	Current Reporting Body	Proposed Reporting Body
Maladministration Complaints (Including Ombudsman complaints but excluding Social Care and Code of Conduct complaints)	EMT / SLT / Corporate Information Governance Group	EMT / SLT / Governance and Audit Committee
FOIs	EMT / SLT / Corporate Information Governance Group	EMT / SLT / Governance and Audit Committee
Staff Attendance	EMT / SLT / Employment Committee	EMT / SLT / Employment Committee
Appraisals	EMT / SLT / referred to at Employment Committee	EMT / SLT / formal report to Employment Committee
Mandatory Training	Referred to at employment Committee Corporate Health and Safety Forum / Corporate Safeguarding Committee	EMT / SLT / formal report to Employment Committee
Quarterly Performance	EMT / SLT / Cabinet and Scrutiny Committees	EMT / SLT / Cabinet and Scrutiny Committees
Annual Performance Report	Cabinet and Scrutiny Working Group	Cabinet and Governance and Audit Committee
Panel Performance Assessment (NEW)	N/A	Governance and Audit Committee
Auditor general's recommendations	Audit Committee	Governance and Audit Committee
Internal Auditor's Reports	Internal Audit Working Group	Governance and Audit Committee

- 1.8 It is also worthy of note that the inclusion of the term "Governance" in the title of the Audit Committee will not cause an overlap of roles with other committees that undertake a role in Governance. For example the Economy, Residents, Communities and Governance Scrutiny Committee has "Governance" in its title, but this role is specifically to scrutinise the central departments such as Legal, HR, Finance, Property etc. The Democratic Services Committee also has a governance role in terms of considering the Council's Constitution. It is clear from the Bill that none of these current functions will be affected by the changing role of the Audit Committee.

- 1.9 The Committee is asked to approve the reporting of performance reports as set out in Paragraph 1.7 above.

Relevant Policy (ies):			
Within Policy:	Y / N	Within Budget:	Y / N

Relevant Local Member(s):	
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Person(s) To Implement Decision:	Wyn Richards
Date By When Decision To Be Implemented:	2019

Contact Officer:	Wyn Richards, Scrutiny Manager and Head of Democratic Services.
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Email:	wyn.richards@powys.gov.uk

Background Papers used to prepare Report:

Mae'r dudalen hon wedi'i gadael yn wag yn fwriadol

1. Local Government and Elections (Wales) Bill.

Local Government Measure 2011	Local Government and Elections (Wales) Bill
AUDIT COMMITTEES	
<p>81 Local authorities to appoint audit committees</p> <p>(1) A local authority must appoint a committee (an “audit committee”) to—</p> <p>(a) review and scrutinise the authority's financial affairs,</p> <p>(b) make reports and recommendations in relation to the authority's financial affairs,</p> <p>(c) review and assess the risk management, internal control and corporate governance arrangements of the authority,</p> <p>(d) make reports and recommendations to the authority on the adequacy and effectiveness of those arrangements,</p> <p>(e) oversee the authority's internal and external audit arrangements, and</p> <p>(f) review the financial statements prepared by the authority.</p> <p>(2) A local authority may confer on its audit committee such other functions as the authority considers suitable to be exercised by such a committee.</p> <p>(3) It is for an audit committee to determine how to exercise its functions.</p>	<p>114 New name and functions of audit committees</p> <p>(1) Section 81 of the 2011 Measure (local authorities to appoint audit committees) is amended as follows.</p> <p>(2) In subsection (1), for “(an “audit committee”)” substitute “(a “governance and audit committee”)”.</p> <p>(3) In paragraph (c) of subsection (1), after “internal control” insert “, performance assessment”.</p> <p>(4) After paragraph (d) of subsection (1) insert— “(da) review and assess the authority’s ability to handle complaints effectively, (db) make reports and recommendations in relation to the authority’s ability to handle complaints effectively,”.</p> <p>(5) After subsection (1) insert— “(1A) See Chapter 1 of Part 6 of the Local Government and Elections (Wales) Act 2020 (performance and governance of principal councils) for further functions of governance and audit committees. (SEE BELOW)”</p> <p>(6) Schedule 9 makes consequential amendments.</p>
<p>82 Membership</p> <p>(1) A local authority is to appoint the members of its audit committee.</p>	<p>115 Membership of governance and audit committee</p> <p>(1) Section 82 of the 2011 Measure (membership) is amended as follows.</p>

<p>(2) A local authority must secure that—</p> <p>(a) at least two-thirds of the members of its audit committee are members of the authority;</p> <p>(b) at least one member of its audit committee is a lay member;</p> <p>(c) no more than one of the members of its audit committee is a member of the authority's executive;</p> <p>(d) the senior member of its executive is not a member of its audit committee.</p> <p>(3) Subsection (2)(c) does not require the membership of a local authority's audit committee to include a member of the authority's executive.</p> <p>(4) The appointment of a person as a member of an audit committee has no effect if the membership of the committee breaches subsection (2) immediately after the appointment (whether or not by virtue of the appointment).</p> <p>(5) In a case where one or more persons are to become, or to cease to be, members of an audit committee at a particular time, all those changes of membership are to be taken into account in determining whether the membership of the committee breaches subsection (2).</p> <p>(6) An act of an audit committee is invalid if the membership of the committee breaches subsection (2).</p>	<p>(2) In subsection (2)—</p> <p>(a) in paragraph (a) omit the words “at least”;</p> <p>(b) for paragraph (b) substitute— “(b) one-third of the members of that committee are lay persons;”.</p> <p>(3) After subsection (5) insert— “(5A) A governance and audit committee is to appoint—</p> <p>(a) a member of the committee as its chair (“the committee chair”), and</p> <p>(b) a member of the committee as the deputy to the committee chair (“the deputy chair”).</p> <p>(5B) The member appointed as the committee chair must be a lay person.</p> <p>(5C) The member appointed as the deputy chair must not be a member of the local authority’s executive or an assistant to its executive.”</p> <p>(4) Omit subsection (6).</p> <p>(5) In Schedule 9 to this Act (consequential amendments relating to governance and audit committees), omit paragraph 4(b)(ii) and (f).</p>
<p>83 Proceedings etc</p> <p>(1) An audit committee is to appoint the person who is to chair the committee (who may be a member of the authority</p>	<p>117 Proceedings etc.</p> <p>(1) Section 83 of the 2011 Measure (proceedings) is amended as follows.</p>

or a lay member but who must not be a member of an executive group).

(2) If there are no opposition groups, the person who is to chair the audit committee may be a member of an executive group but must not be a member of the local authority's executive.

(3) All members of an audit committee may vote on any question that falls to be decided by the committee.

(4) An audit committee of a local authority—
 (a) may require members and officers of the authority to attend before it to answer questions, and
 (b) may invite other persons to attend meetings of the committee.

(5) It is the duty of any member or officer of a local authority to comply with any requirement imposed under subsection (4)(a).

(6) A person is not obliged by subsection (5) to answer any question which the person would be entitled to refuse to answer in, or for the purposes of, proceedings in a court in England and Wales.

(7) An audit committee is to be treated as a committee of a principal council for the purposes of Part 5A of the Local Government Act 1972 (access to meetings and documents of certain authorities, committees and sub-committees).

(8) For the purposes of subsections (1) and (2), the expressions “executive group” and “opposition group” have the same meaning as in section 75.

(2) For subsections (1) and (2) substitute—

“(1) A meeting of a governance and audit committee is to be chaired—

(a) by the committee chair, or

(b) if the committee chair is absent, by the deputy chair.

(2) If both the committee chair and the deputy chair are absent the

committee may appoint a member of the committee who is not a member of the local authority's executive, or an assistant to its executive, to chair the meeting.”

(3) Omit subsection (8).

(4) In Schedule 6 to this Act (assistants to executives), omit paragraph 6(5).

(5) In Schedule 9 to this Act (consequential amendments relating to governance and audit committees), omit paragraph 5(a) and (b).

<p>84 Frequency of meetings</p> <p>(1) An audit committee must meet once in every calendar year.</p> <p>(2) The audit committee of a local authority must also meet if—</p> <p>(a) the local authority resolves that the committee should meet, or</p> <p>(b) at least one-third of the members of the committee requisition a meeting by one or more notices in writing given to the person who chairs the committee.</p> <p>(3) It is the duty of the person who chairs an audit committee to secure that meetings of the committee are held as required by subsections (1) and (2).</p> <p>(4) This section does not prevent an audit committee from meeting otherwise than as required by this section.</p>	
<p>85 Guidance</p> <p>(1) The Welsh Ministers may give guidance to local authorities—</p> <p>(a) about the functions of audit committees and the exercise of those functions, or</p> <p>(b) about the membership of audit committees.</p> <p>(2) A local authority and its audit committee must have regard to guidance given by the Welsh Ministers under subsection (1).</p>	

<p>86 Termination of membership on ceasing to be member of authority</p> <p>(1) This section applies to a person (P) who is— (a) appointed to be a member of an audit committee of a local authority, and (b) is a member of the authority at the time of that appointment.</p> <p>(2) If P ceases to be a member of the authority, P also ceases to be a member of the audit committee.</p> <p>(3) But subsection (2) does not apply if P— (a) ceases to be a member of the authority by reason of retirement, and (b) is re-elected a member of the authority not later than the day of retirement.</p> <p>(4) Subsection (3) is subject to the standing orders of the authority or the audit committee.</p>	
<p>87 Interpretation etc</p> <p>(1) Expressions used in this Chapter and in Part 2 of the Local Government Act 2000 (or in an instrument made under that Part of that Act) have the same meanings in this Chapter as in that Part of that Act (or in that instrument).</p> <p>(2) In this Chapter— “audit committee” (“pwyllgor archwilio”) has the meaning given in section 81; “lay member” (“aelod lleyg”) means a person who is not a member of a local authority; “senior member of a local authority” (“aelod hy^n awdurdod lleol”) means— (a) in the case of a local authority which operates a leader and cabinet executive (Wales), the executive leader;</p>	<p>116 Meaning of lay person</p> <p>In section 87 of the 2011 Measure (interpretation), in subsection (2) omit the definition of “lay member” and insert— ““lay person” (“lleygwr”) means a person who— (a) is not a member or an officer of any local authority, (b) has not at any time in the period of twelve months ending with the date of that person’s appointment been a member or an officer of any local authority, and (c) is not the spouse or civil partner of a member or an officer of any local authority;”.</p>

<p>(b) in the case of a local authority which operates a mayor and cabinet executive, the mayor.</p>	
<p>(3) In the application of this Chapter to a local authority which operates alternative arrangements— (a) a reference to the executive of the authority is a reference to the board of the authority, and (b) a reference to the senior member of the authority is a reference to the chair of the board of the authority.</p>	

Proposed new functions of the Governance and Audit Committee under Part 6 of the Draft Bill.

90 Duty of principal council to report on its performance

- (1) A principal council must, in respect of each financial year, make a report setting out its conclusions as to the extent to which it met the performance requirements during that financial year.
- (6) The council must make a draft of its self-assessment report available to its governance and audit committee.
- (7) The governance and audit committee must review the draft report and may make recommendations for changes to the conclusions, or to anything included by virtue of subsection (3), in the draft.
- (8) If the council does not make a change recommended by the governance and audit committee under subsection (7), the council must set out in the report the recommendation and the reasons why it did not make the change.
- (9) Before the end of the period of four weeks beginning with the day on which the council makes the report the council must—
- (a) publish the report,
 - (b) make the report available to the council's governance and audit committee, and
 - (c) send the report to—
 - (i) the Auditor General for Wales,
 - (ii) Her Majesty's Chief Inspector of Education and Training in Wales, and
 - (iii) the Welsh Ministers.

91 Duty of principal council to arrange panel performance assessment

- (1) A principal council must make arrangements so that, at least once during each electoral cycle, a panel appointed by the council assesses the extent to which the council is meeting the performance requirements.
- (6) As soon as reasonably practicable after receiving the report from the panel, the council must—
- (a) make the report available to the council's governance and audit committee, and
 - (b) publish the report.

92 Duty of principal council to respond to report of panel performance assessment

- (1) A principal council must prepare a response to each report made under section 91(4) in respect of the council.
- (3) The council must make a draft of the response available to its governance and audit committee.
- (4) The governance and audit committee must review the draft response and may make recommendations for changes to the statements made in the draft under subsection (2).
- (5) If the council does not make a change recommended by the governance and audit committee under subsection (4), the council must set out, in the response, the recommendation and the reasons why it did not make the change.

95 Duty of principal council to respond to Auditor General's recommendations

- (1) If a report made by the Auditor General under section 94(6) contains recommendations under section 94(6)(b) for action to be taken by a principal council, the council must prepare a response to the recommendations.
- (3) The council must make a draft of the response available to its governance and audit committee.
- (4) The governance and audit committee must review the draft response and may make recommendations for changes to the statement made in the draft under subsection (2).
- (5) If the council does not make a change recommended by the governance and audit committee under subsection (4), the council must set out, in the response, the recommendation and the reasons why it did not make the change.

Explanatory Memorandum.

Governance and Audit Committees

3.175 The White Paper 'Power to Local People' made a number of proposals for strengthening the internal governance and accountability arrangements in principal councils as a consequence of removing councils from the improvement regime in Part 1 of the 2009 Measure. A key proposal was to clarify and strengthen the role of principal council audit committees, given the proposal to increase their functions significantly.

3.176 Provisions in the Bill amend the 2011 Measure to change the name of the audit committee to the governance and audit committee to reflect this broader role; set out the new functions of the committee and amend the rules relating to the membership and proceedings of the committee.

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Internal Audit Working Group

Summary report for Audit Committee – 19 November 2020

The Internal Audit Working Group met on 10 November 2020 and considered SWAP reports on Welshpool High School and Employee Development.

Welshpool High School

The Head Teacher and Chair of the Governing Body joined the Group for discussion.

A Partial Opinion had been given following the Audit with one Priority 1, two Priority 2 and five Priority 3 recommendations made. The audit had taken place in December 2019 and was published in May 2020.

The key issue had been the lack of effective budgetary control with an unlicensed deficit accumulating and no clear pathway to bring the deficit back within acceptable tolerances. There was a lack of evidence around PAT testing and fire alarm testing.

A new financial plan was in place with the current year expecting to generate a surplus. A smaller surplus was likely in 2021/22 but further deficits were anticipated in future years. However, this was currently being dealt with. Whilst improvements were being made and further efficiencies sought, the Head Teacher was of the opinion the current system was unsustainable and that transformation of education was essential.

An improved relationship between Finance and schools in general was recognised.

The actions identified were being addressed. Records would be forwarded to SWAP for the period in question to provide assurance that appropriate testing had been undertaken.

All recommendations from audits were monitored. A two year visiting programme was in place for high schools and it was likely that Welshpool High School would be revisited in the next six to twelve months.

Employee Development

The Head of Workforce and Organisational Development and the Manager, Organisational Design and Development joined the meeting.

A Limited Opinion had been given with one Priority 1, four Priority 2 and two Priority 3 recommendations made. The audit was published in September 2020.

A key finding of the audit was that there was no Learning and Development Policy in place – however, one was in development and a pathway for recovery was evident. The Training Programme had been based on an historic plan and did not meet the needs of the Council. Records were not effective in relation to training that had been delivered and there was no evaluation process in place to determine success. Staff appraisals were not being completed or the information was not being collated.

The Training and Development Team had been depleted but, since the Head of Workforce and Organisational Development had been appointed, this team has been rebuilt to consider the Workforce Futures Plan, Corporate Resourcing Plan and Training Development. The findings of the Audit had not identified anything that the service was not already aware of.

A Learning and Development Plan has been finalised and is awaiting sign off by the Employment Committee. Staff appraisals had been substantially completed by the end of September 2020. Each service has a training needs analysis and information will be collated to determine future training needs. Workforce Planning is being undertaken with individual service areas to assess key roles and identify risks that could damage delivery of a service. This should also form part of the Integrated Business Planning Process.

It was acknowledged that evaluation of training could be better. A new Project support Officer has been appointed and will build evaluation into the Trent system. This should be in place by the time regular training resumes.

A Corporate Induction Programme should have been launched on 1 April 2020 but the pandemic intervened. Digital delivery is being developed and this will be launched in January 2021.

Service areas also delivered their own training and these records should be updated corporately.

The recommendations would be monitored over the next six months and Group would be advised of compliance.

Internal Audit Working Group members present: County Councillors J G Morris, Chair, W D Powell and R G Thomas and Mr J Brautigam.

Officers present: Ian Halstead and Kevin Price, SWAP, Jane Thomas, Head of Finance and Clive Pinney, Head of Legal and Democratic Services