



<u>Committee and Date</u>	<u>Item</u>
Audit Committee	
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INTERNAL AUDIT ANNUAL REPORT 2014/15

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1. Summary

This annual report provides members with details of the work undertaken by Internal Audit for the year ended 31 March 2015. It reports on progress against the annual audit plan and contributes to the review of the effectiveness of the Internal Audit team as required by the Accounts and Audit Regulations 2011 6(3). It includes the Audit Service Manager's opinion on the internal controls, as required by the Public Sector Internal Audit Standards (PSIAS), which in turn contributes to the review of the effectiveness of the systems of internal control as required by the Accounts and Audit Regulations 2011 4(2).

Final performance has been good with the revised plan being delivered in excess of the 90% delivery target, in compliance with the Public Sector Internal Audit Standards and to the satisfaction of customers.

Sixty four percent of assurance opinions delivered were good or reasonable, a reduction of 11% compared to last year. Lower levels of assurance were awarded in two main areas; Children's Services (at a number of schools) and Customer Involvement (ICT Infrastructure). In Children's Services the control issues identified are key to school's operational arrangements but do not impact significantly on the Council's assurance framework. The results of the ICT Infrastructure reviews, in terms of overall assurance and direction of travel, remain a concern and, in acknowledging the Council's reliance on these systems, have influenced the year end opinion.

The continuing number of lower level assurances issued on the ICT infrastructure systems, combined with the direction of travel, has resulted in the Audit Service Manager (Chief Audit Executive) having to qualify her overall opinion on the Council's internal control environment. These risks are already known to Directors and Members and are recorded in the strategic risk register. The ICT infrastructure, on which Council applications operate, continues to provide a clear risk to service continuity, and the opinion is qualified to the extent that management must prioritise plans to address the matters raised. In identifying these control weaknesses and highlighting them to management, it should be said that there has been no evidence of significant IT business failure or other error that could result in a material mis-statement in the Council's accounts, and reliance can still be placed upon them for that purpose.

2. Recommendations

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

- a) Performance against the Audit Plan for the year ended 31 March 2015.
- b) That the system of internal control is operating effectively and can be relied upon when considering the Annual Governance Statement for 2014/15.
- c) The Audit Service Manager's qualified year end opinion on the Council's internal control environment for 2014/15 on the basis of the work undertaken and management responses received.

REPORT

3. Risk assessment and opportunities appraisal

- 3.1 The delivery of a risk based Internal Audit Plan is an essential part of ensuring probity and soundness of the Council's financial and risk management systems and procedures, and is closely aligned to the Council's strategic and operational risk registers. The Plan is delivered in an effective manner; where Internal Audit independently and objectively examine, evaluate and report on the adequacy of its customers' control environments as a contribution to the proper, economic, efficient and effective use of resources. It provides assurances on the internal control systems, by identifying areas for improvement or potential weaknesses, and engaging with management to address these in respect of current systems and during system design. Failure to maintain robust internal control creates an environment where poor performance, fraud, irregularity and inefficiency can go undetected, leading to financial loss and reputational damage.
- 3.2 Internal Audit operates a strategic risk based plan. This approach to audit planning has been referenced in CIPFA's "It's a Risky Business 2014" publication as an example of best practice. The plan is reviewed each year to ensure that suitable audit time and resources are devoted to reviewing the more significant areas of risk. This results in a comprehensive range of audits being undertaken in the year, which support the overall opinion on the control environment. The plan contains a contingency provision which can be utilised during the year to respond to unforeseen work demands that may arise, i.e. special investigations and advice.
- 3.3 The next twelve months continues to see the need to deliver significant budget savings as the Council maintains its journey towards a commissioner of services. The delivery of services in ip&e and other delivery models, requiring major changes to systems, processes, structures and governance models, which will impact on the internal control environment. The management of risk will play a key role in delivering the Council's Business Plan and Financial Strategy. Internal Audit will need to reflect the Council's needs and be resourced and skilled appropriately to continue to provide the appropriate level of advice and assurance on the effectiveness of the internal control environment during this ongoing period of major change and high risk.

- 3.4 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998 and the Accounts and Audit Regulations 2011.
- 3.5 There are no direct environmental, equalities or climate change consequences of this proposal.
- 3.6 Internal Audit customers are consulted on the service that they receive. Feedback is included in this report and continues to be very positive.

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 This report is the culmination of the work of the Internal Audit team during 2014/15 and seeks to provide:
- An update on the internal audit work undertaken
 - An annual opinion on the adequacy of the governance arrangements
 - Benchmarking information
 - Information on the performance of Internal Audit, and
 - Review of the effectiveness of Internal Audit work by the Audit Committee.
- 5.2 As the Accountable Officer, the Section 151 Officer has responsibility for maintaining a sound system of internal control that supports the achievement of the Council's policies, aims and objectives, whilst safeguarding the Council's assets, in accordance with local government legislation. This includes section 151 of the Local Government Act 1972 which requires the Council to make arrangements for the proper administration of its financial affairs.
- 5.3 The Accounts and Audit Regulations 2015 have been issued and apply from the start of the financial year 2015/16. The existing requirement, to have internal audit undertake an effective internal audit of accounting records and systems of internal control in accordance with proper practices, has been updated to: 'evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'. There are some changes to the access rights of internal audit requiring the organisation to supply any documents, records and information and explanations as are considered necessary by the internal auditors. In addition, organisations are no longer required to undertake an annual review of effectiveness, although audit committees should note the requirements of the Public Sector Internal Audit Standards to maintain an ongoing programme of quality assessment and improvement.

Scope and purpose of Internal Audit

- 5.4 The Public Sector Internal Audit Standards define the scope of the annual report on internal audit activity. The annual report should include an assessment as to the extent to which compliance with the Standards has been achieved. This annual report provides information to support the assessment that an effective internal audit is

established at the Council. This is in accordance with the requirements of the 2011 Accounts and Audit Regulations in that “a relevant body must undertake an adequate and effective internal audit of its accounting records and systems of internal control in accordance with the proper practices in relation to internal control”.

- 5.5 The purpose of internal audit is to provide the Council, through the Audit Committee, and the Chief Executive and Section 151 Officer, with an independent and objective opinion on risk management, control and governance, and their effectiveness in achieving Council agreed objectives.
- 5.6 This opinion forms part of the framework of assurances received by Council and should be used to help inform the Annual Governance Statement. Internal Audit also has an independent and objective consultancy role to help line managers improve risk management, governance and control.

Performance against the plan 2014/15

- 5.7 The Internal Audit Plan 2014/15 was considered and approved by Audit Committee at the meeting on the 27 March 2014. The Plan provided for a total of 2,060 days. Revisions throughout the year to reflect changing risks and resources were reported to Audit Committee and the plan revised to a target of 2,147 days. Final performance has been good and remains in excess of the target to deliver 90% of the annual plan.
Appendix A, Table 1.
- 5.8 The audit findings and performance of audit have been set out in summary reports which have been presented to the Audit Committee during the course of the year. In total 141 final reports have been issued in 2014/15. These are broken down by service area in **Appendix A, Table 2.**
- 5.9 Ninety good and reasonable assurances were made in the year accounting for 64% of the opinions delivered. This represents an 11% reduction in the higher levels of assurance compared to the previous year, offset by an 11% increase in limited and unsatisfactory opinions. Eleven unsatisfactory opinions and 40 limited assurance opinions were issued, 36% in total, compared to 25% last year.
- 5.10 The service areas; Children’s Services and Customer Involvement showed lower assurance levels than others. Children’s Services reviews included a number of schools that are considered low risk to the Council overall and will therefore not affect the Audit Service Manager’s overall year-end opinion. To help improve the control environment in schools, auditors have been providing support and information to head teachers, teachers, administrators and governors in best practice controls through a number of forums and area meetings. Customer Involvement service reviews include a number of ICT infrastructure reviews. The results of these have been considered by officers and members, and the overall assurance and direction of travel remains a concern given the systems’ overall impact on delivering the Council’s objectives. This issue is referred to again later in this report.
- 5.11 Within the Audit Plan there are 11 reviews categorised as fundamental, high risk business critical systems. In addition to providing assurance on internal controls, these reviews complement the work of the Council’s external auditors and help to avoid unnecessary duplication of work between the two audit services. Given their high risk

and importance to the business, areas are audited annually and have a strong influence in informing the Annual Governance Statement. A summary of the level of assurance for each fundamental review area together with the number of recommendations made is shown in **Appendix A, Table 3**.

- 5.12 From the table it can be seen that Sales Ledger attracted an unsatisfactory level of assurance prompted by the lack of debt management policy and supporting debt collection activities.
- 5.13 Where draft reports have been issued and management responses are awaited, these will be included in 2015/16 figures. Work has also been completed for external clients in addition to the drafting and auditing of financial statements in respect of schools, honorary and voluntary bodies.
- 5.14 A summary of the reviews conducted, resulting in an unsatisfactory or limited assurance since the last report, in February 2015 is included in **Appendix A, Table 4**. The Appendix also includes descriptions for the levels of assurance used in assessing the control environment and the classification of recommendations, **Tables 5 and 6**.
- 5.15 A total of 1,389 recommendations have been made in the 141 final audit reports issued in the year; these are broken down by audit area and appear in **Appendix A, Table 7**.
- 5.16 The number of fundamental recommendations has fallen from 18 to six compared to last year; overall this represents 1% of the total number of recommendations made. Fundamental recommendations were made on the following audits:
- Oldbury Wells School
 - Lotus Notes - Decommissioning
 - Disposal of IT Equipment (two)
 - Business Continuity and Disaster Recovery
 - Physical and Environmental Controls

The percentage of significant recommendations has risen compared to last year with a corresponding fall in best practice and requires attention categorised recommendations.

- 5.17 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, recommendations are followed up after six months by obtaining an update from management on progress made.
- 5.18 Seven recommendations, equivalent to 0.5% of all recommendations made, have been rejected by management. All rejected recommendations have been discussed with the managers concerned. In three cases the reasons for rejection are not accepted by Internal Audit, and it is considered that the identified risk is not being managed or mitigated. These are in relation to:
- Complying with the European Working Time Directives in respect of taking unpaid lunch breaks;
 - Requesting from providers of adult care, details of complaints in accordance with contractual requirements to ensure they are satisfactorily resolved;
 - Conducting regular meetings with service providers (contractors) to consider, review and discuss performance issues.

No fundamental recommendations have been rejected.

- 5.19 The work undertaken on the fundamental financial systems summarised in **Appendix A, Table 3**; has revealed one unsatisfactory assurance opinion. However, the direction of travel for all other audit reviews previously given limited opinions has been positive and overall across all systems, assurance remains high.
- 5.20 Given the significance of the ICT infrastructure controls in terms of supporting the Council's fundamental systems (including financial systems), the Audit Service Manager considers the control issues identified sufficient to warrant qualifying the annual audit opinion. Such is the concern, that the qualification records that positive responses to addressing the issues must become a management priority. These issues were already recognised and recorded as high strategic risks, and are reflected in the Annual Governance Statement with a specific action for improvement. Throughout the year Audit Committee have sought independent assurances from key officers and, whilst plans have been adopted to manage outstanding control issues, only limited progress on improvement can be evidenced. IT audit reviews conducted during the year receiving unsatisfactory or limited assurances include:
- Disposal of IT equipment
 - Helpdesk procedures
 - IT Business support
 - Project management arrangements
 - Business continuity and disaster recovery
 - Corporate networking – active directory
 - Hosted services
 - ICT project financing and recharges
 - ICT registration and deregistration procedures
 - Network perimeter defences
 - Physical and Environmental controls
 - Back up arrangements
 - Software inventories/ licensing
 - Voice over IP

An annual opinion on the adequacy of the governance arrangements

- 5.21 In considering an annual audit opinion, it should be noted that assurances given can never be absolute. The internal audit service can however provide the Council with a reasonable assurance that no major weaknesses can be found in risk management, governance and control processes.
- 5.22 The matters raised in this report are only those which came to Internal Audit's attention during its internal audit work and are not necessarily a comprehensive statement of all weaknesses that exist, or of all the improvements that may be required.
- 5.23 In arriving at my opinion, the Audit Service Manager has taken the following matters into account:
- Results of all audits undertaken during the year ended 31 March 2015;
 - Results of Corporate Governance and Risk Management reviews (reasonable assurance);
 - Results of fundamental audit reviews and their direction of travel;

- Implementation of recommendations of a fundamental nature;
- Assurance levels provided and their direction of travel, and those of the recommendation ratings, compared against the risk appetite of the Council.
- Whether any fundamental or significant recommendations have not been accepted by management and the consequent risks;
- Effects of any material changes in the organisation’s objectives or activities;
- Matters arising from previous reports to the Audit Committee and/or Council;
- Whether or not any limitations have been placed on the scope of internal audit;
- Whether there have been any resource constraints imposed which may have impinged on Internal Audit’s ability to meet the full internal audit needs of the Council; and
- Proportion of the Council’s internal audit needs that have been covered to date.

5.24 All assurances are provided on the basis that management carry out the actions they have agreed in respect of the recommendations made to address any weakness identified and improvements suggested.

On the basis of the work undertaken and management responses received; the Audit Service Manager has qualified her overall opinion on the Council’s internal control environment. This is based primarily on the continuing numbers, and negative direction of travel, of the internal audit assurances provided on the IT infrastructure systems. These risks are already known to Directors and Members and are reflected in the strategic risk register. The IT infrastructure on which Council applications operate continues to present a clear risk to service continuity. The issues identified are sufficient to warrant qualifying the annual audit opinion to the extent that management must prioritise implementing their plans to address the matters raised. Whilst identifying these control weaknesses and highlighting them to management, it should be said, there has been no evidence of significant IT business failure or other error that could result in a material misstatement in the Council’s accounts and reliance can still be placed upon them for that purpose.

Direction of travel

5.25 This section compares the Assurance Levels (where given) and categorisation of recommendations made at the Council to demonstrate a direction of travel in relation to the control environment.

Comparison of Assurance Levels (where given)

Assurances	Good	Reasonable	Limited	Unsatisfactory	Total
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
2014/15	6%	53%	40%	1%	100%
2013/14	15%	57%	27%	1%	100%
2012/13	23%	57%	20%	0%	100%

The statistics suggest a falling level of overall control demonstrated by the increased number of lower level assurances and higher recommendation categorisations awarded.

Audit performance

- 5.26 Audit Performance is demonstrated by measuring achievement against the plan, ensuring compliance against the Public Sector Internal Audit Standards, benchmarking the service against others in the sector and evaluating improvements made over the previous twelve months. The effectiveness of Internal Audit is further reviewed through the Audit Committee's delivery of its responsibilities and feedback gained from customer satisfaction surveys.

Aspect of measure	Target 2014/15	Actual 2014/15
Percentage of revised plan delivered	90%	101%
Compliance with Public Sector Internal Audit Standards	Compliant	Compliant
Percentage of customers satisfied overall with the service	80%	88%

- 5.27 An annual self-assessment of compliance with the Public Sector Internal Audit Standards is conducted. The self-assessment forms part of another report on this agenda: Annual review of the effectiveness of Internal Audit 2014/15.
- 5.28 A customer feedback survey form is sent out with the majority of audits completed. These provide feedback on the quality of the service and play a key part in ensuring audit work meets client expectations and the quality of audit work is maintained. The percentages of excellent and good responses for the last four years are detailed in **Appendix A, Table 8**.
- 5.29 During the last year a number of compliments and comments have been received in respect of the audit service from both questionnaires and directly, these appear in **Appendix A, Table 9**. The vast majority of comments have been very positive reflecting the hard work the team devote to establishing a good professional relationship with clients. All critical comments are followed up with the author to identify where lessons can be learnt and improvements made.
- 5.30 Internal Audit employ a risk-based approach to determining the audit needs of the Council at the start of the year and use a risk-based methodology in planning and conducting audit assignments. All work has been performed in accordance with PSIAS.

- 5.31 In order to ensure the quality of the work performed, a programme of quality measures is used, which includes:
- Supervision of staff conducting audit work;
 - Review of files of working papers and reports by managers and partners;
 - Receipt of formal feedback from managers to audit findings and recommendations;
 - Follow up reviews for reports attracting low assurance levels and recommendation follow up processes;
 - The use of satisfaction surveys for each completed assignment;
 - Annual appraisal of audit staff and the development of personal development and training plans;
 - The maintenance of guidance and procedures.
- 5.32 There have been no instances during the year which have impacted on Internal Audit's independence and/or have led to any declarations of interest.

Performance measures

- 5.33 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.

Review of the effectiveness of Internal Audit work by the Audit Committee

- 5.34 The Council has a well-established Audit Committee, which operates in accordance with best practice. Its terms of reference and associated working practices are aligned with those suggested by CIPFA and are reviewed annually. Its members receive regular training on the role of the committee and how they can best support this, as well as the roles of internal and external audit. It undertakes an annual self-assessment exercise and seeks to improve the way in which it operates.
- 5.35 The Committee provides an Annual Assurance Report to Council to summarise its work and opinion on internal controls. This report is also located on this agenda.
- 5.36 The Council's Audit Committee considers external and internal audit reports and the Committee requests management responses to any significant issues reported, including reporting the progress made in implementing audit recommendations. Senior officers have attended the Audit Committee to provide management responses in relation to a number of reports. Examples of audit work and remedial action that have been scrutinised by the Audit Committee include reports on ICT disaster recovery and business continuity, implementation of ICT control improvements, council tax and national non domestic rates performance, benefit fraud investigations and overpayments, and programme management controls and risks, including contract health checks.

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 2014/15 - Audit Committee 27 March 2014
Internal Audit Plan 2014/15 – Performance Report - Audit Committee 18 September 2014
Internal Audit Plan 2014/15 – Performance Report - Audit Committee 27 November 2014
Internal Audit Plan 2014/15 – Third Quarter Report - Audit Committee 23 February 2015

Public Sector Internal Audit Standards (PSIAS).
Various internal documents supporting self-assessment against the PSIAS.
Audit Management system.
Accounts and Audit Regulations 2015

Cabinet Member (Portfolio Holder)

Keith Barrow, Leader of the Council and Brian Williams, Chairman of Audit Committee

Local Member: All

Appendices

Appendix A

Table 1: Summary of actual audit days delivered against plan 2014/15

Table 2: Final audit report assurance opinions issued in 2014/15

Table 3: Audit opinion and recommendations made on fundamental systems 2014/15

Table 4: Unsatisfactory and limited assurance opinions since February 2014 listed by service area

Table 5: Audit assurance opinions

Table 6: Audit recommendation categories:

Table 7: Audit recommendations made in 2014/15

Table 8: Customer Feedback Survey Forms

Table 9: Summary of compliments and comments 2014/15

Appendix B - Audit plan by service – annual report 2014/15

Table 1: Summary of actual audit days delivered against plan 2014/15

	Original Plan	Revised Plan	March Actual	% of Original Complete	% of Revised Complete
Chief Executive	18	36	32.9	183%	91%
Adult Services	113	120	116.6	103%	97%
Commissioning	104	101	92.4	89%	91%
Children's Services	245	300	302.9	124%	101%
Public Health	30	18	17.9	60%	99%
Resources and Support	636	556	521.6	82%	94%
S151 Planned Audit	1,146	1,131	1,084.3	95%	96%
Contingencies and other chargeable work	649	755	808.1	125%	107%
Total S151 Audit	1,795	1,886	1,892.4	105%	100%
External Clients	265	261	268.8	101%	103%
Total	2,060	2,147	2,161.2	105%	101%

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 2014/15

Service area	Good	Reasonable	Limited	Unsatisfactory	Total
Chief Executive	0	0	0	0	0
Adult Services	14	21	10	1	46
Commissioning	1	5	2	0	8
Children's Services	4	11	11	5	31
Public Health	0	2	0	0	2
Resources and Support					
Commercial Services	1	1	1	0	3
Customer Involvement	0	13	13	4	30
Finance, Governance and Assurance	4	10	1	0	15
Human Resources	0	2	1	1	4
Legal, Strategy and Democratic	0	1	1	0	2
Total for 2014/15					
Numbers	24	66	40	11	141
Percentage	17%	47%	28%	8%	100%

Table 3: Audit opinion and recommendations made on fundamental systems 2014/15

Fundamental system	Direction of travel	Level of assurance given	Number of recommendations made			
			BP	RA	S	F
Purchase Ledger	↑	Reasonable	0	9	2	0
Sales Ledger	↓	Unsatisfactory	0	11	6	1
General Ledger	=	Good	0	5	0	0
Income Collection	↓	Reasonable	0	11	3	0
Payroll System	↑	Reasonable	0	15	4	0
Council Tax	=	Reasonable	0	4	3	0
NNDR Collection	=	Reasonable	0	5	3	0
Housing Benefits	=	Reasonable	3	3	1	0
Treasury Management	=	Good	1	3	0	0
Capital Accounting System	=	Good	1	0	0	0
Risk Management	↓	Reasonable	1	0	1	0

Table 4: Unsatisfactory and limited assurance opinions since February 2014 listed by service area

Unsatisfactory assurance

Children's Services

St Lawrence CE Primary School, Church Stretton

Commissioning

Council's governance arrangements for ip&e Ltd

Limited assurance

Adult Services

Albert Road Day Centre Comforts Fund

Commissioning

CONFIRM – Highways Management System

Housing ALMO / STAR

Children's Services

Belvidere Primary School

Hope CE Primary School

Customer Involvement

Back-up Arrangements

Software Inventories / Licensing

Voice Over IP

Table 5: 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 6: Audit recommendation categories: an indicator of the effectiveness of the Council's internal control environment and are rated according to their priority

Best Practice (BP)	Proposed improvement, rather than addressing a risk.
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 7: Audit recommendations made in 2014/15

Service area	Number of recommendations made				
	Best practice	Requires attention	Significant	Fundamental	Total
Chief Executive	0	0	0	0	0
Adult Services	26	142	71	0	239
Commissioning	5	33	14	0	52
Children's Services	17	390	290	1	698
Public Health	0	2	5	0	7
Resources and Support					
Commercial Services	1	3	7	0	11
Customer Involvement	27	82	102	5	216
Finance, Governance and Assurance	10	67	29	0	106
Human Resources	0	17	28	0	45
Legal, Strategy and Democratic	0	4	11	0	15
Total for 2014/15					
Numbers	86	740	557	6	1389
Percentage	6%	53%	40%	1%	100%

Table 8: Customer Feedback Survey Forms - percentage of excellent and good responses

Item Being Scored	2011/12	2012/13	2013/14	2014/15	Direction of Travel
Pre-audit arrangements	98%	97%	96%	96%	↔

Post-audit briefing	96%	99%	93%	97%	↑
Audit coverage/scope of the audit	100%	99%	95%	100%	↑
Timeliness of production of report	95%	94%	90%	88%	↓
Accuracy and clarity of report	99%	96%	94%	94%	↔
Practicality of recommendations	93%	84%	82%	87%	↑
Professionalism of approach	100%	99%	97%	100%	↑
Communication skills	99%	99%	97%	100%	↑
Timeliness, competence, manner	100%	97%	91%	90%	↓
Number of forms returned	84	96	77	69	
% of forms scored as excellent and good	98%	96%	93%	95%	↑

Table 9: Summary of compliments and comments 2014/15

Service has been great, the Auditor coming for sessions with us to look at new procedures following last audit and giving advice. This is invaluable to us, thank you.

As ever, the Internal Audit section have carried out their duties very well. Any issues that were identified were fully discussed before any recommendations were made. This opportunity for interaction between myself and the auditors with regard to potential issues key to a successful audit.

Whilst the auditor was extremely efficient it would have been more worthwhile to have had some ongoing feedback during the audit so that recommendations could have been actioned immediately. It has taken from January to May for our draft audit to appear, in this time we could have implemented all recommendations. The Auditor said the school would not be audited for another 5 years - it would be more beneficial to have a 'light touch' audit every 2 years.

We had rather a long wait between the audit being carried out and actually receiving the report, however I do understand that there have been staff absences etc.

The Auditor has been a pleasure to work with throughout the whole of the process, professional and personable in equal measure with the right balance between challenge and recognition of the challenges we are working with. The audit has been a great help to us. My only negative comment would be with regard to the length of time we had to wait for production of the final report but I

We provide feedback verbally at the end of the fieldwork.

We agree that the time between fieldwork and production of reports is sometimes unreasonably delayed.

This has been due to resource issues and new roles and responsibilities within the team. We are looking at a different approach to speed this process up.

It is recognised that that a more frequent auditing process would help some schools in their improvement plans, however with current resources and pressures on budgets this is unachievable. We are happy to provide advice in the interim period on request.

understand the reasons for this and would certainly not want this to detract from our overall satisfaction with the process

Report delayed due to workload. Timeliness to business due to Head not being available due to exam cover which was not mentioned when booking audit.

Clients are contacted in advance to arrange a mutually convenient time and as resources allow, we try to fit in with everyone

The Auditor was extremely good at putting staff at ease and making the audit a helpful experience and not a stressful one.

The report has been very useful for bringing pressure to bear on other directions around space allocation and layout. It has been a good procedural health check and whilst some of the points raised are outside of our control to an extent we have been able to sharpen the processes we do control.

We have a few areas that we are not able to implement because of the system. The previous comments should be assessed before the audit so that we can avoid unnecessary duplication. I still think that the recommendations part of the audit could be clearer to aid discussions with managers regarding improvements that are needed.

Our approach is to aid managers and auditors are keen to explain and work through any control issues that may be initially unclear

Overall, we were very pleased with the way in which the audit was conducted. The Auditor's approach was very professional and the Administrator and Head both felt that the process was fair and did not put any extra undue pressure on the school. However, governors felt that some of the recommendations within the audit plan had already been addressed and this has been communicated to the Auditors within the process and at the final briefing.

Whilst improvements may be made during and after the process, the samples used at the time of the audit support the recommendations and without re-running the tests once changes are made, the auditor is unable to independently verify such improvements. As long as managers are working and delivering on these, governors can gain confidence from them that improvements are underway which will of course be evidenced in any future audit.

We had the previous audit in March 2014, so to have one in November 2014 was too short a timeframe. I would suggest that these are held no more than bi-annually.

We agree that the audits when looking at dates were too close together. However, this was agreed with the commissioner of the service to fit around their business needs and the frequency of the audits are based on the client's risk analysis. It is normal practice to complete audits at least twelve months apart.

Practicality was rated as reasonable on basis recommendations need to take into account restructuring of team/service.

Thank you for such a pleasant, stress free audit, you certainly put us at ease.

I have always found the staff involved with performing the audit to be professional yet approachable and sensitive to the context of the school. I understand that the audit is an official document, and as such is impersonal and doesn't always reflect the level of discussion behind the findings.

We recognise that audit reports are on an exception basis and as such do not allow for such discussions to be reflected. They have been designed with the busy manager in mind who require a quick update on what the audit has found but it is accepted this approach can appear impersonal. It would be hoped that the auditors' skills in briefing managers helps to soften this approach.

AUDIT PLAN BY SERVICE – ANNUAL REPORT 2014/15

	Original Plan Days	Revised Plan Days	March 31 Actual	% of Original Plan	% of Revised Plan
CHIEF EXECUTIVE					
GOVERNANCE	18	36	32.9	183%	91%
ADULT SERVICES					
Social Care Operations					
Provider Services - Comforts Funds	8	17	17.6	220%	104%
Provider Services - Establishments	6	7	7.3	122%	104%
Provider Services - Group Homes	8	11	11.4	143%	104%
Provider Services - Trading Accounts	2	5	5.0	250%	100%
Development Support	8	0	0.0	0%	0%
Long Term Support	81	80	75.3	93%	94%
ADULT SERVICES	113	120	116.6	103%	97%
COMMISSIONING					
Waste Services	10	14	13.7	137%	98%
Business & Enterprise	10	0	0.0	0%	0%
Highways & Transport	14	17	14.4	103%	85%
Development Management	9	10	11.0	122%	110%
Visitor Economy	5	0	0.0	0%	0%
Environmental Health	5	6	5.6	112%	93%
Housing Services	51	54	47.7	94%	88%
COMMISSIONING	104	101	92.4	89%	91%
CHILDREN'S SERVICES					
Assessment & Looked After Children	0	16	18.5	0%	116%
Children's Placement and Joint Adoption	27	9	8.7	32%	97%
Business Support	22	9	5.7	26%	63%
Children's Placement and Joint Adoption	15	15	4.1	27%	27%
Education Improvements	31	26	25.2	81%	97%
Primary/Special Schools	115	162	175.9	153%	109%
Secondary Schools	35	63	64.8	185%	103%
CHILDREN'S SERVICES	245	300	302.9	124%	101%

	Original Plan Days	Revised Plan Days	March 31 Actual	% of Original Plan	% of Revised Plan
RESOURCES AND SUPPORT					
Commercial Services					
Estates & Facilities	5	5	5.3	106%	106%
Property Services	25	13	14.1	56%	108%
Shire Services	8	1	1.4	18%	140%
	38	19	20.8	55%	109%
Customer Involvement					
Benefits	30	24	23.7	79%	99%
Customer Services	12	14	12.7	106%	91%
ICT Implementation & Architecture	45	41	40.8	91%	100%
ICT Operations	128	141	135.7	106%	96%
	215	220	212.9	99%	97%
Finance Governance & Assurance					
Finance Transactions	63	41	37.4	59%	91%
Financial Advice (S.151)	69	40	31.6	46%	79%
Financial Management	73	83	79.6	109%	96%
Procurement	40	22	22.0	55%	100%
Revenues	40	40	38.2	96%	96%
Risk Management and Business Continuity	5	5	2.6	52%	52%
Treasury	16	16	8.6	54%	54%
	306	247	220.0	72%	89%
Human Resources					
Payroll and Human Resources	57	67	64.9	114%	97%
Legal, Strategy and Democratic					
Democratic Services	2	0	0.0	0%	0%
Election Services	4	0	0.1	3%	0%
Information Governance	4	3	2.7	68%	90%
Legal Services	10	0	0.2	2%	0%
	20	3	3.0	15%	100%
RESOURCES AND SUPPORT	636	556	521.6	82%	94%
Total Shropshire Council Planned	1,146	1,131	1,084.3	95%	96%

	Original Plan Days	Revised Plan Days	March 31 Actual	% of Original Plan	% of Revised Plan
CONTINGENCIES					
Advisory Contingency	40	40	48.2	121%	121%
Fraud Contingency	200	250	279.3	140%	112%
Transformation Projects	100	130	128.8	129%	99%
Unplanned Audit Contingency	49	49	49.9	102%	102%
Other non audit Chargeable Work	260	286	301.9	116%	106%
CONTINGENCIES	649	755	808.1	125%	107%
TOTAL FOR SHROPSHIRE	1,795	1,886	1,892.4	105%	100%
EXTERNAL CLIENTS	265	261	268.8	101%	103%