



<u>Committee and Date</u>	<u>Item</u>
Audit Committee	
06 December 2018	
1:30pm	<u>Public</u>

## INTERNAL AUDIT PERFORMANCE AND REVISED ANNUAL AUDIT PLAN 2018/19

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### 1. Summary

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

One good, two reasonable, five limited and one unsatisfactory assurance opinions have been issued since the last report. The nine final reports contained 112 recommendations, one of which was fundamental.

This report proposes further significant revisions reducing the overall audit plan from 1,911 days, as reported in September 2018, to 1,773 days. Changes to the planned activity reflect adjustments in risks, increased pressures following more complex and sensitive reviews, a continuing reduction in available resources due to recruitment and trainee mentoring. At this stage, the potential impact on the Head of Audit's opinion is unknown but continues to be a concern until further work is completed. 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 2018/19 Audit Plan set out in this report and any action it wishes to take in response to any low assurance levels and the residual control environment, delivery against the fundamental recommendation and where a recommendation has been rejected.
- b) The adjustments required to the 2018/19 plan to take account of changing priorities set out in **Appendix B**.

## 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 2018/19 Internal Audit Plan was presented to, and approved by, members at the 1<sup>st</sup> March 2018 Audit Committee, with adjustments being approved in September 2018. This report provides an update on progress made against the plan up to 11<sup>th</sup> November 2018 and includes revisions to the plan to reflect the ongoing reduction in resources.

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

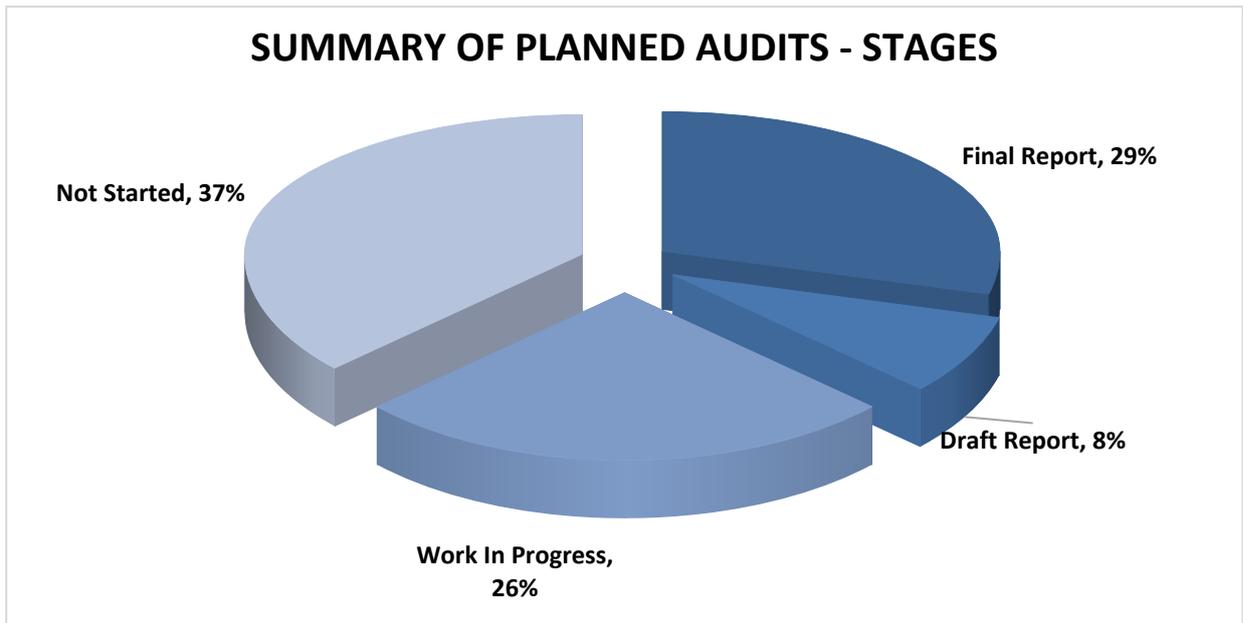
### **Performance against the plan 2018/19**

5.4 Revisions to the 2018/19 plan provide for a total of 1,773 days following further delays in recruitment and an extended period of maternity leave. Performance to date is marginally lower than previous delivery records at 52% (58% 2017/18), however, overall the team is on track to deliver a minimum of 90% of the revised annual plan by year end.

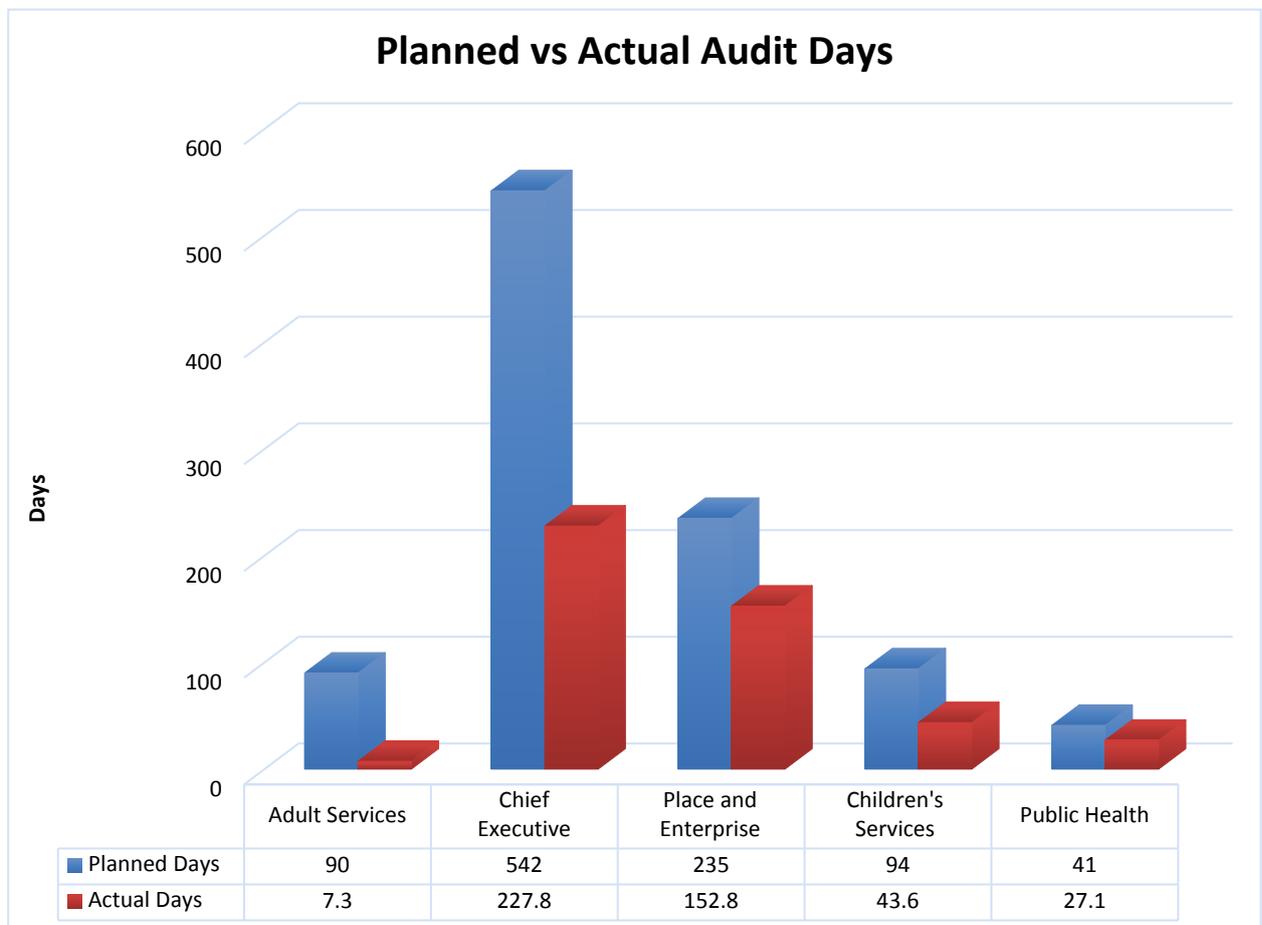
5.5 Resourcing problems have continued to be experienced:

- Work by the Internal Audit contractor has been slow to start but several draft audits are now out for management review;
- Internal Audit has been heavily involved in recruiting Accountancy and Auditor Trainees as well as Auditors to posts. This is ongoing and has taken more resourcing than originally planned in terms of interviews, inductions, HR processes and administration. A trainee is due to start late November and a new Auditor is expected to join the team in January. Further interviews are planned in December. One of the posts will not be recruited to since the team will be supporting three auditors/ trainees new to post who require one to one coaching in the early months and therefore the capacity is not available to provide for another post initially. It is hoped that by investing time and energy in the induction and training of staff, the team will be able to develop auditors to offset the difficulties experienced recruiting qualified auditors to the Council. Changes to the delivery of training where an Apprenticeship scheme is adopted, have also decreased the number of chargeable days a trainee is available to that previously under more traditional day release schemes.
- Delivery of the plan will continue to be impacted on due to the increased number of new Auditors and some adjustments reflect audits where trainees work alongside more experienced staff members.
- There is a spending freeze and Audit have been asked to provide funds toward the budget overspend in the current financial year. £80,000 has been provided from vacancies and buying in budgets.
- An increased number of investigations of a fraud, disciplinary and whistleblowing nature have diverted resources from planned work, better initial management of issues by services would help reduce a number of these. In addition, audits are more complex, sensitive and contentious in terms of the issues being identified and auditees under pressure can sometimes be slow to respond to enquiries, this adds a level of repetition when completing tasks and increased negotiation, both of which add time to the audit area.
- Changes have been made to the plan as business risks have materialised or become more transparent and ongoing is the assurance support on the Digital Transformation Plan which was identified as a large project and is absorbing more resources than originally allocated.

5.6 In total, nine final reports have been issued in the period from 13<sup>th</sup> August to 11<sup>th</sup> November 2018. The following chart shows performance against the approved Internal Audit Plan for 2018/19:



5.7 Audits have been completed over several service areas as planned:

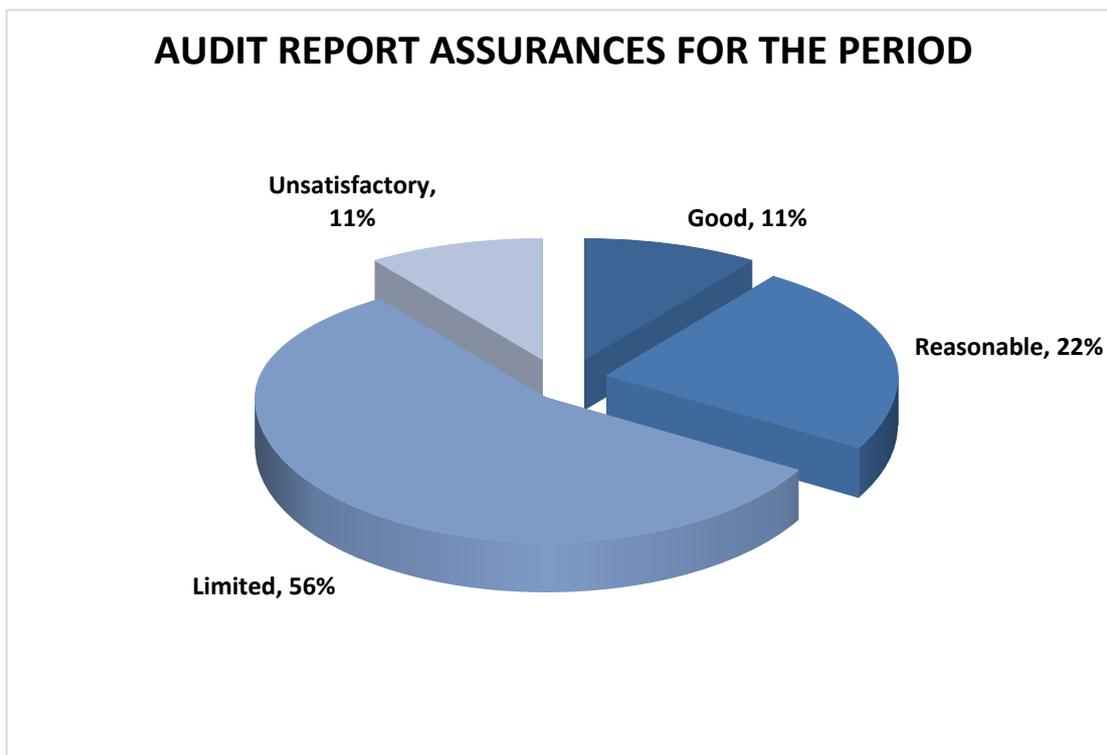


5.8 The following audits have been completed since the 13<sup>th</sup> August 2018:

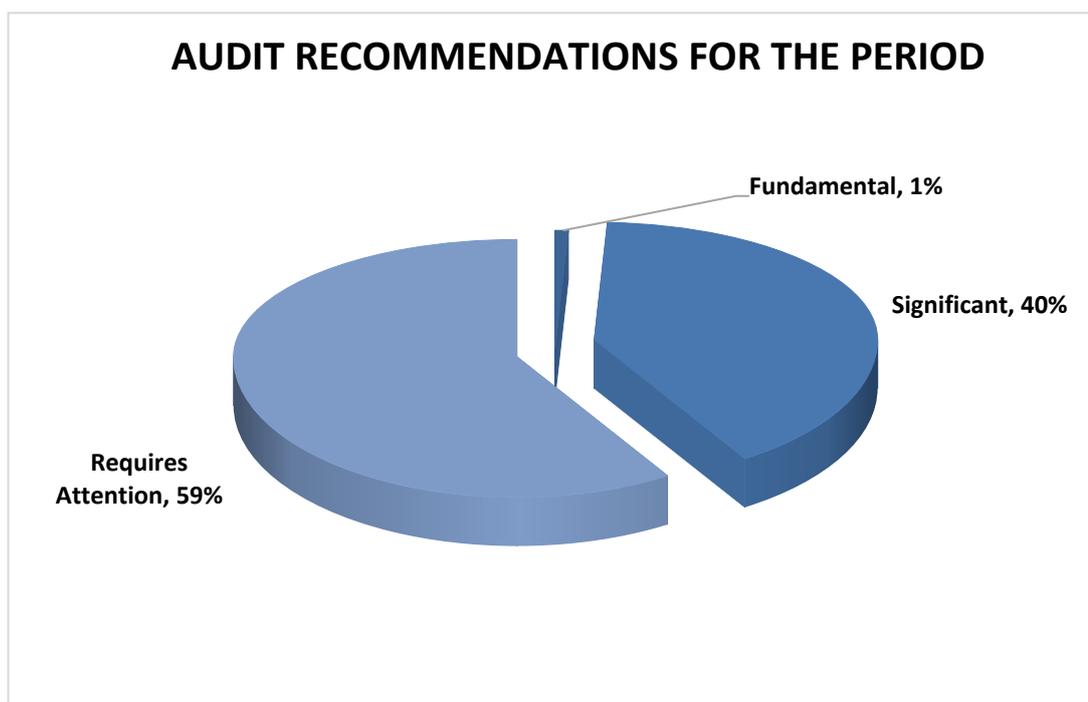
- Community Infrastructure Levy
- Environmental Maintenance Grants

- Section 38 Road Adoption
- Community Car Scheme
- Strengthening Families Grant
- Registrars Service
- Enterprise Resource Planning (ERP) Project Governance Review of the ERP Build Phase
- Customer Service Points
- Flexi/Annualised Hours System

5.9 The assurance levels awarded to each completed audit area appear in the graph below:



5.10 The overall spread of recommendations agreed with management following each audit review are as follows:



- 5.11 Up to the 11<sup>th</sup> November 2018, three reports have been issued, providing good or reasonable assurances, accounting for 33% of the opinions delivered. This represents a decrease in the higher levels of assurance for this period, compared to the previous year outturn of 64%. This is offset by a corresponding increase in limited and unsatisfactory assurances, currently 67% compared to the previous year outturn of 36%.
- 5.12 During this period, it is not clear if there is a strong pattern of areas attracting lower assurance levels given the small report numbers involved. Control objectives evaluated and not found to be in place as part of these audit reviews appear in a summary of the planned audit reviews which resulted in limited assurance 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**.
- 5.13 Eight 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 several honorary funds and the certification of grant claims.
- 5.14 A total of 112 recommendations have been made in the nine final audit reports issued in the period 13<sup>th</sup> August to 11<sup>th</sup> November 2018; these are broken down by audit area and appear in **Appendix A, Table 7**.
- 5.15 A fundamental recommendation has been identified in relation to Environmental Maintenance Grants which is detailed below:

#### **Recommendation**

The findings in the Internal Audit report should be considered and it should be ensured that the revised procedures in respect of the administration of the Environmental

Maintenance Grant address all the issues identified as well as satisfying the requirements agreed by Cabinet. The proposed changes to procedures should be carried out in the 2018/19 budget period. A review should be undertaken to consider what actions would be practical to identify and recover grant monies which have not been spent, which have not been used in accordance with the guidance issued and have not been used in accordance with the agreements made with the Council.

*Findings identified included required improvements to:* eligibility criteria; authorisation processes; application and documentation retention; guidance for applicants; checks on individuals and companies carrying out the works that they are qualified and skilled to do so; clarity of liability the Council may incur should an incident occur in respect of works which have been funded by the grant; grant assessment, monitoring and reconciliation process; provision for the return of any over-subscribed grant; evidence that the funding allocated has been spent in accordance with the approved application; evidence that the grant funding has demonstrated value for money and added value.

### **Management Response**

The review of the Environmental Maintenance Grant has been completed. The revised procedures are a work in progress and will address the previous weaknesses in the administration of the grant.

### **Agreed implementation date**

31/10/18

Since issuing the Audit, management have provided revised procedures to Internal Audit to demonstrate the action taken. An initial, high level review of these appears to provide assurance that they address the issues raised. No formal revised opinion can be issued until a full review of the process has been undertaken.

- 5.16 It is management's responsibility to ensure accepted audit recommendations are implemented within an agreed timescale. **Appendix A, Table 8 sets out the approach adopted to following up recommendations** highlighting Audit Committees involvement.
- 5.17 One significant recommendation has been rejected by management:  
**Section 38 Road Adoptions**  
 Before any further amounts are written off advice should be taken from Legal Services to establish what rights the Council have under the agreements for the bond. If there is no legal solution any further action should be agreed at Director level.

### **Management Response**

It is considered that this already took place and will in the future. When amounts were written off, each payment was rated High, Medium and Low risk and this was signed off at Director level.

### **Audit Comment**

Whilst it is accepted that discussions have taken place at Highways Environment Finance meetings regarding the write off, of low risk amounts in the suspense account, there is no evidence to support confirmation by Legal Services that the Council has the authority to write off the money held.

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?

- 5.18 The following demonstrates areas where Audit have added value with unplanned, project or advisory work, not included in the original plan located at **Appendix A, Table 1**.
- In addition to planned IT Audit work covering aspects of the Digital Transformation Programme, the Principal Auditor (IT) has been actively involved within the Programme Assurance Board. To date, since April 2018 the Programme Assurance team has prepared and issued eight formal reports to the Digital Transformation Programme Board. These reports consider control issues in relation to project and programme delivery and comments from the project Senior Responsible Officers (SRO's) are included. The Principal Auditor (IT) has also responded to the SRO for the Enterprise Resource Planning (ERP) project on several areas on a consultancy basis, providing advice, guidance and insight on options appraisals within the Programme. This work has included assessment of project manager reports and regular updates to the SRO. Reactive work has also been completed where the Principal Auditor (IT) has taken an active role to mitigate immediate project risks, specifically within the ERP project.
  - The team has facilitated and coordinated delivery of the Council's participation in the National Fraud Initiative (NFI) by coordinating data specification requirements and supporting Information Asset Owners in the extraction and uploading of the data for the initiative. Further details of this initiative appear elsewhere on your agenda.
  - An increasing number of financial appraisals are being requested and completed to establish the financial viability of companies providing social care for both adults and children. This information is proactively applied to allow for informed business continuity planning around service delivery. This due diligence approach provided the Council with warning of issues with a supplier in the adult healthcare market, prior to those received directly from the Care Quality Commission (CQC), ensuring that the Council had adequate time to consider appropriate options.
  - Completion of a school fund as part of an Apprentice's training, has produced proposed recommendations to the school to improve on collation and evidencing of the fund accounts.

### Direction of travel

- 5.19 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
<b>2018/19 to date</b>	<b>20%</b>	<b>44%</b>	<b>33%</b>	<b>3%</b>	<b>100%</b>
<b>2017/18</b>	<b>20%</b>	<b>44%</b>	<b>29%</b>	<b>7%</b>	<b>100%</b>
<b>2016/17</b>	<b>7%</b>	<b>45%</b>	<b>31%</b>	<b>17%</b>	<b>100%</b>
<b>2015/16</b>	<b>14%</b>	<b>35%</b>	<b>42%</b>	<b>9%</b>	<b>100%</b>
<b>2014/15</b>	<b>17%</b>	<b>47%</b>	<b>28%</b>	<b>8%</b>	<b>100%</b>
<b>2013/14</b>	<b>30%</b>	<b>45%</b>	<b>15%</b>	<b>10%</b>	<b>100%</b>
<b>2012/13</b>	<b>31%</b>	<b>56%</b>	<b>12%</b>	<b>1%</b>	<b>100%</b>

## Comparison of recommendation by categorisation

Categorisation	Best practice	Requires attention	Significant	Fundamental	Total
<b>2018/19 to date</b>	<b>2%</b>	<b>64%</b>	<b>34%</b>	<b>0%</b>	<b>100%</b>
<b>2017/18</b>	<b>3%</b>	<b>56%</b>	<b>41%</b>	<b>0%</b>	<b>100%</b>
<b>2016/17</b>	<b>4%</b>	<b>50%</b>	<b>46%</b>	<b>0%</b>	<b>100%</b>
<b>2015/16</b>	<b>4%</b>	<b>54%</b>	<b>42%</b>	<b>0%</b>	<b>100%</b>
<b>2014/15</b>	<b>6%</b>	<b>53%</b>	<b>40%</b>	<b>1%</b>	<b>100%</b>
<b>2013/14</b>	<b>15%</b>	<b>57%</b>	<b>27%</b>	<b>1%</b>	<b>100%</b>
<b>2012/13</b>	<b>23%</b>	<b>57%</b>	<b>20%</b>	<b>0%</b>	<b>100%</b>

- 5.20 The number of lower level assurances 36%, at this point in the year, is equal to the outturn for 2017/18 of 36%. **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 however, members should note 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**

- 5.21 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 2018/19 - Audit Committee 1st March 2018

Internal Audit Performance and Revised Annual Audit Plan 2018/19 – Audit Committee 4th September 2018

Public Sector Internal Audit Standards (PSIAS)

Audit Management system

Accounts and Audit Regulations 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 13<sup>th</sup> August to 11<sup>th</sup> November 2018

Table 2: Final audit report assurance opinions issued in the period 13<sup>th</sup> August to 11<sup>th</sup> November 2018

Table 3: Unsatisfactory and limited assurance opinions in the period 13<sup>th</sup> August to 11<sup>th</sup> November 2018

Table 4: Audit assurance opinions

Table 5: Audit recommendation categories

Table 6: Glossary of terms

Table 7: Audit recommendations made in the period 13<sup>th</sup> August to 11<sup>th</sup> November 2018

Table 8: Recommendation follow up process (risk based)

**Appendix B** - Audit plan by service 13<sup>th</sup> August to 11<sup>th</sup> November 2018

## APPENDIX A

**Table 1: Summary of actual audit days delivered and revisions to the audit plan in the period from 13th August to 11th November 2018**

	Original Plan	Revised Plan	11 Nov. 2018 Actual	% of Original Complete	% of Revised Complete
Chief Executive	707	542	227.8	32%	42%
Finance, Governance and Assurance	392	272	110.2	28%	41%
Governance	30	21	9.1	30%	43%
Workforce and Transformation	257	219	108.5	42%	50%
Legal and Democratic	28	30	0.0	0%	0%
Adult Services	172	90	7.3	4%	8%
Place and Enterprise	342	235	152.8	45%	65%
Children's Services	173	94	43.6	25%	46%
Public Health	70	41	27.1	39%	66%
<b>S151 Planned Audit</b>	<b>1,464</b>	<b>1,002</b>	<b>458.6</b>	<b>31%</b>	<b>46%</b>
Contingencies and other chargeable work	566	542	336.2	59%	62%
<b>Total S151 Audit</b>	<b>2,030</b>	<b>1,544</b>	<b>794.8</b>	<b>39%</b>	<b>51%</b>
External Clients	226	229	124.4	55%	54%
<b>Total</b>	<b>2,256</b>	<b>1,773</b>	<b>919.2</b>	<b>41%</b>	<b>52%</b>

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 13th August to 11th November 2018**

Service area	Good	Reasonable	Limited	Unsatisfactory	Total
Chief Executive	0	1	2	0	3
Finance, Governance and Assurance	0	0	1	0	1
Governance	0	0	0	0	0
Workforce and Transformation	0	1	1	0	2
Legal and Democratic	0	0	0	0	0
Adult Services	0	0	0	0	0
Place and Enterprise	0	1	2	1	4
Children's Services	1	0	0	0	1
Children's Services: Schools	0	0	0	0	0
Children's Services: Others	1	0	0	0	1
Public Health	0	0	1	0	1

Service area	Good	Reasonable	Limited	Unsatisfactory	Total
<b>Total for period</b>					
➤ Numbers	1	2	5	1	9
➤ Percentage	11%	22%	56%	11%	100%
Percentage 2018/19 to date	20%	44%	33%	3%	100%
Percentage 2017/18	20%	44%	29%	7%	100%
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 13th August to 11th November 2018<sup>1</sup>**

### Unsatisfactory assurance

#### **Place and Enterprise: Environmental Maintenance Grants**

- The provision of the Environmental Maintenance Grant and the criteria associated with the provision of the grant has been scrutinised and agreed.
- There is an appropriate process to invite applications for the grant funding and the applications received have been reviewed and assessed.
- There is an agreed budget for the grant funding and the payments which have been made to the applicants are correct and have been authorised.
- There are appropriate procedures to ensure that the grant funding is used within the specified time and that there is evidence that the funding has been used by the applicant as agreed.

### Limited assurance

#### **Head of Workforce and Transformation: Customer Service Points (Limited 2015/16)**

- The recommendations made in the previous 2014/15 Customer Service Points Audit have been implemented.
- Services are adequately provided as they are required by the service area or organisation and in accordance with procedures.
- There are budgets in place which are regularly monitored to ensure that income and costs are controlled.

#### **Public Health: Registrars (Limited 2015/16)**

The overall objective of the audit was to ensure that the Registrars Service has appropriately addressed the recommendations raised in the 2015/16 audit, in various management reports issued in 2016/17 and 2017/18. These reports covered areas such as income collection, recording and reconciliation, stock control and Imprest accounts.

- To ascertain the extent to which the recommendations made in the 2015/16 audit of the Registrars Service have been implemented.
- To ascertain the extent to which the recommendations made in the 2016/17 audit of the Registrars Imprest Account have been implemented.

<sup>1</sup> 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.

**Finance, Governance and Assurance: Enterprise Resource System (ERP) Project  
Governance – Review of the Build Stage**

- Appropriate management and governance arrangements are in place over the build of the ERP system.
- Shropshire Council has formally accepted the build of the new system based on previously agreed service design documents.
- Segregation of Duties has been included within the build and verified.
- Data Privacy, Security, Business Continuity, Disaster Recovery have been agreed and built into the system.
- Interfaces have been built and responsibilities have been formally defined.

**Place and Enterprise: Community Infrastructure Levy**

- The Community Infrastructure Levy demand notices are issued following the receipt of the commencement notices.
- The applications for relief from payment of the liability are administered and approved appropriately.
- The deductions from the liability for existing buildings are applied and administered correctly.
- The appeals are dealt with promptly through an independent process and the outcomes are communicated to individuals.
- The liability income which is collected is distributed in accordance with the scheme.
- Expenditure is in accordance with legislation.
- Electronically held data is secure and can be restored in the event of system failure.

**Place and Enterprise: Section 38 Road Adoptions**

- There is a system in place to ensure that previous recommendations have been implemented.
- The system is operated in accordance with up to date policies, procedures, Financial Rules, statutory regulations and legislation to which relevant staff have access.
- There are appropriate processes in place to identify and process highways adoptions.
- There are appropriate systems in place to invoke the Advance Payment Code (APC) unless a Section 38 agreement is being entered into.
- Section 38 agreements are prepared by appropriately qualified staff and signed on a timely basis.
- Income received in respect of Section 38 agreements are promptly and accurately accounted for.

**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**

<b>Good</b>	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.
<b>Reasonable</b>	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.
<b>Limited</b>	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.
<b>Unsatisfactory</b>	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**

<b>Best Practice (BP)</b>	Proposed improvement, rather than addressing a risk.
<b>Requires Attention (RA)</b>	Addressing a minor control weakness or housekeeping issue.
<b>Significant (S)</b>	Addressing a significant control weakness where the system may be working but errors may go undetected.
<b>Fundamental (F)</b>	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 several 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 13th August to 11th November 2018**

Service area	Number of recommendations made				
	Best practice	Requires attention	Significant	Fundamental	Total
Chief Executive	0	23	23	0	46
Finance, Governance and Assurance	0	6	14	0	20
Governance	0	0	0	0	0
Workforce and Transformation	0	17	9	0	26
Legal and Democratic	0	0	0	0	0
Adult Services	0	0	0	0	0
Place and Enterprise	0	37	19	1	57
Children's Services	0	0	0	0	0
Children's Services: Schools	0	0	0	0	0
Children's Services: Others	0	0	0	0	0
Public Health	0	6	3	0	9
<b>Total for period</b>					
➤ <b>Numbers</b>	<b>0</b>	<b>66</b>	<b>45</b>	<b>1</b>	<b>112</b>
<b>Percentage</b>	<b>0%</b>	<b>59%</b>	<b>40%</b>	<b>1%</b>	<b>100%</b>
<b>Percentage 2018/19 to date</b>	<b>2%</b>	<b>64%</b>	<b>34%</b>	<b>0%</b>	<b>100%</b>
<b>Percentage 2017/18</b>	<b>0%</b>	<b>41%</b>	<b>56%</b>	<b>3%</b>	<b>100%</b>
<b>Percentage 2016/17</b>	<b>4%</b>	<b>50%</b>	<b>46%</b>	<b>0%</b>	<b>100%</b>
<b>Percentage 2015/16</b>	<b>4%</b>	<b>54%</b>	<b>42%</b>	<b>0%</b>	<b>100%</b>
<b>Percentage 2014/15</b>	<b>6%</b>	<b>53%</b>	<b>40%</b>	<b>1%</b>	<b>100%</b>
<b>Percentage 2013/14</b>	<b>15%</b>	<b>57%</b>	<b>27%</b>	<b>1%</b>	<b>100%</b>
<b>Percentage 2012/13</b>	<b>23%</b>	<b>57%</b>	<b>20%</b>	<b>0%</b>	<b>100%</b>

**Table 8: Recommendation follow up process (risk based)**

When recommendations are agreed the responsibility for implementation rests with management. There are four categories of recommendation: fundamental, significant, requires attention and best practice and there are four assurance levels given to audits: unsatisfactory, limited, reasonable and good.

The process for *fundamental recommendations* will continue to be progressed within the agreed time frame with the lead Director being asked to confirm implementation. Audit will conduct testing, either specifically on the recommendation or as part of a re-audit of the whole system. Please note that all agreed fundamental recommendations will continue to be reported to Audit Committee. Fundamental recommendations not implemented after the agreed date, plus one revision to that date where required, will in discussion with the Section 151 Officer be reported to Audit Committee for consideration.

## APPENDIX B

AUDIT PLAN BY SERVICE –PERFORMANCE REPORT FROM 13<sup>th</sup> AUGUST to 11<sup>th</sup> NOVEMBER 2018

	Original Plan Days	September Revision	November Revision	Revised Plan Days	11th November 2018 Actual	% Revised Plan Achieved
<b>CHIEF EXECUTIVE Governance</b>	<b>30</b>	<b>-7</b>	<b>-2</b>	<b>21</b>	<b>9.1</b>	<b>43%</b>
<b>Finance Governance &amp; Assurance</b>						
Finance						
Transactions	108	-10	-35	63	0.4	1%
Finance and S151 Officer	101	-27	-22	52	22.6	43%
Financial Management	70	13	-27	56	29.9	53%
Procurement and Contract Management	61	-3	8	66	48.4	73%
Revenues and Benefits	20	-8	0	12	0.1	1%
Risk Management and Insurance	8	-1	0	7	0.0	0%
Treasury	24	-8	0	16	8.8	55%
	<b>392</b>	<b>-44</b>	<b>-76</b>	<b>272</b>	<b>110.2</b>	<b>41%</b>
<b>Workforce and Transformation</b>						
Human Resources	97	-44	3	56	33.7	60%
Customer Services	13	-5	5	13	13.1	101%
ICT	147	12	-9	150	61.7	41%
	<b>257</b>	<b>-37</b>	<b>-1</b>	<b>219</b>	<b>108.5</b>	<b>50%</b>
<b>Legal and Democratic Information</b>						
Governance	8	5	0	13	0.0	0%
Legal Services	20	-3	0	17	0.0	0%
	<b>28</b>	<b>2</b>	<b>0</b>	<b>30</b>	<b>0.0</b>	<b>0%</b>
<b>CHIEF EXECUTIVE</b>	<b>707</b>	<b>-86</b>	<b>-79</b>	<b>542</b>	<b>227.8</b>	<b>42%</b>

	Original Plan Days	September Revision	November Revision	Revised Plan Days	11th November 2018 Actual	% Revised Plan Achieved
<b>ADULT SERVICES</b>						
<b>Social Care Operations</b>						
Long Term Support	96	-42	-11	43	7.1	17%
Assistive Services Provider Services	8	0	0	8	0.0	0%
- Group Homes	8	-1	0	7	0.0	0%
Housing Services	28	-8	0	20	0.2	1%
<b>Social Care Operations</b>	<b>140</b>	<b>-51</b>	<b>-11</b>	<b>78</b>	<b>7.3</b>	<b>9%</b>
<b>Social Care Efficiency and Improvement</b>						
Developmental Support	32	-20	0	12	0.0	0%
<b>ADULT SERVICES</b>	<b>172</b>	<b>-71</b>	<b>-11</b>	<b>90</b>	<b>7.3</b>	<b>8%</b>
<b>PLACE AND ENTERPRISE</b>						
<b>Director of Place and Enterprise</b>						
Corporate Performance Management	0	10	-10	0	1.7	0%
<b>Business, Enterprise and Commercial Services</b>						
Commercial Services	8	0	2	10	9.4	94%
Shire Services	25	-13	0	12	0.0	0%
Strategic Asset Services	64	-26	-6	32	0.0	0%
	<b>97</b>	<b>-39</b>	<b>-4</b>	<b>54</b>	<b>9.4</b>	<b>17%</b>
<b>Economic Development</b>						
Business & Enterprise	29	-12	-6	11	6.6	60%

	Original Plan Days	September Revision	November Revision	Revised Plan Days	11th November 2018 Actual	% Revised Plan Achieved
Development Management Planning & Corporate Policy Project Development	24	-11	0	13	13.2	102%
	16	26	0	42	42.5	101%
	17	-4	-9	4	4.0	100%
	<b>86</b>	<b>-1</b>	<b>-15</b>	<b>70</b>	<b>66.3</b>	<b>95%</b>
<b>Infrastructure and Communities</b>						
Highways	65	6	-6	65	34.7	53%
Environmental Maintenance	0	8	-2	6	5.8	97%
Library Services	4	-4	0	0	0.0	0%
Public Transport	48	-23	1	26	22.1	85%
Waste & Bereavement	24	-24	0	0	0.0	0%
	<b>141</b>	<b>-37</b>	<b>-7</b>	<b>97</b>	<b>62.6</b>	<b>65%</b>
<b>Culture and Heritage</b>						
Theatre Severn and OMH	10	0	4	14	12.8	91%
Leisure Services	8	-8	0	0	0.0	0%
	<b>18</b>	<b>-8</b>	<b>4</b>	<b>14</b>	<b>12.8</b>	<b>91%</b>
<b>PLACE AND ENTERPRISE</b>	<b>342</b>	<b>-75</b>	<b>-32</b>	<b>235</b>	<b>152.8</b>	<b>65%</b>
<b>CHILDREN'S SERVICES</b>						
<b>Safeguarding</b>						
Children's Placement Services & Joint Adoption	36	-5	2	33	16.6	50%
Safeguarding	6	4	5	15	10.8	72%
	<b>42</b>	<b>-1</b>	<b>7</b>	<b>48</b>	<b>27.4</b>	<b>57%</b>
<b>Education, Improvement and Efficiency</b>						
Education Improvements	50	-20	-17	13	6.2	48%
Primary/Special	54	-36	15	33	10.0	30%

	Original Plan Days	September Revision	November Revision	Revised Plan Days	11th November 2018 Actual	% Revised Plan Achieved
Schools						
Secondary						
Schools	27	-27	0	0	0.0	0%
	<b>131</b>	<b>-83</b>	<b>-2</b>	<b>46</b>	<b>16.2</b>	<b>35%</b>
<b>CHILDREN'S SERVICES</b>	<b>173</b>	<b>-84</b>	<b>5</b>	<b>94</b>	<b>43.6</b>	<b>46%</b>
<b>PUBLIC HEALTH</b>						
Public Health	10	5	0	15	6.1	41%
Community Safety	8	-8	0	0	0.0	0%
	<b>18</b>	<b>-3</b>	<b>0</b>	<b>15</b>	<b>6.1</b>	<b>41%</b>
<b>Public Protection</b>						
Community Safety	24	-10	0	14	8.5	61%
Environmental Protection and Prevention	20	-7	-13	0	0.0	0%
	<b>44</b>	<b>-17</b>	<b>-13</b>	<b>14</b>	<b>8.5</b>	<b>61%</b>
<b>Bereavement</b>	<b>8</b>	<b>3</b>	<b>1</b>	<b>12</b>	<b>12.5</b>	<b>104%</b>
<b>PUBLIC HEALTH</b>	<b>70</b>	<b>-17</b>	<b>-12</b>	<b>41</b>	<b>27.1</b>	<b>66%</b>
<b>Total Shropshire Council Planned Work</b>	<b>1,464</b>	<b>-333</b>	<b>-129</b>	<b>1,002</b>	<b>458.6</b>	<b>46%</b>
<b>CONTINGENCIES</b>						
Advisory Contingency	50	-10	0	40	20.3	51%
Fraud Contingency	200	0	0	200	141.8	71%
Unplanned Audit Contingency	50	4	0	54	20.4	38%
Other non audit Chargeable Work	266	-9	-9	248	153.7	62%
<b>CONTINGENCIES</b>	<b>566</b>	<b>-15</b>	<b>-9</b>	<b>542</b>	<b>336.2</b>	<b>62%</b>
<b>Total for Shropshire</b>	<b>2,030</b>	<b>-348</b>	<b>-138</b>	<b>1,544</b>	<b>794.8</b>	<b>51%</b>
<b>EXTERNAL CLIENTS</b>	<b>226</b>	<b>3</b>	<b>0</b>	<b>229</b>	<b>124.4</b>	<b>54%</b>

	<b>Original Plan Days</b>	<b>September Revision</b>	<b>November Revision</b>	<b>Revised Plan Days</b>	<b>11th November 2018 Actual</b>	<b>% Revised Plan Achieved</b>
<b>Total Chargeable</b>	<b>2,256</b>	<b>-345</b>	<b>-138</b>	<b>1,773</b>	<b>919.2</b>	<b>52%</b>