Powys County Council

Internal Audit Update Report 2021-22

End of Quarter 2

Internal Audit ▪ Risk ▪ Special Investigations ▪ Consultancy

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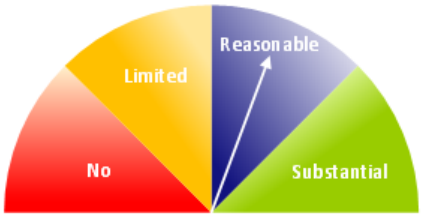
Internal Audit Update – 2021/22: 'At a Glance' Quarter 2

Rolling Opinion



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

The Headlines (July-August)

Two significant pieces of audit work (Y Gaer and Childrens Services- Budget Management) have been considered by the Audit Committee in Quarter 2 2021/22. These piece of work whilst service specific have much wider connotations with the wider delivery of capital projects and financial management.

The only Priority 1 recommendation for the period was surrounding business case development and governance arrangements for projects.

18 Completed reviews delivered as part of the 2021/22 Internal Audit Plan.
Includes 13 assurance reviews (including grant certifications), and 5 advisory pieces.

Internal Audit activity is supporting the Council in its duty to prevent and detect fraud by reviewing fraud in the supply chain, a fraud risk assessment and following up the outcomes of the national fraud initiative.

Improvements from the implementation of agreed actions (2021/22)
Action tracking is on-going, and the Council have access to the results of those activities on the data dashboard.
In general, the Council are implementing Internal Audit recommendations in accordance with plans.

Range of innovations and enhancements made to our internal audit process throughout the year
Data analytics continues to drive/support reviews; ongoing collaboration with risk/ fraud team supports assurance planning; comparative benchmarking exercises offer useful insight and suggested practices.

Internal Audit Assurance Opinions 2021/22

	YTD
Substantial	1
Reasonable/ Certified	11
Limited	1
No Assurance	0
Total	13

Internal Audit Agreed Actions 2021/22

	YTD
Priority 1	1
Priority 2	22
Priority 3	15
Total	38

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

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

The contacts at SWAP in connection with this report are:

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Rolling Opinion and Summary of Significant Risks

Introduction

This is the second quarterly update for the 2021/22 financial year and reports against the quarterly plans agreed by this Committee in April and July 2020. Our planning process involves quarterly reviews with senior managers to ensure internal audit activity remains appropriate in scope and timing with the opportunity for risk-based flex.

Rolling Opinion

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

- Completed reviews (for 2020/21) which evaluate risk exposures relating to the organisation's governance, operations, risk and information systems, reliability and integrity of information, efficiency and effectiveness of operations and programmes, safeguarding of assets and compliance with laws and regulations;
- Observations from consultancy/advisory support;
- Follow up of previous audit activity, including agreed actions;
- Notable changes to the organisation's strategy, objectives, processes or IT infrastructure; and
- Other assurances (1st and 2nd line) and from other providers, including third parties, regulators etc.

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

Significant Issues

In the last quarter, the Council provided action plans to address significant issues surrounding project management and financial management. It is essential that the Council move rapidly form a position of agreed guidance and process to a culture of embedded awareness, acceptance and delivery.

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

SWAP Internal Audit Plan Coverage

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

Risk Rank	Powys Risk Reference	Powys Risk Area	SWAP Risk Review	Coverage Level
1	ASC0064	Social Care Management systems	Housing- homeless and vulnerable, safeguarding, Adults -caseloads, workforce, partnerships, multiagency, Inspections Children – safeguarding, caseloads, LAC, foster care	
2	PPPP007	HOWPS Performance and Delivery	Contract, procurement, and partnerships- social value, insourcing, modern slavery, supplier resilience, nth Party risk, outsourcing risk	
3	WO0021	Workforce Planning. Recruitment and Retention	Workforce – covid, recruitment and selection, exit payments, talent management, training, sickness	
4	PCC0005	Impact of the Covid pandemic on the residents of Powys	Covid- Delivering Services	
5	FIN0001	Inability to Setting a balance Budget heightened by pandemic	Financial resilience- spending review, funding gaps, commercialisation, financial crime, Brexit	
6	PCC0002	Impact of Brexit	Change- Brexit, transformation, project failure, emergency planning	
7	ICT0010	GDPR and DPA Non-Compliance		
8	CS0081	Children Services Budget Management	Financial resilience- spending review, funding gaps, commercialisation, financial crime, Brexit	
9	ED0022	Schools Financial Management / Distribution formula	Educational Delivery – absence, asset management, budgets, workforce, transport,	

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

It should be noted that forms of assurance are given in the areas by other providers.

10	ICT0029	Cyber Security Threat	Information Management – Access, cyber security, business continuity, information governance, digitalisation, Comms, Mobile Devices	
11	PCC0003	Negative Inspection Reports		
12	COVID0058	Non delivery of PIAP due to Covid, Schools Transformation	Educational Delivery – absence, asset management, budgets, workforce, transport,	
13	HO0024	Statutory Compliance in Housing stock	Strategic asset management- land and property management Health, Safety and Wellbeing – homeworking, public spaces, building cladding, housing maintenance	
14			Governance- decision making and scrutiny, culture, ethics and regulatory compliance	
15			Planning-affordable Housing Local Economy -unemployment, decline of High Street, transport Environment – sustainability, climate change, carbon reduction, recycling	

	Good coverage complete
	Adequate coverage complete
	Coverage in progress or planned
	No coverage to date

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

Action tracking and Follow Up

to Detailed Summary

Powys County Council Insight Dashboard

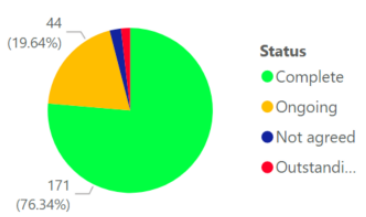
Drill down to Agreed Actions

Powys

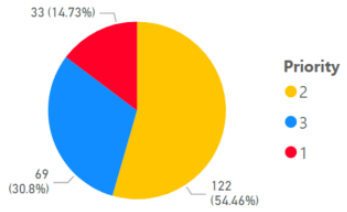
Agreed Actions made by Internal Audit

Total	Overdue	In Progress	Completed	Not Agreed
224	4	44	171	5
Agreed Actions	Agreed Actions	Agreed Actions	Agreed Actions	Agreed Actions

Total No of Agreed Actions by Status



Agreed Actions by Priority



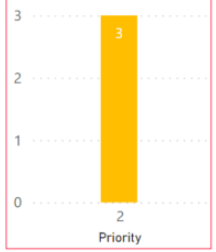
Priority 1&2 requiring immediate attention

Priority 1&2	Long Standing P1&2
3	3
Overdue Actions	Overdue Actions

Outstanding Agreed Actions by Directorate

Directorate/ Service	Overdue 60+ Days	Total
Democracy	2	2
Finance	1	1
Total	**3**	**3**

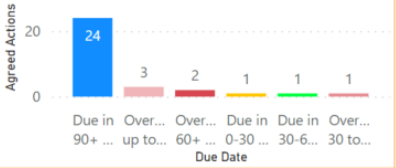
Outstanding Agreed Actions by Priority



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

Priority 1	Priority 2
2	30
In Progress	In Progress

Agreed Actions by Due Date



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

Priority 3	Priority 3
1	12
Overdue	In Progress

Specific follow up reviews are undertaken in areas where lower assurance assessments were assigned.

Management is implementing internal audit agreed actions.

Key Oustanding Issues

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

to Summary
to Overview
to Directorate

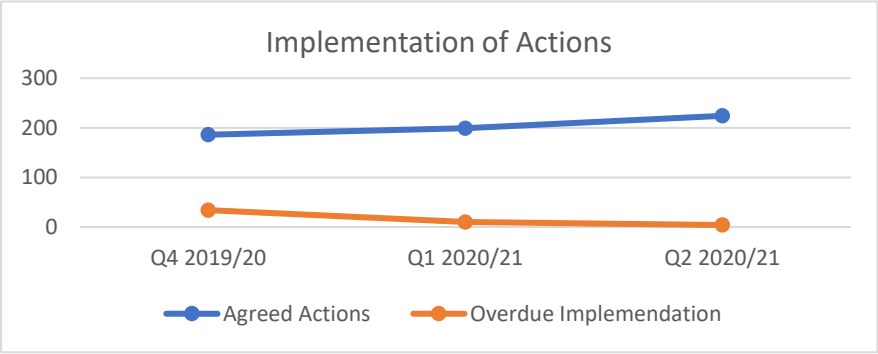
3
in Total

Drill Down

Directorate/ Service	Audit Name	Ref	Agreed Action	Priority	Responsible Officer	Implementation Date	Revised End Date	Implementation Days	Status
Finance	Debt Management	42315	We recommend that all debt is pursued in line with the Authorities approved guidance.	2	Dave Thomas	01 April 2020		551	Outstanding
Democracy	Conflict of Interest	43032	We recommend that all officers with influence should complete a declaration of interest form even if it is a nil return. Ideally, this should be done at the start of their employment.	2	Head of Legal & Democratic Services.	01 November 2020	31 March 2021	187	Outstanding
Democracy	Conflict of Interest	42928	We recommend that the Authority needs to ensure that all staff are made aware of their declaration responsibilities and methods to record any conflict of interests.	2	Head of Legal and Democratic Services.	01 December 2020	31 March 2021	187	Outstanding

Agreed Action Implementation

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



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Added Value

Added Value

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

Added Value 2021/22

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

Benchmarking

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

Visibility

- Audit Committee training and awareness – skills survey issued to support their annual effectiveness assessment

Reactive

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

Project

- Real-time project advice provided as required and lessons learned review in progress

Summary of Internal Audit Work 2021/22 Q2 and Agile Plan for Q3/4

Appendix A

Service Area	Audit Area	Status	Opinion	No of Actions	1 = Major	⟷	3 = Medium
					Action		
					1	2	3
Completed							
Transformation and Communication	Impact Assessment	Completed	Reasonable	2	x	1	1
Finance	Creditors (Control Risk Self-Assessment)	Completed	Substantial	0	x	x	x
Children	Mental Capacity Act	Completed	Reasonable	3	x	1	2
Schools	Brecon High School (Follow-up)	Completed	Reasonable	1	x	1	x
Finance	Purchase Cards (Control Risk Self-Assessment)	Completed	Reasonable	2	x	2	x
Housing & Community Development	Y Gaer (Lessons learned)	Completed	Limited	11	1	9	1
Finance	Supply Chain Fraud Risks	Completed	Reasonable	7	x	2	5
Children	Budget Management	Completed	Reasonable	9	x	6	3
Finance	Council Tax (Control Risk Self-Assessment)	Completed	Reasonable	1	x	x	1
Finance	Debtors (Control Risk Self-Assessment)	Completed	Reasonable	2	x	x	2
Finance	Growth Mid Wale 20/21s – Grant	Completed	Certified	x	x	x	x
Finance	Education Improvement Grant	Completed	Certified	x	x	x	x
Finance	Pupil Deprivation Grant	Completed	Certified	x	x	x	x

Service Area	Audit Area	Status	Opinion	No of Actions	1 = Major	⟷	3 = Medium
					Action		
					1	2	3
Finance	School Covid Claims on Barclaycard (April / May/ June)	Completed	Advisory	x	x	x	x
Finance	School Covid Claims on Barclaycard (July/ August/ September)	Completed	Advisory	x	x	x	x
Highways, Transport and Recycling	Interim Report on HTR Commissioning	Completed	Advisory	x	x	x	x
Finance	National Fraud Initiate Update Report	Completed	Advisory	x	x	x	x
Finance	National Fraud Initiate Administration (Quarter 1 & 2)	Completed	Advisory	x	x	x	x
Reporting							
Digital	Management of Digital Information Assets	Draft - with Client	Reasonable	4	x	1	3
Highways, Transport & Recycling	HTR Resurfacing – Commissioning	Draft – with Client	Reasonable	5	1	2	2
Highways, Transport & Recycling	HTR Resurfacing – Procurement	Draft					
Highways, Transport & Recycling	Highways - Flexi- time Payments	Draft	Reasonable				
Schools	Gladestry Primary School	Draft – with Client	Substantial	2	x	1	1
Schools	Llangattock Primary School	Draft – with Client	Reasonable	8	x	3	6
Schools	Ysgol Calon Cymru	Draft					
Schools	Forden Primary School	Draft					
Schools	Llangynidr Primary School	Draft					
Schools	Gymreg Dyffryn Y Glowyr Primary School	Draft					
Finance	Covid Fraud Risks Business Grants	Draft – with Client	Reasonable	5	x	2	3

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Service Area	Audit Area	Status	Opinion	No of Actions	1 = Major	⟷	3 = Medium
					Action		
					1	2	3
In Progress							
Finance	School Covid Claims on Barclaycard (Oct-Dec)	In Progress	Advisory	x	x	x	x
Adults & Children	Continuing Heath Care	In Progress					
Highways, Transport & Recycling	Highways - Overtime Payments	In Progress					
Highways, Transport & Recycling	Highways - Transport & Vehicles	In Progress					
Schools	Llandinam Primary School	In Progress					
Finance	Fraud Risk Assessment	In Progress					
Finance	National Fraud Initiate Administration	In Progress	Advisory				
Q3/4 Programme of work							
Housing & Community	Statutory Compliance Housing	Scoping					
Housing & Community	Supporting People Grant Certification	Scheduled					
Finance	School Covid Claims on Barclaycard (Dec- Jan)	Scheduled	Advisory	x	x	x	x
Finance	National Fraud Initiative Update Report November	Scheduled					
Finance	National Fraud Initiative Administration	In Progress	Advisory	x	x	x	x
Finance	Ordering Goods and Services	Scheduled					
Finance	Capital Program	Scheduled					
Finance	Contracts Exemptions	Scheduled					

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Service Area	Audit Area	Status	Opinion	No of Actions	1 = Major	⟷	3 = Medium
					Action		
					1	2	3
Finance	Virements & Budgets	Provisional					
Adults	Contracts - Financial Resilience	Scheduled					
Highways, Transport & Recycling	HTR Resurfacing – Delivery including Stock & Materials	Scheduled					
Highways, Transport & Recycling	HTR Resurfacing – Monitoring & Performance	Scheduled					
Schools	Primary School x 5	Scheduled					
Schools	Ysgol Maesydderwen	Scheduled					
ICT	Digital ICT Risk Review	Scheduled					
Corporate	Complaints	Provisional					
Corporate	Climate Change/ Carbon Reduction	Provisional					
Corporate	Action Tracking and Follow Up	Scheduled					

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