



<u>Committee and Date</u>	<u>Item</u>
Audit Committee	
30 November 2017	
1:30pm	<u>Public</u>

INTERNAL AUDIT PERFORMANCE AND REVISED ANNUAL AUDIT PLAN 2017/18

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1. Summary

This report provides members with an update of work undertaken by Internal Audit in the two and a half months since the last report in September. Fifty eight percent of the revised plan has been completed (**see Appendix A, Table 1**), which is slightly ahead of previous delivery records. The team is on target to achieve 90% delivery by the year end.

Three good, fourteen reasonable, sixteen limited and four unsatisfactory assurance opinions have been issued. The 37 final reports contained 409 recommendations, none of which were fundamental.

This report proposes minor revisions taking the overall audit plan from 2,044 days, as reported in September 2017, to 2,038 days. Changes to the planned activity reflect adjustments in both risks and resources. The changes have been discussed with, and agreed by, the Section 151 Officer.

Internal Audit continues to add value to the Council in the delivery of bespoke pieces of work including sharing best practice and providing advice on system developments.

2. Recommendations

The Committee are asked to consider and endorse, with appropriate comment;

- a) The performance to date against the 2017/18 Audit Plan set out in this report.
- b) The adjustments required to the 2017/18 plan to take account of changing priorities set out in **Appendix B**.
- c) The action it wishes to take in response to the limited and unsatisfactory areas reported and the residual control environment where a recommendation has been rejected, as detailed in the report.

REPORT

3. Risk assessment and opportunities appraisal

- 3.1 The delivery of a risk based Internal Audit Plan is essential to ensuring the probity and soundness of the Council's control, financial, risk management systems and governance procedures. Areas to be audited are identified following a risk assessment process which considers the Council's risk register information and involves discussions with managers concerning their key risks. These are refreshed throughout the period of the plan as the environment changes. In delivering the Plan, the adequacy of control environments is examined, evaluated and reported on independently and objectively by Internal Audit. This contributes to the proper, economic, efficient and effective use of resources. It provides assurances on the internal control systems, by identifying potential weaknesses and areas for improvement, and engaging with management to address these in respect of current systems and during system design. Without this, failure to maintain robust internal control, risk and governance procedures creates an environment where poor performance, fraud, irregularity and inefficiency can go undetected, leading to financial loss and reputational damage.
- 3.2 Provision of the Internal Audit Annual Plan satisfies the Accounts and Audit Regulations 2015, part 2, section 5(1) in relation to internal audit. These state that:
- 'A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.
- 3.3 'Proper practices' can be demonstrated through compliance with the Public Sector Internal Audit Standards (PSIAS).
- 3.4 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998 and there are no direct environmental, equalities or climate change consequences of this proposal.

4. Financial implications

- 4.1 The Internal Audit plan is delivered within approved budgets. The work of Internal Audit contributes to improving the efficiency, effectiveness and economic management of the wider Council and its associated budgets.

5. Background

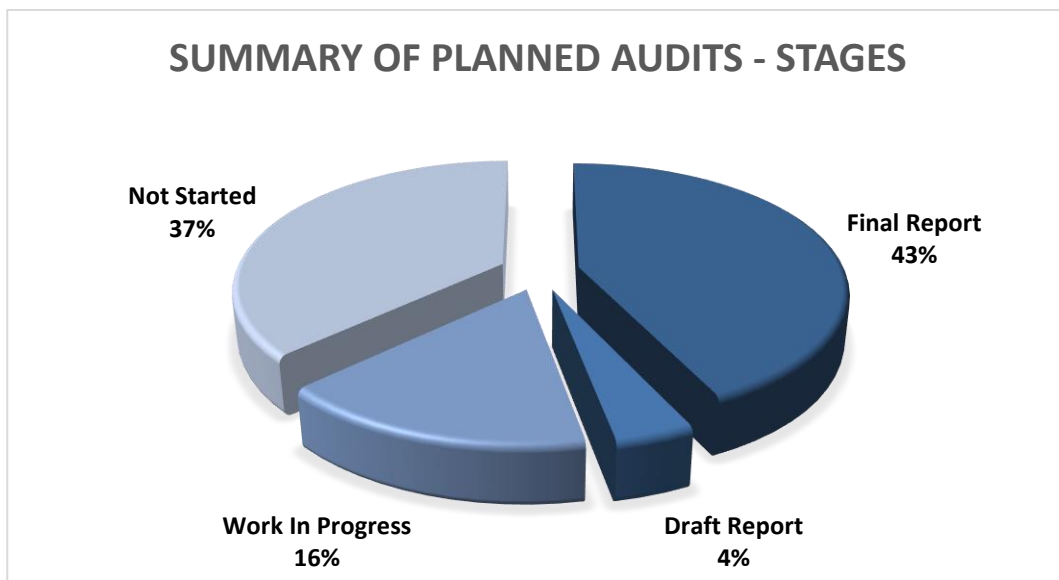
- 5.1 Management is responsible for the system of internal control and should set in place policies and procedures to help ensure that the system is functioning correctly. Internal Audit reviews, appraises and reports on the efficiency, effectiveness and economy of financial, governance, risk and other management controls. The Audit Committee is the governing body charged with monitoring progress on the work of Internal Audit.
- 5.2 The revised 2017/18 Internal Audit Plan was presented to, and approved by, members at the 7th September 2017 Audit Committee, with the caveat that further adjustments may be necessary. This report provides an update on progress made against the plan up to 31st October 2017 and includes minor revisions to the plan.

5.3 Part of the internal audit plan will be delivered by external providers.

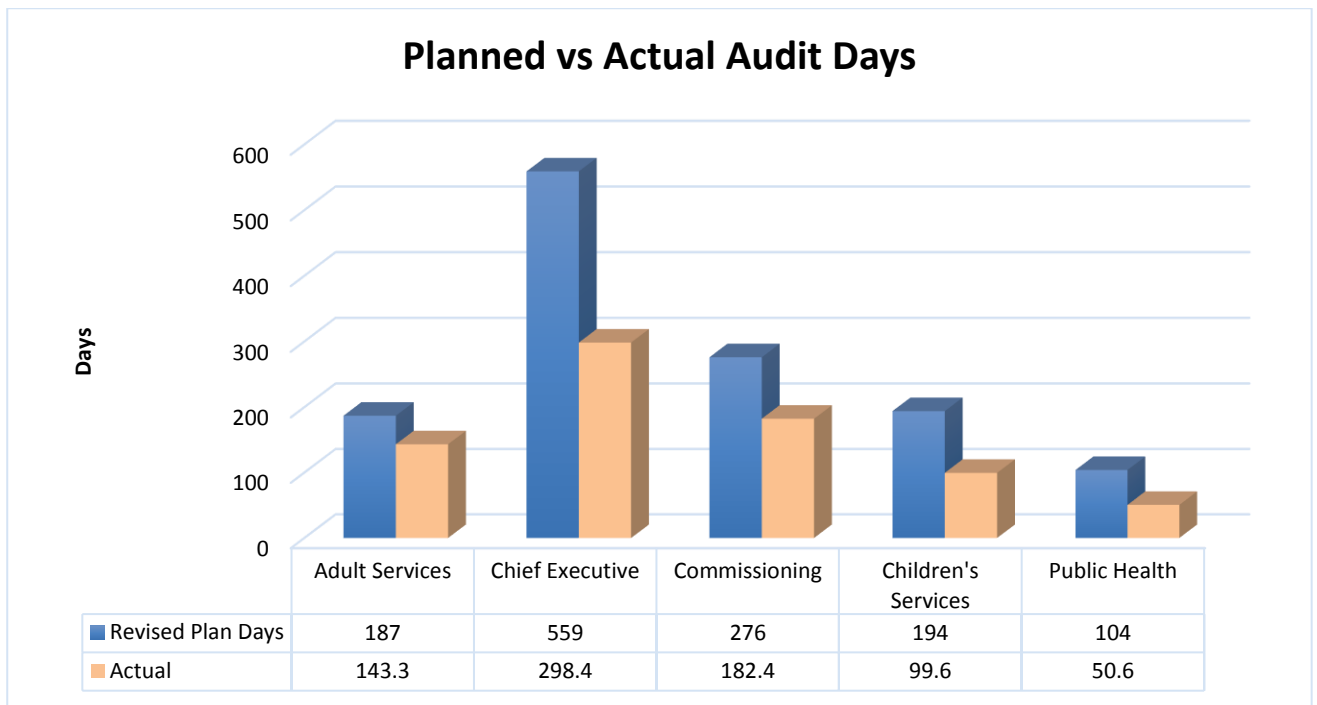
Performance against the plan 2017/18

5.4 Revisions to the 2017/18 plan provide for a total of 2,038 days following slight changes overall reflecting adjustments in risks and resources. In carrying out our audits we identified no unexpected restrictions to the scope of our work. Since the last report the team has an Auditor vacancy and will follow an internal recruitment exercise in the first instance. Minor changes between chargeable and non-chargeable work accounts for the slight decrease in days from 2,044 to 2,038 days. Performance to date is marginally higher than previous delivery records at 58% (53% 2016/17) and overall the team is on track to deliver a minimum of 90% of the annual plan by year end.

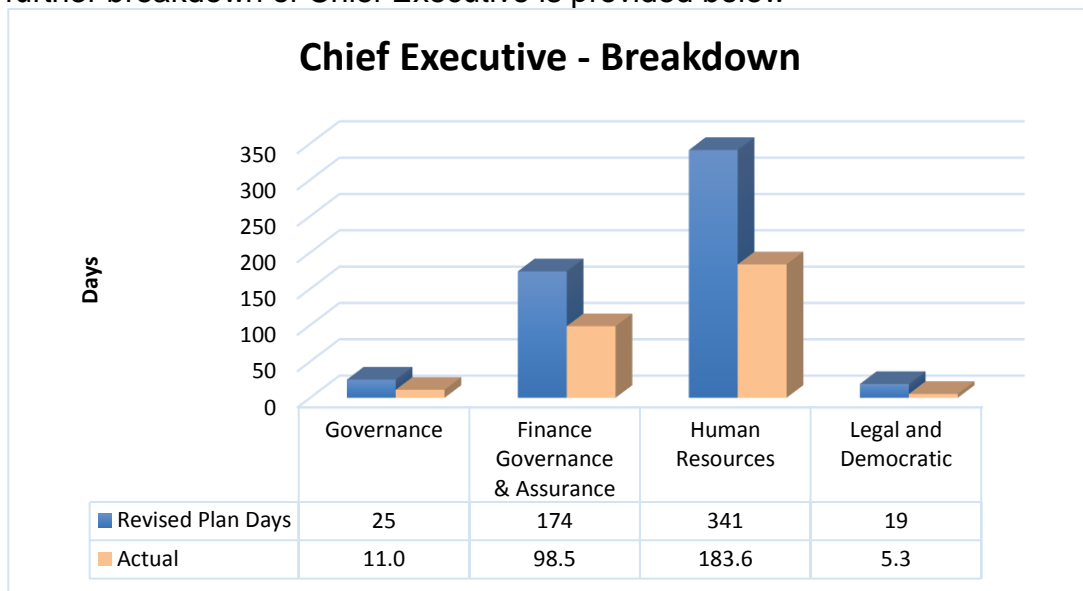
5.5 In total, 37 final reports have been issued in the period from 12th August 2017 to 31st October 2017. The following chart shows performance against the approved Internal Audit Plan for 2017/18 year to date, the first eight months:



Audits have been completed over a number of service areas as planned:



A further breakdown of Chief Executive is provided below

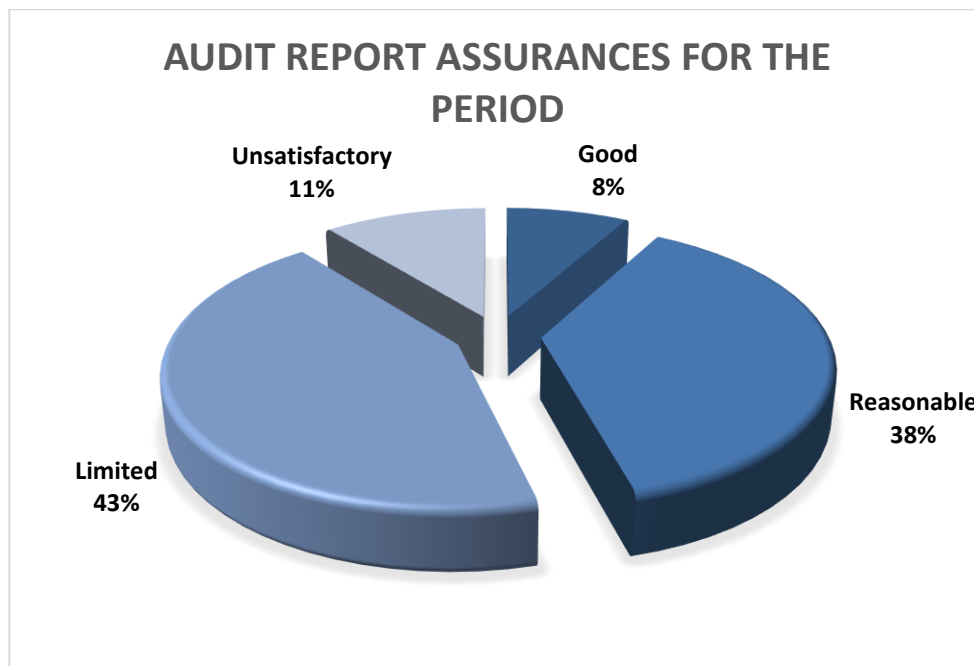


5.6 The following audits have been completed since the 12th August 2017:

- Private Sector Housing
- Electronic Homecare Monitoring (CM 2000)
- Enable
- The Meres Day Centre Closure
- Maesbury Metals Trading Account
- Building Control
- Highways Management System (CONFIRM)
- Highways Permits
- Much Wenlock Leisure Centre
- Libraries System (Galaxy)
- Transport Operations Group

- The Meadows Primary School
- Social Care system (CareFirst)
- Troubled Families Grant
- Debt Recovery
- Purchase Ledger
- Cash Office Regularity - Acton Scott Working Farm
- Cash Office Regularity - Shrewsbury Museum, Art Gallery and Visitor Information Centre
- Social Media
- Lone Working Arrangements
- Payroll - Self Service Facility
- Recruitment Arrangements
- Human Resources (ResourceLink) - Application Review
- Salary Sacrifice Schemes
- Redeployment Arrangements
- Parenting Assessment Manual (2016/17)
- Antivirus Controls
- Disposal of IT Equipment
- Hardware Replacement Programme
- IT Registration and Deregistration Procedures
- IT Helpdesk system (Landesk)
- IT Physical and Environmental Controls
- Print Unit Operations
- Remote Access, Citrix and Virtual Private Network
- Remote Servers
- Remote Support
- Transport Operations System (Tranman)

5.7 The assurance levels awarded to each completed audit area appear in the following graph:



5.8 The overall spread of recommendations agreed with management following each audit review appear in the attached graph:



- 5.9 Between the 12th August and 31st October 2017, 17 reports have been issued, providing good or reasonable assurances, accounting for 46% of the opinions delivered in the period. This is offset by 54% limited and unsatisfactory assurances for the period.
- 5.10 During this period, there is no strong pattern of areas attracting lower assurance levels. Details of the 16 limited and four unsatisfactory audits, along with the control objectives evaluated and not found to be in place, appear in a summary of the audit reviews in **Appendix A, Table 3**. The appendix also includes descriptions of the levels of assurance used in assessing the control environment and the classification of recommendations, **Tables 4 and 5** and provides a glossary of common terms, **Table 6**.

Audit Committee are asked to advise what action they wish to follow in relation to the limited and unsatisfactory areas reported?

- 5.11 Six draft reports, awaiting management responses, will be included in the next quarter results. Work has also been completed for external clients in addition to the drafting and auditing of financial statements in respect of an honorary fund and the certification of various grant claims.
- 5.12 A total of 409 recommendations have been made in the 37 final audit reports issued in the two and a half month period; these are broken down by audit area and appear in **Appendix A, Table 7**.
- 5.13 No fundamental recommendations have been identified during the period 12th August to 31st October 2017.
- 5.14 It is management's responsibility to ensure accepted audit recommendations are implemented within an agreed timescale. With the exception of annual audits, where

recommendations are revisited as a matter of course, progress on fundamental, significant and requires attention recommendations are followed up by seeking an update from management. Cases where fundamental and significant recommendations are not implemented in a timely manner are escalated to directors. Fundamental recommendations continuing not to be implemented after a revised date is agreed are reported to Audit Committee.

- 5.15 There are no issues in respect of the implementation of fundamental recommendations to be reported.
- 5.16 One recommendation has been rejected by management.

Audit Committee are asked to advise what action they wish to follow in relation to the residual control environment with the managers of these areas?

Lone Working

Recommendation - The new re-emphasis on ensuring that managers carry out their health and safety responsibilities as evidenced by the completion of the Team Health and Safety Checklist should be continued. This should include reporting on Risk Assessment completion by Managers to Senior Management, along with follow up to ensure that all are completed and appropriate escalation where such information is not returned.

Management Response – No. Self-Monitoring Checklist is one element of the Health and Safety Management System. Senior Managers are informed of health and safety performance via a number of routes which was evidenced by the following documents:

- Annual Health and Safety Performance Report
- Health and Safety Audit Reports at teams and premises and through reporting to the Health and Safety Working Group via the Audit Summary Report.

Audit comment - It is acknowledged that performance is reported via the reports detailed above. However, the service has acknowledged that due to resource limitations, they cannot physically audit everywhere and reintroduced the checklist which had previously lapsed. The checklist sent to managers will assist the Health and Safety Team in identifying areas of weakness where a health and safety audit will add the most value. The recommendation is rated as significant, as this checklist, if completed by all managers will provide important intelligence driven direction to the service and ensure the most effective use of limited resources.

- 5.17 The following demonstrates areas where Audit have added further value with unplanned, project or advisory work, not included in the original plan located at **Appendix A, Table 1.**
- Support continues to be provided to the Digital Transformation Project through the Assurance Group and the provision of ongoing advice as required. We have also scheduled in some interim staged audits, agreed with the Senior Responsible Officers, to advise of areas for improvement as the programme of work delivers.
 - The team has responded to a request for internal audit services from a local charity and are awaiting a formal response.
 - The Head of Audit has been participating in the Leadership Programme for senior managers.

- Tenders have been received and analysed in respect of the Staffordshire framework internal audit contract covering the next four years.
- Completion of a health and safety questionnaire by the service has improved information within the team and led to suggestions for improvement of the wider assessment process.
- Procurement card analysis has found a robust system in place and recommended reminders to staff to ensure the safety and security of cards.
- Audit reviewed the approach taken by the NNDR Team in respect of the allocation of the new discretionary relief scheme for 2017/18 and found it to be in line with the approved Cabinet proposals.

Direction of travel

- 5.18 This section compares the assurance levels (where given), and categorisation of recommendations made, to demonstrate the direction of travel in relation to the control environment.

Comparison of Assurance Levels (where given)

Assurances	Good	Reasonable	Limited	Unsatisfactory	Total
<i>2017/18 to date</i>	22%	42%	28%	8%	100%
2016/17	7%	45%	31%	17%	100%
2015/16	14%	35%	42%	9%	100%
2014/15	17%	47%	28%	8%	100%
2013/14	30%	45%	15%	10%	100%
2012/13	31%	56%	12%	1%	100%

Comparison of recommendation by categorisation

Categorisation	Best practice	Requires attention	Significant	Fundamental	Total
<i>2017/18 to date</i>	2%	56%	42%	0%	100%
2016/17	4%	50%	46%	0%	100%
2015/16	4%	54%	42%	0%	100%
2014/15	6%	53%	40%	1%	100%
2013/14	15%	57%	27%	1%	100%
2012/13	23%	57%	20%	0%	100%

- 5.19 The number of lower level assurances 36%, at this point in the year, is lower than the outturn for 2016/17 of 48%. **Appendix A, Table 3**, shows a full list of areas that have attracted limited and unsatisfactory assurances to date this year. This does not currently demonstrate any one area of concern and members are reminded that only a proportion of the plan has been completed to date and the main financial and governance areas are yet to be completed.

Performance measures

- 5.20 All Internal Audit work has been completed in accordance with the agreed plan and the outcomes of final reports have been reported to the Audit Committee.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Draft Internal Audit Risk Based Plan 2017/18 - Audit Committee 22nd February 2017
Public Sector Internal Audit Standards (PSIAS)
Audit Management system
Accounts and Audit Regulations 2015
Internal Audit Performance And Revised Annual Audit Plan 2017/18, September 2017

Cabinet Member (Portfolio Holder)

Peter Nutting, Leader of the Council and Peter Adams, Chairman of Audit Committee

Local Member: All

Appendices

Appendix A

Table 1: Summary of actual audit days delivered against plan 1st April 2017 to 31st October 2017
Table 2: Final audit report assurance opinions issued in the period 12th August 2017 to 31st October 2017
Table 3: Unsatisfactory and limited assurance opinions in the period 12th August 2017 to 31st October 2017
Table 4: Audit assurance opinions
Table 5: Audit recommendation categories
Table 6: Glossary of terms
Table 7: Audit recommendations made in the period 12th August 2017 to 31st October 2017
Appendix B - Audit plan by service 1st April 2017 to 31st October 2017

APPENDIX A

Table 1: Summary of actual audit days delivered and revisions to the audit plan in the period 1st April 2017 to 31st October 2017

	Original Plan	Revised Plan	31 October 2017 Actual	% of Original Complete	% of Revised Complete
Chief Executive	552	559	298.4	54%	53%
Commercial Services	0	0	0	0	0
Finance, Governance and Assurance	204	174	98.5	48%	57%
Governance	18	25	11	61%	44%
Human Resources	309	341	183.6	59%	54%
Legal and Democratic	21	19	5.3	25%	28%
Adult Services	156	187	143.3	92%	77%
Commissioning	257	276	182.4	71%	66%
Children's Services	185	194	99.6	54%	51%
Public Health	110	104	50.6	46%	49%
S151 Planned Audit	1,260	1,320	774.3	61%	59%
Contingencies and other chargeable work	563	482	302.0	54%	63%
Total S151 Audit	1,823	1,802	1,076.3	59%	60%
External Clients	223	236	102.9	46%	44%
Total	2,046	2,038	1,179.2	58%	58%

Please note that a full breakdown of days by service area is shown at **Appendix B**

Table 2: Final audit report assurance opinions issued in the period from 12th August 2017 to 31st October 2017

Service area	Good	Reasonable	Limited	Unsatisfactory	Total
Chief Executive	0	11	11	1	23
Commercial Services	0	0	0	0	0
Finance, Governance and Assurance	0	2	1	1	4
Governance	0	0	0	0	0
Human Resources	0	8	9	0	17
Legal and Democratic	0	0	0	0	0
Adult Services	1	2	1	1	5
Commissioning	0	1	4	2	7
Children's Services	2	0	1	0	3
Children's Services: Schools	0	0	1	0	1
Children's Services: Others	2	1	0	0	3
Public Health	0	0	0	0	0
Total for period	3	14	16	4	37

Service area	Good	Reasonable	Limited	Unsatisfactory	Total
➤ Numbers					
➤ Percentage	8%	38%	43%	11%	100%
<i>Percentage 2017/18 YTD</i>	<i>22%</i>	<i>42%</i>	<i>28%</i>	<i>8%</i>	<i>100%</i>
Percentage 2016/17	7%	45%	31%	17%	100%
Percentage 2015/16	14%	35%	42%	9%	100%
Percentage 2014/15	17%	47%	28%	8%	100%
Percentage 2013/14	30%	45%	15%	10%	100%
Percentage 2012/13	31%	56%	12%	1%	100%

Table 3: Unsatisfactory and limited assurance opinions issued in the period from 12th August 2017 to 31st October 2017 listed by service area¹

UNSATISFACTORY ASSURANCE

Chief Executive (Finance Governance and Assurance): Debt Recovery

1. There are adequate policies and procedures in place in respect of the recovery of debts.
2. There are effective debt recovery actions carried out in practice which are in accordance with the policies and procedures.
3. There is accurate and effective communication with relevant parties regarding debt recovery actions, the details of the outstanding debts and progress to collect the outstanding amounts.

Commissioning: Highways Permits

1. There are policies and procedures in place which are in accordance with the statutory advice.
2. There are controls and procedures to reduce the disruption caused by highways works.
3. The applications received for permits are approved and issued appropriately in accordance with procedures.
4. The fines and penalties are issued consistently and in accordance with procedures.
5. The income due from the issue of permits and fines is collected and recorded accurately and securely.
6. The service budget is monitored and fines and permits income is used in accordance with statutory requirements.
7. Personal data is processed in a secure and controlled manner in line with internal policy and legislation.
8. Overtime payments are appropriate, checked and authorised prior to payment.
9. There are appropriate procedures in place for the operation of Annualised hours within the Team.
10. There are appropriate procedures and processes in place in respect of recruitment within the Team.
11. There are appropriate performance management processes in place to monitor staff performance and development.

Commissioning: Transport Operations Group (TOG)

¹ Listed are the management controls that were reviewed and found not to be in place and/or operating satisfactorily and therefore positive assurance could not be provided for them.

1. There are procedures and policies available which provide advice and instruction with regard to the operation and administration of vehicles.
2. The Passenger Fleet operation provide and organise transportation, drivers and personal assistants for home to school and centre transport for entitled (SEN) pupils and adults respectively.
3. The vehicle fleet is subject to management to ensure that all vehicles are operated in accordance with legislation and are maintained to an acceptable standard.
4. Vehicle procurement and administration is suitably carried out in accordance with procedures and the Council Contract Rules.
5. The procurement and administration of the fuel supply is carried out in accordance with procedures and the Council Contract Rules.
6. The financial administration of the service including the monitoring of performance is carried out accurately and in accordance with procedures.

Adult Services: Maesbury Metals Trading Account

1. Previous audit recommendations have been implemented.
2. Income is identified and recorded in a permanent record.
3. Expenditure is appropriate and recorded in a permanent record.
4. Stocks held are appropriate, controlled and can be accounted for.
5. Accounts are prepared summarising the transactions for the year.
6. Analytical review of income and expenditure is performed to identify and investigate anomalies.

LIMITED ASSURANCE

Adult Services: CM2000 Electronic Homecare Monitoring – Application Review

1. To follow up the previous recommendations.
2. The application is secure.
3. Users have received the required training.
4. Data is accurately input and the authenticity of the data is verified.
5. There are continuity processes are in place to ensure system availability.
6. Management/Audit trails are in place.
7. Interfaces with the system are secure, efficient and effective.

Commissioning: CONFIRM: Highways Management System (*Follow up therefore limited scope*)

To ensure that the recommendations made in previous audits in relation to the following areas have been implemented as per the original management responses:

1. Ownership of system and system administration is appropriately defined, procedures exist for the authorisation and amendment of user accounts.
2. Access controls provide a secure environment for the operation and integrity of the application. Access permissions are in line with job roles and segregation of duties is maintained.
3. There are adequate resilience and fail over processes built into processing resources. Back-up and recovery arrangements for the application system are robust, secure and tested to meet the system owner's requirements for recovery time and recovery point objectives.
4. Audit Trail / Audit Logs are enabled and protected to ensure the traceability and accountability for system transactions.
5. Support arrangements are in place for both the application software and user's day to day fault resolution.

Commissioning: Much Wenlock Leisure Centre *(Follow up therefore limited scope)*

To ensure that the recommendations made in previous audits in relation to the following areas have been implemented as per the original management responses:

1. Purchases are appropriate, authorised, recorded correctly and comply with Financial Regulations and Contract Procedure Rules.
2. Payment is made to bona fide employees only for the work performed through the Payroll system.

Commissioning: Galaxy – Libraries System *(Follow up therefore limited scope)*

To ensure that the recommendations made in previous audits in relation to the following areas have been implemented as per the original management responses:

1. The system complies with all external legislation and policies
2. The application is secure
3. Clear procedures are in place for the authorisation of changes
4. Interfaces with the system are secure, efficient and effective

Commissioning: Tranman

1. The recommendations made in the 2016/17 audit have been implemented as per the original management response.
2. Management/Audit trails are in place.
3. The System complies with all external legislation and policies.
4. The application is secure.
5. Data is accurately input and the authenticity of the data is verified.
6. Data is processed in a timely manner and validated.
7. There are continuity processes are in place to ensure system availability.
8. Changes to the system are managed effectively, recording and documentation is retained for key changes made to the system.

Children's Services Schools: The Meadows Primary School

1. Budget income is identified, collected and banked in accordance with procedures.
2. Purchases are appropriate, authorised, recorded correctly and comply with Financial Regulations and Contract Procedure Rules.
3. The imprest account is operated in accordance with Imprest Procedures and all monies can be accounted for.
4. Payment is made to bona fide employees only for the work performed through the Payroll system.
5. The school fund is operated in accordance with the school fund notes of guidance.
6. Electronically held data is secure and can be restored in the event of IT failure.
7. Income from school meals is properly recorded, fully accounted for and banked promptly and intact by the cash collection agent.

Chief Executive (Finance Governance and Assurance): Cash Office Regularity – Acton Scott Working Farm

1. Banking of income received is carried out correctly and on a timely basis.
2. Security of the site and income collected is appropriate.
3. Staff are aware of procedures for data security.

Human Resources: Social Media

1. Appropriate management processes exist to manage and control the use of social media for Shropshire Council business.
2. Formal administration is undertaken on social networking accounts by designated responsible officers.

3. Appropriate officers and training are in place to support the social media policy.
4. Monitoring arrangements are in place.
5. A customer complaints process is in place.

Human Resources: Payroll Self-Service Facility

1. The system complies with all external legislation and policies.
2. The application is secure.
3. Management/Audit trails are in place.
4. Interfaces with the system are secure, efficient and effective.

Human Resources: Recruitment Arrangements

1. Staff are appointed on the basis of merit and best person for the post.
2. Management information is produced on a regular basis and is subject to independent review in a timely manner.
3. New members of staff adhere to the terms and conditions set out in employment contracts.

Human Resources: ResourceLink *(Follow up therefore limited scope)*

To ensure that the recommendations made in previous audits in relation to the following areas have been implemented as per the original management responses:

1. The system complies with all external legislation and policies.
2. There are continuity processes in place to ensure system availability.
3. Appropriate management-audit trails are in place and the output from which are reviewed on a regular basis.
4. Changes to the system are managed effectively.
5. Interfaces with the system are secure, efficient and effective.

Human Resources: Redeployment Arrangements

1. An up-to-date redeployment register is maintained.
2. Staff are appointed on the basis of merit and best person for the post.
3. Redeployees who do not take up redeployment opportunities forfeit their right to redundancy pay.
4. Management information is produced on a regular basis and is subject to independent review in a timely manner.
5. Redeployees adhere to the terms and conditions set out in employment contracts.
6. Salary protection is applied in line with the approved procedures / policy.

Human Resources: IT Registration and Deregistration Procedures *(Follow up therefore limited scope)*

To ensure that the recommendations made in previous audits in relation to the following areas have been implemented as per the original management responses:

1. The recommendations made in the 2015/16 audit have been implemented as per the original management response
2. An agreed system is in place to verify the validity of user access at both the network and the application level on an ongoing basis.
3. Clearly defined processes are in place and operating effectively in practice to coordinate between HR and IT in relation to user access management.
4. Procedures exist within IT to control and manage IT administration user accounts.

Human Resources: Print Unit Operations

1. Appropriate management structures are in place to govern Print Unit Operations and the staffing levels are monitored based on commercial performance and business requirement metrics.
2. Management information is produced on a regular basis and is subject to independent review in a timely manner. There is an overall statement of objectives, and performance measures and targets are set up to monitor the Print Unit's performance in achieving its objectives.
3. Procurement of out-sourced printing services is undertaken in line with current procurement rules.
4. Formal job control and costing arrangements are in place.
5. Internal recharging mechanisms are efficient and accurate.
6. Print Unit data and communications are securely managed in line with internal policy and legislation (Data Protection Act 1998 / GDPR).

Human Resources: Remote Servers

To establish what if any remote servers exist within the Council and that they are being managed appropriately.

Human Resources: Remote Support (*Follow up therefore limited scope*)

To ensure that the recommendations made in previous audits in relation to the following areas have been implemented as per the original management responses:

1. Policies and procedures are in place to ensure compliance with internal and external requirements.
2. Appropriate management arrangements are in place, governing the processes around remote support.
3. A function to provide remote support is in place.

Table 4: Audit assurance opinions: awarded on completion of audit reviews reflecting the efficiency and effectiveness of the controls in place, opinions are graded as follows

Good	Evaluation and testing of the controls that are in place confirmed that, in the areas examined, there is a sound system of control in place which is designed to address relevant risks, with controls being consistently applied.
Reasonable	Evaluation and testing of the controls that are in place confirmed that, in the areas examined, there is generally a sound system of control but there is evidence of non-compliance with some of the controls.
Limited	Evaluation and testing of the controls that are in place performed in the areas examined identified that, whilst there is basically a sound system of control, there are weaknesses in the system that leaves some risks not addressed and there is evidence of non-compliance with some key controls.
Unsatisfactory	Evaluation and testing of the controls that are in place identified that the system of control is weak and there is evidence of non-compliance with the controls that do exist. This exposes the Council to high risks that should have been managed.

Table 5: Audit recommendation categories: an indicator of the effectiveness of the Council's internal control environment and are rated according to their priority

Best	Proposed improvement, rather than addressing a risk.
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Practice (BP)	
Requires Attention (RA)	Addressing a minor control weakness or housekeeping issue.
Significant (S)	Addressing a significant control weakness where the system may be working but errors may go undetected.
Fundamental (F)	Immediate action required to address major control weakness that, if not addressed, could lead to material loss.

Table 6: Glossary of terms

Significance

The relative importance of a matter within the context in which it is being considered, including quantitative and qualitative factors, such as magnitude, nature, effect, relevance and impact. Professional judgment assists internal auditors when evaluating the significance of matters within the context of the relevant objectives.

Head of Internal Audit Annual Opinion

The rating, conclusion and/or other description of results provided by the Head of Internal Audit addressing, at a broad level, governance, risk management and/or control processes of the organisation. An overall opinion is the professional judgement of the Head of Internal Audit based on the results of a number of individual engagements and other activities for a specific time interval.

Governance

Comprises the arrangements (including political, economic, social, environmental, administrative, legal and other arrangements) put in place to ensure that the outcomes for intended stakeholders are defined and achieved.

Risk

The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.

Control

Any action taken by management, the board and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved.

Management - plans, organises and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.

Impairment

Impairment to organisational independence and individual objectivity may include personal conflict of interest, scope limitations, restrictions on access to records, personnel and properties and resource limitations (funding).

Table 7: Audit recommendations made in the period from the 12th August 2017 to 31st October 2017

Service area	Number of recommendations made				
	Best practice	Requires attention	Significant	Fundamental	Total
Chief Executive	3	92	76	0	171
Commercial Services	0	0	0	0	0
Finance, Governance and Assurance	0	42	20	0	62
Governance	0	0	0	0	0
Human Resources	3	46	46	0	95
Legal and Democratic	0	0	0	0	0
Adult Services	2	27	21	0	50
Commissioning	0	57	83	0	140
Children's Services	0	31	17	0	49
Children's Services: Schools	0	28	15	0	43
Children's Services: Others	0	3	2	0	5
Public Health	0	7	7	0	14
Total for the period					
➤ Numbers	5	210	194	0	409
➤ Percentage	1%	51%	48%	0%	100%
<i>Percentage 2017/18 YTD</i>	<i>2%</i>	<i>56%</i>	<i>42%</i>	<i>0%</i>	<i>100%</i>
Percentage 2016/17	4%	50%	46%	0%	100%
Percentage 2015/16	4%	54%	42%	0%	100%
Percentage 2014/15	6%	53%	40%	1%	100%
Percentage 2013/14	15%	57%	27%	1%	100%
Percentage 2012/13	23%	57%	20%	0%	100%

AUDIT PLAN BY SERVICE –PERFORMANCE REPORT FROM 1st APRIL TO 31st OCTOBER 2017

	Original Plan Days	September Revision	November Revision	Revised Plan Days	31 October 2017 Actual	% Revised Plan Achieved
CHIEF EXECUTIVE						
Governance	18	7	0	25	11.0	44%
Finance Governance & Assurance						
Finance Transactions	37	-8	6	35	23.5	67%
Finance and S151 Officer	73	-23	0	50	38.5	77%
Financial Management	31	-8	0	23	3.2	14%
Revenues and Benefits	35	-15	2	22	2.1	10%
Risk Management and Business Continuity	5	2	0	7	0.1	1%
Treasury	23	2	12	37	31.1	84%
	204	-50	20	174	98.5	57%
Human Resources						
Human Resources	104	-17	2	89	67.0	75%
Customer Services	15	-2	0	13	12.6	97%
ICT	190	26	23	239	104.0	44%
	309	7	25	341	183.6	54%
Legal and Democratic						
Information Governance	21	-5	3	19	5.3	28%
CHIEF EXECUTIVE	552	-41	48	559	298.4	53%
ADULT SERVICES						
Social Care Operations						
Long Term Support	86	-11	11	86	74.0	86%
Provider Services - Establishments	0	7	0	7	7.1	101%
Provider Services - Group Homes	8	0	0	8	0.5	6%
Provider Services - Trading Accounts	4	11	0	15	10.2	68%
Housing Services	43	4	0	47	49.0	104%
	141	11	11	163	140.8	86%
Social Care Efficiency and Improvement						
Developmental Support	15	9	0	24	2.5	10%
ADULT SERVICES	156	20	11	187	143.3	77%

	Original Plan Days	September Revision	November Revision	Revised Plan Days	31 October 2017 Actual	% Revised Plan Achieved
COMMISSIONING						
Places and Enterprise	10	0	0	10	0.0	0%
Business, Enterprise and Commercial Services						
Commercial Services	5	0	0	5	1.0	20%
Property Services	8	0	0	8	0.5	6%
Estates & Facilities	5	0	2	7	1.3	19%
Shire Services	12	6	0	18	13.3	74%
	30	6	2	38	16.1	42%
Economic Growth						
Business & Enterprise	19	0	0	19	8.9	47%
Development Management	18	-5	5	18	17.7	98%
Planning & Corporate Policy	8	-8	0	0	0.0	0%
Project Development	8	-3	0	5	0.1	2%
	53	-16	5	42	26.7	64%
Infrastructure and Communities						
Public Transport	10	-10	0	0	0.0	0%
Highways	56	18	3	77	47.5	62%
Library Services	12	0	3	15	13.7	91%
Public Transport	26	9	1	36	36.4	101%
Theatre Severn and OMH	5	9	2	16	15.0	94%
Visitor Economy	15	-8	0	7	0.0	0%
Waste & Bereavement	10	0	0	10	10.3	103%
	134	18	9	161	122.9	76%
Procurement	30	0	-5	25	16.7	67%
COMMISSIONING	257	8	11	276	182.4	66%
CHILDREN'S SERVICES						
Safeguarding						
Children's Placement Services & Joint Adoption Safeguarding	29	-5	-5	19	4.4	23%
	6	0	0	6	5.1	85%
	35	-5	-5	25	9.5	38%
Education, Improvement and Efficiency						
Business Support	7	0	0	7	0.0	0%
Education Improvements	31	0	-14	17	3.1	18%
Primary/Special Schools	112	44	-21	135	87.0	64%
Secondary Schools	0	10	0	10	0.0	0%

	Original Plan Days	September Revision	November Revision	Revised Plan Days	31 October 2017 Actual	% Revised Plan Achieved
	150	54	-35	169	90.1	53%
CHILDREN'S SERVICES	185	49	-40	194	99.6	51%
PUBLIC HEALTH						
Environmental Protection and Prevention	10	0	0	10	3.8	38%
Public Health	37	0	-9	28	0.1	0%
	47	0	-9	38	3.9	10%
Public Protection						
Community Safety	8	0	0	8	0.0	0%
Environmental Health	15	-13	0	2	1.6	80%
Environmental Protection and Prevention	20	16	3	39	27.9	72%
Health Protection and Prevention	15	-3	0	12	11.8	98%
	58	0	3	61	41.3	68%
Bereavement	5	0	0	5	5.4	108%
PUBLIC HEALTH	110	0	-6	104	50.6	49%
Total Shropshire Council Planned Work	1,260	36	24	1,320	774.3	59%
CONTINGENCIES						
Advisory Contingency	40	0	0	40	23.6	59%
Fraud Contingency	200	-55	-37	108	63.6	59%
Unplanned Audit Contingency	47	-35	0	12	12.0	100%
Other non audit Chargeable Work	276	39	7	322	202.8	63%
CONTINGENCIES	563	-51	-30	482	302.0	63%
Total for Shropshire	1,823	-15	-6	1,802	1,076.3	60%
EXTERNAL CLIENTS	223	13	0	236	102.9	44%
Total Chargeable	2,046	-2	-6	2,038	1,179.2	58%