



# Powys County Council

Agile Internal Audit Plan

Quarters 1 & 2 2021-22

Governance & Audit Committee

30<sup>th</sup> July 2021

# The Internal Audit Plan: Summary

## Introduction and Purpose of the Internal Audit Plan

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

**The internal audit plan represents a summary of the proposed audit coverage that the internal audit team will deliver throughout Quarter 1 & 2 of the 2021/22 financial year.**

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

Over the past year, as a result of the COVID pandemic, SWAP, like Powys County council, has had to adapt, re-prioritise, and shift focus. Whilst 2020/21 was an exceptional year, it has demonstrated the need for a fully flexible and responsive approach to audit planning. Although 2021/22 is likely to offer more stability in operations, we are looking to build on our new planning approach, ensuring that we are supporting the Council by collaboratively aligning our work to its aims, objectives and key risks. This should ensure that we are auditing the right things, at the right time; enabling us to provide insight and value when and where it is required.

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

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

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

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

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

# The Internal Audit Plan: Approach

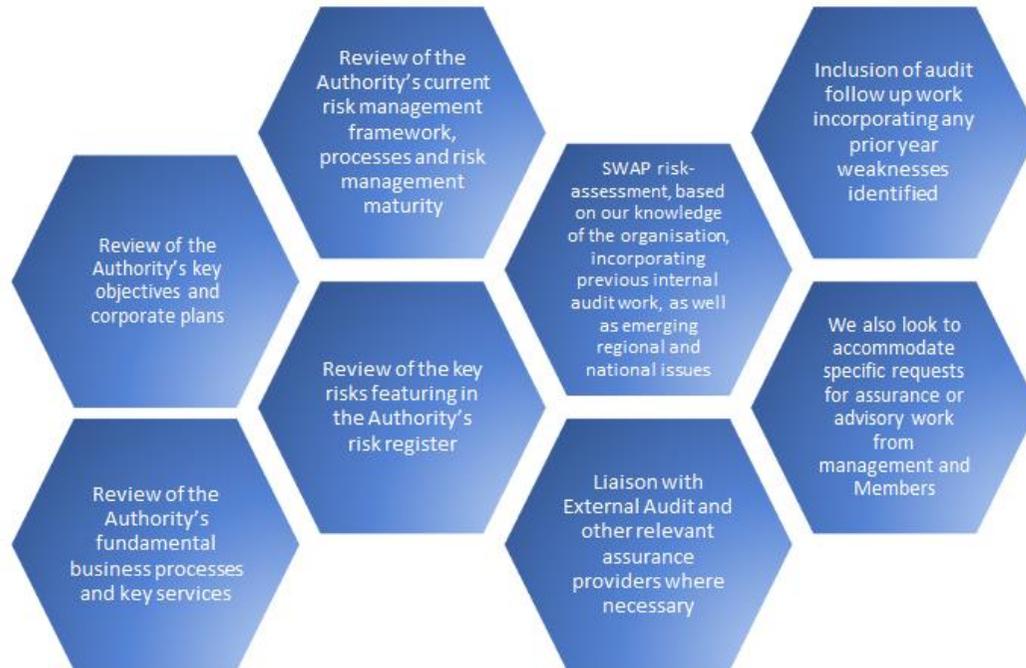
To develop an appropriate risk-based audit plan, SWAP have consulted with senior management, as well as reviewing key documentation, to obtain an understanding of the organisation's strategies, key business objectives, associated risks, and risk management processes.

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

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

## Approach to Internal Audit Planning 2020/21

The factors considered in putting together the 2021/22 internal audit plan have been set out below:



We will regularly re-visit and adjust our programme of audit work to ensure that it matches the changing risk profile of the organisation's operations, systems and controls. Our 2021/22 audit plan is determined quarterly in order that the plan can remain agile to respond to new and emerging risks as and when they are identified.

# The Internal Audit Plan: Risk Assessment

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

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



## Internal Audit Risk Assessment

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

## The Internal Audit Plan: Coverage

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

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

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



### Internal Audit Coverage in 2021/22

Our approach to internal audit planning throughout 2021/22 will be a continuous risk assessment and rolling plan approach. The environment is subject to a high level of uncertainty and change so we will build our plan in conjunction with management as the year progresses.

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

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

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

# The Internal Audit Plan: Coverage

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

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

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



## Your Internal Audit Service

### Audit Resources

The current internal audit resources available represent a sufficient and appropriate mix of seniority and skill to be effectively deployed to deliver the planned work. The reduction in the audit budget for 2021/22 will reduce the breadth of coverage we are able to provide. Alternative sources of assurance should be sought/ identified where internal audit coverage of key risks has not been undertaken.

### External Quality Assurance

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors (IPPF) and the Public Sector Internal Audit Standards (PSIAS).

Every three years, SWAP is subject to an External Quality Assessment of Internal Audit Activity. The last of these was carried out in February 2020 which confirmed general conformance with the IPPF standards.

### Conflicts of Interest

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

### Consultancy Engagements

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

### Approach to Fraud

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

# Powys County Council Proposed Internal Audit Plan 2021/22

## APPENDIX A

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

Service	Quarter	Areas of Coverage	Audit Sponsor/ Senior Management Lead
Finance	1	<b>Creditor Payments - Control Risk Review</b>	Jane Thomas, Head of Finance
Finance	1	<b>Purchase Cards - Control Risk Review</b>	Jane Thomas, Head of Finance
Transformation	1	<b>Impact Assessments</b>	Emma Palmer, Head of Transformation
Adults	1	<b>Mental Capacity Act</b>	Michael Gray, Head of Adult Services Alison Bulman, Director of Social Care
Children	1	<b>Children Services- Budget Management</b>	Jane Thomas, Head of Finance Jan Cole, Head of Children Alison Bulman, Director of Social Care
Finance	1/2	<b>Covid Grant - Fraud risks (c/f)</b>	Jane Thomas, Head of Finance
Finance	1	<b>Supply Chain Fraud</b>	Jane Thomas, Head of Finance
Finance	1	<b>Fraud Risk Maturity-Baseline Assessment</b>	Jane Thomas, Head of Finance
Finance	1	<b>Debtors – Control Risk Review</b>	Jane Thomas, Head of Finance
Fraud	1/2	<b>National Fraud Initiative Co-ordinator</b>	Jane Thomas, Section 151 Officer
Schools	1	<b>Brecon High school – Follow up</b>	Caroline Turner, Chief Executive Lynette Lovell, Head of Schools
Schools	1/2	<b>Ysgol Calon Cymru</b>	Caroline Turner, Chief Executive Lynette Lovell, Head of Schools
Public Protection	1	<b>Grant Certification – Public Protection – Estate Agents Grant</b>	Nigel Brinn, Director of Economy, HTR and Digital Diane Reynolds, Head of Digital Services

Service	Quarter	Areas of Coverage and Brief Rationale	Audit Sponsor/ Senior Management Lead
Digital	1	<b>Digital Information Records Management</b>	Nigel Brinn, Director of HTR, Economy, Public Protection and Digital Diane Reynolds, Head of Digital Services
Schools	1/2	<b>Primary Schools – Control Risk Self-Assessment</b>	Caroline Turner, Chief Executive Lynette Lovell, Head of Schools
HTR	1/2	<b>Resurfacing Processes in Highways</b>	Nigel Brinn, Director of HTR, Economy, Public Protection and Digital Matt Perry, Head of HTR
Corporate	1/2	<b>Action Tracking / Follow-Up</b>	Caroline Turner, CEO
Schools	2	<b>Grant Certification -Schools (EIG and PDG Grant)</b>	Caroline Turner, Chief Executive Lynette Lovell, Head of Schools
Social Care	2	<b>WCCIS Contract Management</b>	Alison Bulman, Director of Social Care Michael Gray, Head of Adult Social Care Jan Cole, Head of Children Services
Social Care	2	<b>Continuing Health Care</b>	Alison Bulman, Director of Social Care Michael Gray, Head of Adult Social Care Jan Cole, Head of Children Services
Housing & Community	3	<b>Statutory Compliance – Housing (Deferred to Q3)</b>	Nigel Brinn, Director of Economy, Highways, and Public Protection Nina Davies, Head of Housing and Community
Housing & Community	2	<b>Grant Certification – Housing (Supporting People)</b>	Nigel Brinn, Director of Economy, HTR, Public Protection, Housing and Digital Nina Davies, Head of Housing and Community
Corporate	2	<b>Ordering Goods and Services</b>	Jane Thomas, Head of Finance
Finance	2	<b>Virement of Budgets</b>	Jane Thomas, Head of Finance

Finance	2	<b>Capital Programme</b>	Jane Thomas, Head of Finance
Corporate	2	<b>Contract Exemptions</b>	Jane Thomas, Head of Finance
Adults	2	<b>Contract Financial Resilience</b>	Dylan Owen, Head of Adult Transformation Alison Bulman, Director of Social Care
Digital	2	<b>ICT Risks Review</b>	Diane Reynolds, Head of Digital Nigel Brinn, Director of Economy, HTR, Digital & PP
Schools	2	<b>Funding Formula</b>	Lynette Lovell, Head of Schools
Schools	2	<b>Management/ Decision Making Information</b>	Lynette Lovell, Head of Schools
<b>Other Areas of Support</b>			
Support	1	<b>Audit Committee/ Working Group</b>	N/A
Support	1	<b>Audit Planning/ Performance reporting</b>	N/A
Support	1	<b>Liaison Groups (WAO/CWAG/ Aud Chairs)</b>	N/A
Support	1	<b>Audit Support ( AGS, SLT Attendance)</b>	N/A
Support	1	<b>Audit Support ( Service Heads Engagements)</b>	N/A

Note that a piece of work at Llandinam Primary School is ongoing that wasn't originally in the agree work plan

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