



<u>Committee and Date</u>	<u>Item</u>
Audit Committee	
9 <sup>th</sup> December 2021	
10:00am	<u>Public</u>

## **INTERNAL AUDIT PERFORMANCE AND REVISED ANNUAL AUDIT PLAN 2021/22**

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### **1 Synopsis**

1.1 This report summarises Internal Audit's work to date in 2021/22 with delivery as expected and the plan adjusted to reflect the impact of vacancies and changes to risks. Lower assurances are highlighted, providing members with an opportunity to challenge further.

### **2. Executive Summary**

2.1 This report provides members with an update of work undertaken by Internal Audit in the three months since the September Audit Committee. Fifty six percent of the revised plan has been completed (**see Appendix A, Table 1**), which is in line with previous delivery records.

2.2 Two good, four reasonable, four limited and one unsatisfactory assurance opinions have been issued. The 11 final reports contained 144 recommendations, two of which were fundamental.

2.3 This report proposes minor revisions in the coverage of planned activity for Shropshire Council with a slight change in resources from the 1,797 days reported in September 2021 to 1,741 days. Changes to the planned activity reflect adjustments taking in both risks and a reduction in available resources, recruitment delays and initially at the start of the year, the continuing impact of COVID on both the service and the client; the changes have been discussed with, and agreed by, the Section 151 Officer.

2.4 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.

### 3 Decisions

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

- 3.1 The performance to date against the 2021/22 Audit Plan.
- 3.2 The adjustments required to the 2021/22 plan to take account of changing priorities set out in **Appendix B** and to,
- 3.3 Identify any action(s) it wishes to take in response to any low assurance levels and fundamental recommendations brought to Members' attention.

## REPORT

### 4 Risk Assessment and Opportunities Appraisal

- 4.1 The delivery of a risk-based audit 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.
- 4.2 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'.
- 4.3 'Proper practices' can be demonstrated through compliance with the Public Sector Internal Audit Standards (PSIAS).
- 4.4 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998 and there are no direct environmental or equalities consequences of this proposal.

## **5 Financial Implications**

5.1 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.

## **6 Climate Change Appraisal**

6.1 This report does not directly make decisions on energy and fuel consumption; renewable energy generation; carbon offsetting or mitigation; or on climate change adaptation.

6.2 Audit work considers compliance with legislation, strategies and policies, climate change is no exception. In practice Auditors look to make recommendations to reduce waste and save energy. Climate related risks benefit from the Auditors helicopter view of the Council, their awareness of links to other strategies, including the digital; commercial; financial and workforce strategies, and the challenges to be considered. Auditors continue to explore key questions with clients to help embed these strategies both internally and externally with suppliers and partners.

## **7 Background**

7.1 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.

7.2 The 2021/22 Internal Audit Plan was presented to, and approved by, Members at the 4<sup>th</sup> March 2021 Audit Committee, with adjustments being approved in September. This report provides an update on progress made against the plan up to 12<sup>th</sup> November 2021 and includes revisions.

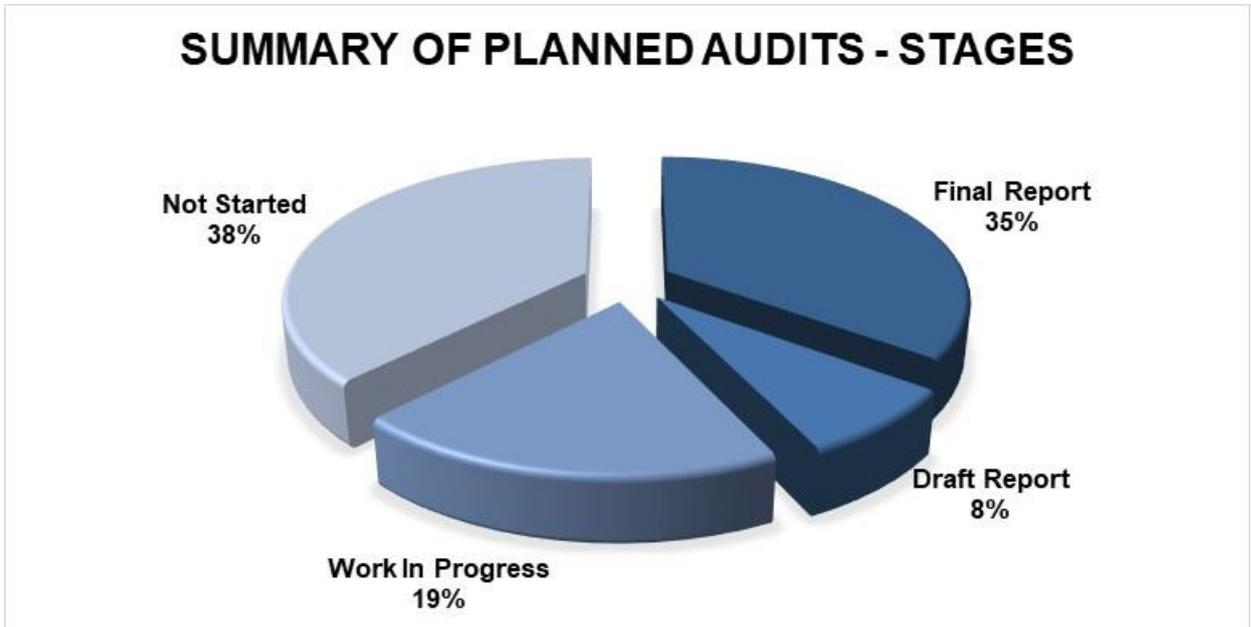
7.3 Resources reflect the resignation of two qualified auditors, the addition of a secondee from finance and a new trainee plus one vacancy, which will be held whilst current trainees and secondees are brought up to speed; a small increase in external work attracting additional one-off income and the impact of some challenging areas of work demanding additional time on audit work, agreeing reports and follow up measures.

## **8 Performance against the plan 2021/22**

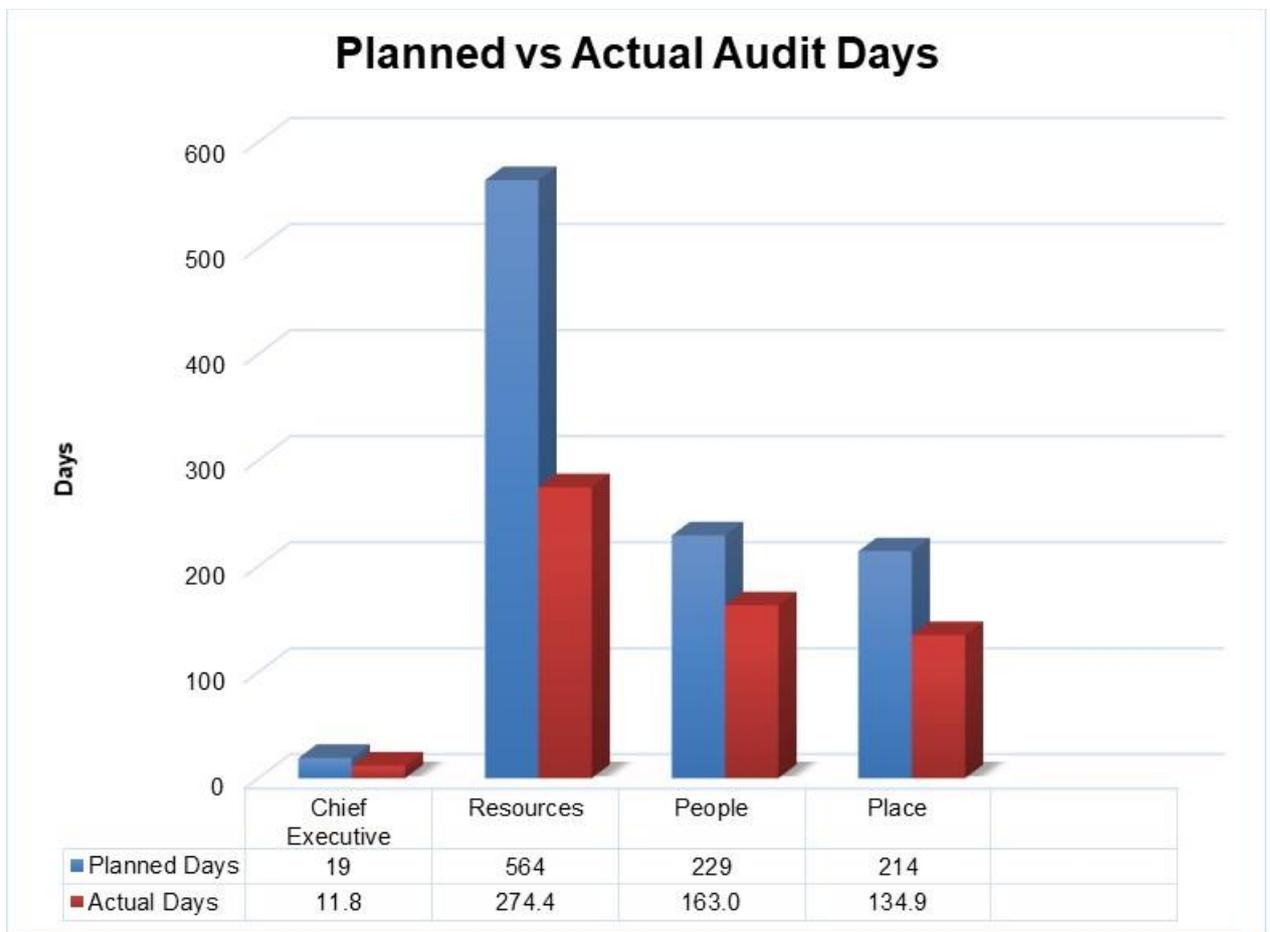
8.1 Revisions to the 2021/22 plan provide for a total of 1,741 days. There have been minor changes to planned audit activity which has been adjusted to reflect adjustments in resources and risks, as the Service delivers in an agile

way. Performance to date as a result is in line with previous delivery records at 56% (62% 2020/21), the team is on track to deliver a minimum of 90% of the revised annual plan by the year end.

8.2 In total, 11 final reports have been issued in the period from 9<sup>th</sup> August to 12<sup>th</sup> November 2021. All are listed with their assurance rating and broken down by service area at **paragraph 8.4**, the year-to-date position is show at **Appendix A, Table 2**. The following chart shows performance against the approved Internal Audit Plan for 2021/22:



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

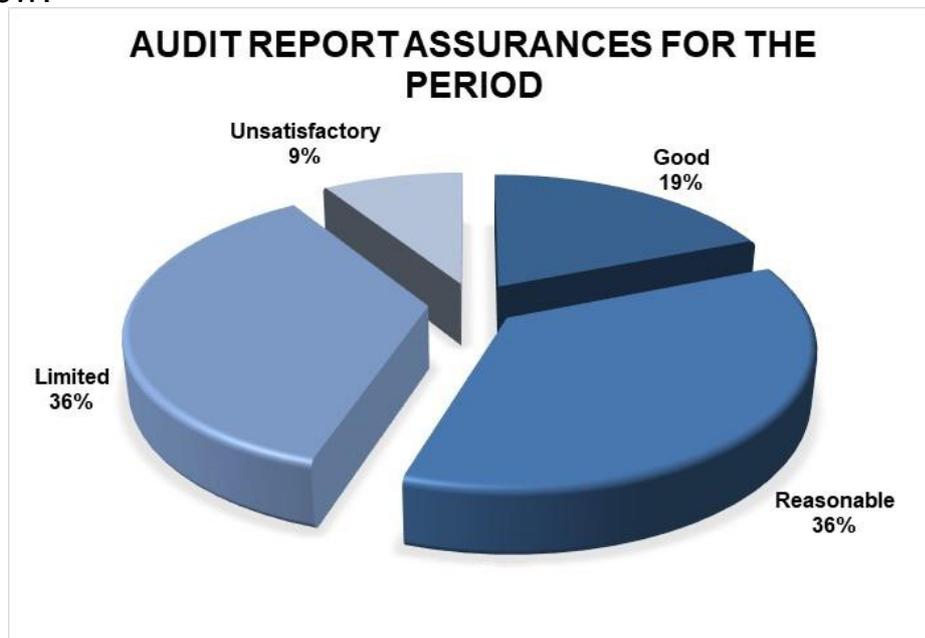


8.4 The following audits have been completed in the period:

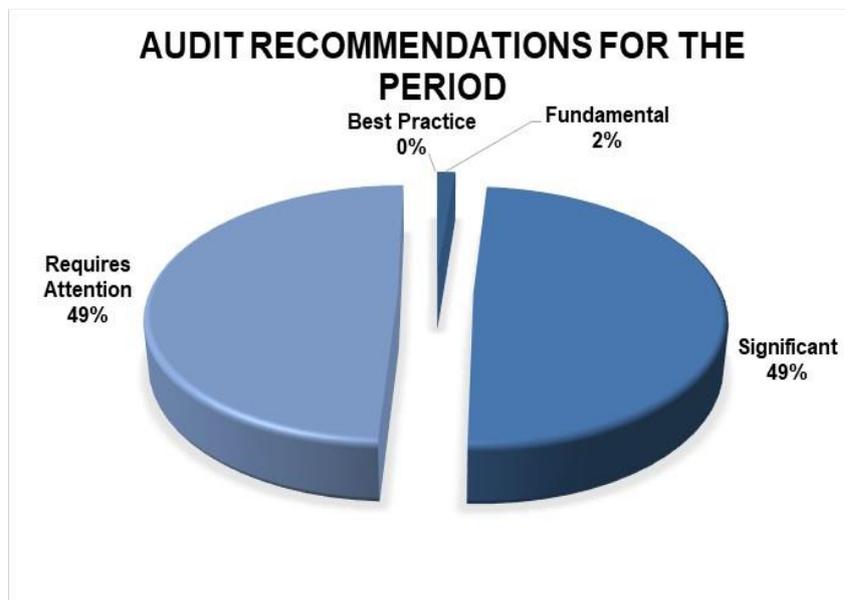
Audit Name	Audit Opinion				Recommendations			
	Good	Reasonable	Limited	Unsatisfactory	Fundamental	Significant	Requires Attention	Best Practice
<b>People - Adults</b>								
Appointeeships and Deputyships		1			0	4	13	0
ASC Management Controls Audit (Safeguarding)		1			0	5	5	0
Adult Social Care Assessments		1			0	1	1	0
	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>19</b>	<b>0</b>
<b>People - Children</b>								
Bishops Castle Community College			1		0	13	15	0
Brockton Primary School				1	1	27	11	0
	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>40</b>	<b>26</b>	<b>0</b>
<b>Place</b>								

Audit Name	Audit Opinion				Recommendations			
	Good	Reasonable	Limited	Unsatisfactory	Fundamental	Significant	Requires Attention	Best Practice
Housing Provision - Development Cornovii	1				0	0	1	0
Smallholdings Estate		1			0	2	1	0
Repurposing Project PH 2020/21			1		0	8	3	0
Other, including added value and briefing notes					0	2	2	0
	1	1	1	0	0	12	7	0
<b>Resources - Business Intelligence (Information &amp; Insight, IT, Communications and Information Governance)</b>								
Equitrac	1				0	1	1	0
Encryption 20/21			1		0	4	3	0
Microsoft Dynamics CRM Application (Hosted in Azure)			1		0	2	7	0
Other, including added value and briefing notes					1	2	8	0
	2	4	4	1	2	71	71	0
	19%	36%	36%	9%	2%	49%	49%	0%

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



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



- 8.7 In the period 9<sup>th</sup> August to the 12<sup>th</sup> November 2021, six reports have been issued providing good or reasonable assurances and accounting for 55% of the opinions delivered. This represents a slight decrease in the higher levels of assurance for this period, compared to the previous year outturn of 57%. This is offset by a corresponding increase in limited and unsatisfactory assurances, currently 45% compared to the previous year outturn of 43%.
- 8.8 Details of control objectives evaluated and not found to be in place as part of the planned audit reviews that resulted in limited and unsatisfactory assurances, appear 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**.
- 8.9 Six draft reports, awaiting management responses, will be included in the next performance report. Work has also been completed for external clients in addition to the drafting and auditing of financial statements for several honorary funds and the certification of grant claims.
- 8.10A total of 144 recommendations have been made in the 11 final audit reports issued during this period; these are broken down service area at **paragraph 8.4**, the year-to-date position is show at **Appendix A, Table 2**. Two fundamental recommendations have been identified which are detailed below:
- 8.11 **Brockton CE Primary School**  
 Catering and cleaning contracts have not been subject to tender, the cost of this now exceeds £100,000 and the issue was raised in two previous audits.
- Recommendation** - Expenditure over £50,000 should be subject to formal tender. The cost of the contract over its whole term should be included when calculating the value. In addition, and as agreed with the school in the Autumn Term 2018, expenditure over £5,000 should be approved by the

Governing Body. Evidence of this should be clearly noted in the Governing Body minutes. The school should ensure that Contract Rules are adhered to with any future contracts. (Updated from recommendation made and agreed in 2017/18 and 2018/19).

**Proposed Management Action**<sup>1</sup>- Tender process for catering and cleaning services to be commenced in Autumn 2021 for services from September 2022.

**Date to be Actioned** – From September 2021

#### 8.12 **Power Platform Briefing Note**

**Findings** - Power Platform Administration responsibilities have been allocated however, the basis of individual allocation and responsibilities and overall management are unclear.

**Risk** - Without an underlying management structure in place the proposed governance arrangements cannot be adequately implemented.

**Recommendation** - An agreed management structure and staff responsibilities are defined for the Administration of the Power Platform. In addition, a training strategy should be developed.

**Proposed Management Action** - ICT leadership has reviewed the recommendation and will define the roles and responsibilities. A business case may be needed if additional staff or duties are required that cannot be resourced with current resources.

**Date to be Actioned** – November 2021

8.13 It is management's responsibility to ensure accepted audit recommendations are implemented within an agreed timescale. **Appendix A, Table 7 sets out the approach adopted to following up recommendations** highlighting Audit Committee's involvement. Fundamental recommendations that are now due for implementation, allowing for one revision to the agreed date, are shown in **Appendix A, Table 8**.

8.14 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**.

- **Purchase to pay data analytics:** Following the enforcement of the No purchase order no pay policy, a review was undertaken of the requisitions and orders raised to identify where the system controls are being bypassed by raising requisitions once the order has been placed and the invoice received. This information was shared with the Finance team to enable the Finance Business Partners to support those not using the system correctly.

<sup>1</sup> An Acting Head was appointed immediately prior to the start of the current audit. They have provided assurance that the issues identified in the unsatisfactory audit will now be addressed.

- **Power Platform Briefing note:** 'Power Platform' is a collective term for three Microsoft products: Power BI, PowerApps and Power Automate. They provide the means to help people easily manipulate, surface, automate and analyse data and can be used with Office365 and Dynamics 365. This review was to ensure that usage of the Power Platform complies with both internal policies such as the Corporate Information Security Policy, the Access Control Policy and external legislation such as the Data Protection Act 2018. Governance controls were recommended for improvement and a fundamental recommendation appears earlier in this report.
- **Shropshire Council land transfers:** An independent review of the controls and processes around the transfer of land from Shropshire Council to a development company; to allow both parties to reach a better understanding of the process, who has or needs to take on which responsibilities, what went right or wrong in respect of the transfer, and how future transfers can be streamlined. An action plan was delivered for discussion between all parties.
- **Access Control System Data Analytics:** Data was extracted from both the access control system and Human Resources system and compared. To reconcile where there had been new staff or leavers and establish a future reporting tool for this.
- **Fix My Street Project:** Project assurance and advice for an on-line portal and mapping tool which allows the public to register details of defects including a photograph in the highways. The information is provided to highways engineers who provide a response to the user telling them how the issue will be dealt with and when dealt with the user will receive an update that the problem has been solved as well as a photograph. The public will become our eyes on the ground.
- **Flexiroute Implementation Project:** Project assurance and advice on a database of all pupils and other service users who require Council transportation to access education and other services. The software is an automated routing scheduling system which produces the most efficient and effective routes based on the needs of the service users and transport available. There is functionality which allows the software to consider the specific transport needs of each service user.
- **Head of IT Recruitment:** The IT Auditor provided support to the Executive Director of Resources in the recruitment process for the Interim Head of IT post.
- **IT Governance:** Working with the newly appointed SIRO<sup>2</sup> on governance arrangements within IT, providing advice, consultancy and best practice feeding into reshaping the processes.

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<sup>2</sup> Senior Information Risk Officer

- **LGS Action Plan:** Support in the form of consultancy advice to the Executive Director of Place on the Children’s Local Government Association Test of Assurance action plan.
- **Cyber Strategic Risk Consultancy:** Consultancy input and guidance, through meetings, for splitting the Cyber related strategic risk to better represent the current position and the mitigating controls.
- **Microsoft Defender Sophos replacement:** Consultancy, advice and guidance for the IT Service and Support Manager and Infrastructure, Security and Innovation Manager in relation to the decommissioning of the Sophos products and the implementation of the Microsoft Defender tools under the Microsoft E5 licensing arrangements.
- **Interim Head of IT update meetings:** IT Audit specific meetings in relation to planned works, consultancy, findings, action tracking, report finalisation with the newly appointed Interim Head of IT.
- **ISIGIT<sup>3</sup> meetings** - Attendance at the governance meetings and input into the set-up of the newly formed group. Providing assurance, advice, guidance and reviewing internal controls.
- **Digital Skills Programme Grant Funding:** Consultancy and advice on allocation and management of funding to private charity organisations and libraries to build on the work their volunteers are already carrying out to improve the digital skills of people who have come forward to improve their skills and confidence. As the Council moves to providing more services on-line this funding will help to address the needs of those who are at risk of becoming excluded because of their lack of digital skills.

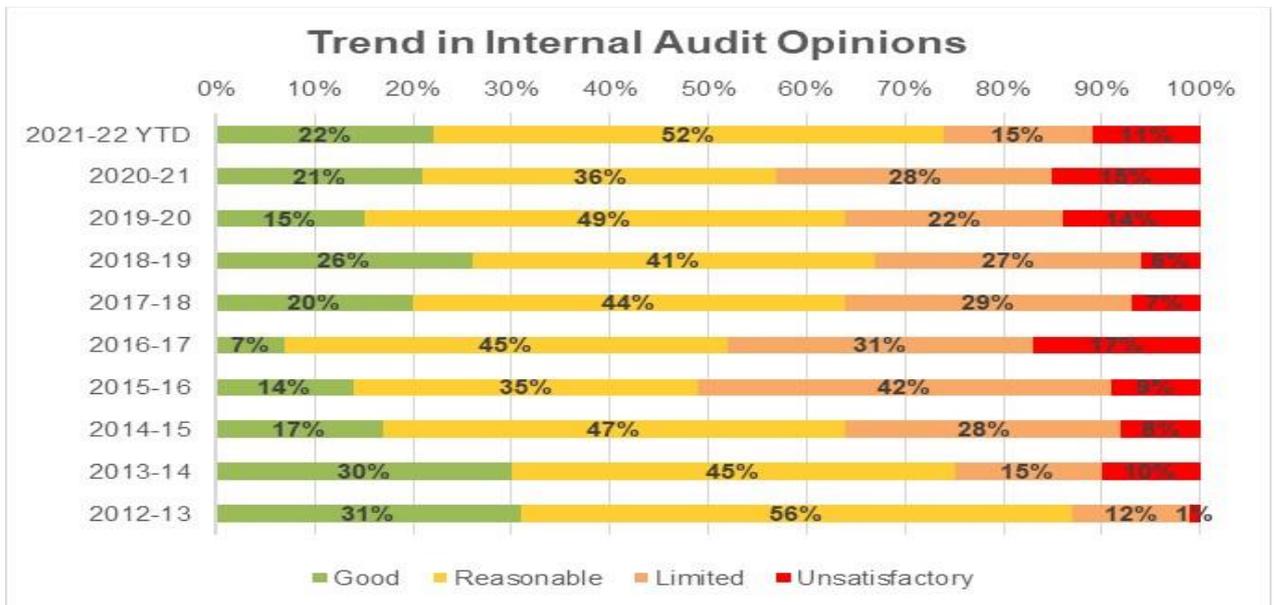
### **Direction of travel**

8.15 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.

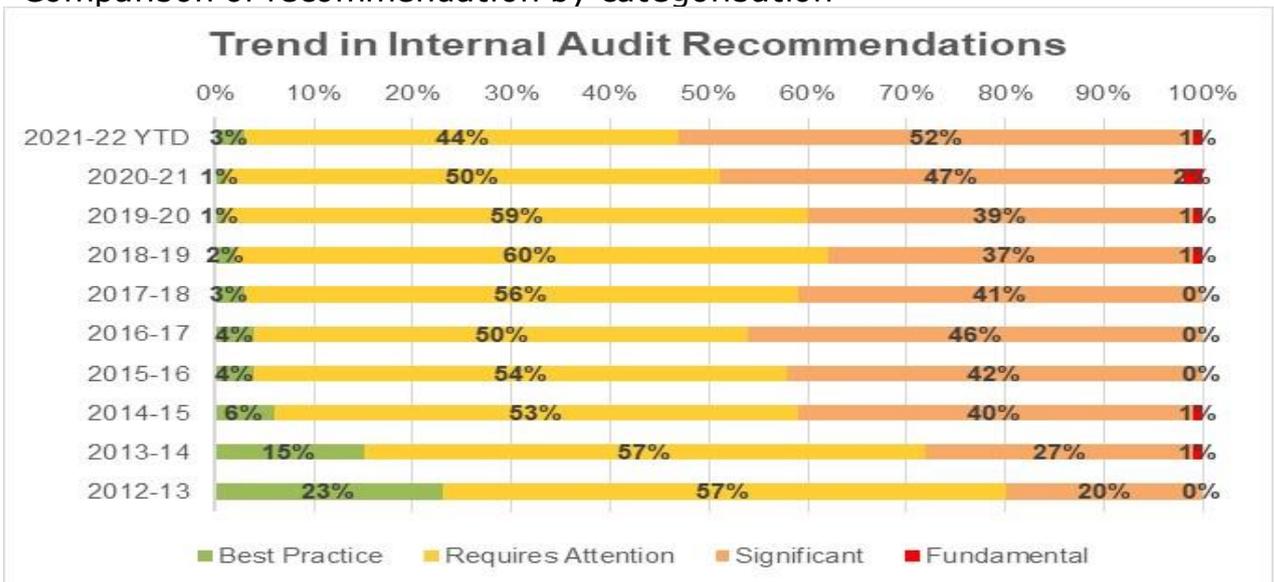
Comparison of Assurance Levels

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<sup>3</sup> Information Security, Information Governance and IT



Comparison of recommendation by categorisation



8.16 The number of lower-level assurances 26%, at this point in the year, is significantly lower than the outturn for 2020/21 of 43%. It is important to note that audit reviews for fundamental systems have yet to be completed. **Appendix A, Table 3**, shows a full list of areas that have attracted limited and unsatisfactory assurances during the period 9<sup>th</sup> August to 12<sup>th</sup> November 2021.

**Performance measures**

8.17 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)**

Internal Audit Performance and Revised Annual Audit Plan 2021/22 – Audit Committee 16<sup>th</sup> September 2021  
Draft Internal Audit Risk Based Plan 2021/22 - Audit Committee 4<sup>th</sup> March 2021  
Public Sector Internal Audit Standards (PSIAS)  
Audit Management system  
Accounts and Audit Regulations 2015

**Cabinet Member (Portfolio Holder)** Lezley Picton, Leader of the Council and Brian Williams, Chairman of the Audit Committee

**Local Member:** All

**Appendices**

**Appendix A**

Table 1: Summary of actual audit days delivered against plan 1<sup>st</sup> April to 12<sup>th</sup> November 2021  
Table 2: Final audit report assurance opinions and recommendation summary 1<sup>st</sup> April to 12<sup>th</sup> November 2021  
Table 3: Unsatisfactory and limited assurance opinions in the period 9<sup>th</sup> August to 12<sup>th</sup> November 2021  
Table 4: Audit assurance opinions  
Table 5: Audit recommendation categories  
Table 6: Glossary of terms  
Table 7: Recommendation follow up process (risk based)  
Table 8: Fundamental recommendations due for Implementation  
**Appendix B** - Audit plan by service 1<sup>st</sup> April to 12<sup>th</sup> November 2021

**APPENDIX A****Table 1: Summary of actual audit days delivered and revisions to the audit plan in the period from 1<sup>st</sup> April to 12<sup>th</sup> November 2021**

	<b>Original Plan</b>	<b>Revised Plan</b>	<b>12<sup>th</sup> Nov 2021 Actual</b>	<b>% of Original Complete</b>	<b>% of Revised Complete</b>
Chief Executive	36	19	11.8	33%	62%
Resources	769	564	274.4	36%	49%
Finance	512	323	166.2	32%	51%
Workforce and Development	68	56	21.1	31%	38%
Business Intelligence	189	185	87.0	46%	47%
Legal and Democratic	0	0	0.1	0%	0%
People	285	229	163	57%	71%
Adult Social Care	95	74	67.0	71%	91%
Public Health	19	2	0.0	0%	0%
Public Protection	8	10	9.8	123%	98%
Bereavement	38	23	13.8	36%	60%
Children's Services	83	60	16.2	20%	27%
Schools	42	60	56.2	143%	94%
Place	195	214	134.9	69%	63%
<b>S151 Planned Audit</b>	<b>1,285</b>	<b>1,026</b>	<b>584.1</b>	<b>45%</b>	<b>57%</b>
Contingencies and other chargeable work	493	450	298.3	61%	66%
<b>Total S151 Audit</b>	<b>1,778</b>	<b>1,476</b>	<b>882.4</b>	<b>50%</b>	<b>60%</b>
External Clients	222	265	90.3	41%	34%
<b>Total</b>	<b>2,000</b>	<b>1,741</b>	<b>972.7</b>	<b>49%</b>	<b>56%</b>

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

**Table 2: Final audit report assurance opinions and recommendation summary - 1<sup>st</sup> April to 12<sup>th</sup> November 2021**

Audit Name	Audit Opinion				Recommendations			
	Good	Reasonable	Limited	Unsatisfactory	Fundamental	Significant	Requires Attention	Best Practice
<b>Chief Executive</b>								
Corporate Governance 2020/21		1			0	0	0	0
	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>People - Adults</b>								
CM2000 Decommissioning	1				0	0	0	0
Parking Cash Collection 20/21		1			0	3	5	0
Appointeeships and Deputyships		1			0	4	13	0
ASC Management Controls Audit (Safeguarding)		1			0	5	5	0
Adult Social Care Assessments		1			0	1	1	0
Other, including added value and briefing notes					1	11	0	0
	<b>1</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>24</b>	<b>24</b>	<b>0</b>
<b>People - Children</b>								
Supporting Families Grant	1				0	0	1	0
Trinity Primary School		1			0	5	11	1
Bishops Castle Community College			1		0	13	15	0
Brockton Primary School				1	1	27	11	0
	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>45</b>	<b>38</b>	<b>1</b>
<b>Place</b>								
Housing Provision - Development Cornovii	1				0	0	1	0
Housing Strategy		1			0	1	0	0
Smallholdings Estate		1			0	2	1	0
Repurposing Project PH 2020/21			1		0	8	3	0
Tree Safety 20/21				1	1	0	0	0
Other, including added value and briefing notes					1	4	2	0
	<b>1</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>15</b>	<b>7</b>	<b>0</b>
<b>Resources - Finance (Finance, Revenues &amp; Benefits, Procurement and Treasury)</b>								
COVID Test and Trace Grants	1				0	0	1	0
Comino Application 20/21		1			0	1	4	0
Adobe Sign		1			0	2	4	0
Other, including added value and briefing notes					0	3	2	0
	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>11</b>	<b>0</b>
<b>Resources - Workforce and Development (HR, Risk &amp; Insurance and Health &amp; Safety)</b>								
Covid PPE procurement and allocation	1				0	0	3	0
Apprenticeship Levy 20/21		1			0	2	6	0
Other, including added value and briefing notes								
	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>9</b>	<b>0</b>
<b>Resources - Business Intelligence (Information &amp; Insight, IT, Communications and Information Governance)</b>								
Equitrac	1				0	1	1	0
Digital Mailroom Project		1			0	1	1	0

Audit Name	Audit Opinion			Recommendations				
	Good	Reasonable	Limited	Unsatisfactory	Fundamental	Significant	Requires Attention	Best Practice
IT Change Management		1			0	0	3	0
Encryption 20/21			1		0	4	3	0
Microsoft Dynamics CRM Application (Hosted in Azure)			1		0	2	7	0
Internet Security 20/21				1	2	2	8	0
Other, including added value and briefing notes					1	2	8	0
	1	2	2	1	3	12	31	0
<b>Resources - Legal and Democratic</b>								
Members Allowances 20/21		1			0	3	7	0
	0	1	0	0	0	3	7	0
	6	14	4	3	7	107	127	1
	22%	52%	15%	11%	3%	44%	52%	1%

**Table 3: Unsatisfactory and limited assurance opinions issued in the period from 9<sup>th</sup> August to 12<sup>th</sup> November 2021<sup>4</sup>**

### Unsatisfactory assurance

#### **People : Brockton Primary School (Unsatisfactory 2018/19, 2017/18 and 2015/16)**

- Previous audit recommendations have been implemented.
- Governors and staff clearly understand their respective roles and responsibilities.
- Budget income is identified, collected and banked in accordance with procedures.
- Purchases are appropriate, authorised, recorded correctly and comply with Financial Regulations and Contract Procedure Rules.
- Payment is made to bona fide employees only for the work performed through the Payroll system.
- The school fund is operated in accordance with the school fund notes of guidance.
- Regular budget monitoring is performed and any significant variations are investigated.

### Limited assurance

#### **Resources: Encryption**

- To ensure that end user/manager training is provided on encryption.
- To ensure that the organisation routinely reviews its use of encryption and associated risks.

<sup>4</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.

- To ensure that responsibilities for monitoring file transfers have been defined and that mechanisms/tools exist to ensure encryption is being used where appropriate.
- To ensure that mechanisms are in place to protect all “mobile” devices.

**Place: Repurposing of Pride Hill Project**

- An approved project plan has been formally documented.
- A governance structure, that meets the needs of the project is in place.
- The financial model set out in the approved project plan has been revisited and a revised project budget is in place.

**People : Bishops Castle Community College (Unsatisfactory 2019/20)**

- Previous audit recommendations have been implemented
- Governors and staff clearly understand their respective roles and responsibilities.
- Budget income is identified, collected, and banked in accordance with procedures.
- Purchases are appropriate, authorised, recorded correctly, and comply with Financial Regulations and Contract Procedure Rules.
- The imprest account is operated in accordance with Imprest Procedures and all monies can be accounted for.
- The school fund is operated in accordance with the school fund notes of guidance.
- Information Governance and cyber risks are managed in accordance with current best practice and an agreed policy.

**Resources : Microsoft Dynamics CRM Application**

- To ensure the system and administrative processes are adequately documented.
- To ensure that the application authentication and authorisation mechanisms are secure.
- To ensure that data is accurately input and the authenticity of the data input is subject to validation processes.
- To ensure that cloud (Software as a Service) contract performance and security management arrangements are 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**

<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: 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.

**Table 8: Fundamental Recommendations due for Implementation**

<b>Audit Area</b>	<b>Recommendation</b>	<b>Date to be Actioned</b>	<b>Revised Date to be Actioned</b>	<b>Lead Officer</b>	<b>Current Position</b>
Leisure Services Contract 2019/20	Contracts should be let in accordance with Contract Rules. The cost of the contract over its whole term including any additional payments should be considered when determining if verbal, written quotes or formal tender process is required.	30/06/20	30/06/21	Peter Davis, Leisure Services Manager.	Follow Up audit due in quarter three.
Debt Recovery 2019/20	The Debt Recovery Team procedures should be updated when the Corporate Credit Policy has been finalised and agreed. It should be ensured that the procedures and practices carried out by the Debt Recovery Team reflect requirements of the agreed Corporate Credit Policy. (As previously recommended and agreed and originally recommended in 2017/18).	Not given due to COVID.	31/12/20	Not given.	Follow up audit due in quarter four.
Dog Wardens 2020/21	A full management review of the Dog Wardens service should be undertaken to ensure that there are appropriate policies and working practices in place to comply with legislation, Council policy and Financial and Contract Rules. This should include a	31/12/20	30/04/21	Carmen Ecclestone, Street Scene Manager and Steve Brown, Head of Environment	Follow up audit currently in draft, recommendation not implemented.

Audit Area	Recommendation	Date to be Actioned	Revised Date to be Actioned	Lead Officer	Current Position
	review of the arrangements with the external service provider to ensure that value for money is obtained and an adequate service is provided. (As previously recommended and agreed in 2019/20).			and Transport Services.	
Highways Term Maintenance Contract	There should be a full review of the Council's approach to contract management within the Highways Section to ensure that there are appropriate resources, skills and knowledge to address the outstanding issues and operate the contract on a commercial basis going forward with reliable contract data and robust challenge of the Contractor on a timely basis.	30/04/21	N/A	Andy Wilde - Interim Head of Highways.	Follow up audit currently in draft, recommendation partially implemented and downgraded to significant.

**APPENDIX B**
**AUDIT PLAN BY SERVICE –PERFORMANCE REPORT FROM 1<sup>st</sup> APRIL to 12<sup>th</sup> NOVEMBER 2021**

	<b>Original Plan Days</b>	<b>August Revision</b>	<b>November Revision</b>	<b>Revised Plan Days</b>	<b>12th Nov 2021 Actual</b>	<b>% of Original Complete</b>	<b>% of Revised Complete</b>
<b>CHIEF EXECUTIVE</b>							
Governance	36	-6	-11	19	11.8	33%	62%
<b>CHIEF EXECUTIVE</b>	<b>36</b>	<b>-6</b>	<b>-11</b>	<b>19</b>	<b>11.8</b>	<b>33%</b>	<b>62%</b>
<b>RESOURCES</b>							
<b>Finance</b>							
Finance Transactions	66	1	2	69	5.8	9%	8%
Finance and S151 Officer	265	-108	-45	112	86.9	33%	78%
Financial Management	88	-45	-5	38	6.9	8%	18%
Procurement	48	4	0	52	39.0	81%	75%
Revenues and Benefits	45	6	0	51	26.1	58%	51%
Treasury	0	1	0	1	1.5	0%	150%
	<b>512</b>	<b>-141</b>	<b>-48</b>	<b>323</b>	<b>166.2</b>	<b>32%</b>	<b>51%</b>
<b>Workforce and Development</b>							
Risk Management and Insurance	7	2	1	10	9.5	136%	95%
Human Resources	56	-5	-10	41	6.4	11%	16%
Occupational Health and Safety	5	0	0	5	5.2	104%	104%
	<b>68</b>	<b>-3</b>	<b>-9</b>	<b>56</b>	<b>21.1</b>	<b>31%</b>	<b>38%</b>
<b>Business Intelligence</b>							
Corporate Performance Management	0	20	0	20	19.9	0%	100%
ICT	171	-14	-10	147	57.9	34%	39%
Information Governance	18	0	0	18	9.2	51%	51%

	<b>Original Plan Days</b>	<b>August Revision</b>	<b>November Revision</b>	<b>Revised Plan Days</b>	<b>12th Nov 2021 Actual</b>	<b>% of Original Complete</b>	<b>% of Revised Complete</b>
	<b>189</b>	<b>6</b>	<b>-10</b>	<b>185</b>	<b>87.0</b>	<b>46%</b>	<b>47%</b>
<b>Legal and Democratic Committee Services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.1</b>	<b>0%</b>	<b>0%</b>
<b>RESOURCES</b>	<b>769</b>	<b>-138</b>	<b>-67</b>	<b>564</b>	<b>274.4</b>	<b>36%</b>	<b>49%</b>
<b>PEOPLE</b>							
<b>Adult Social Care</b>							
Social Care Operations	73	-32	0	41	33.2	45%	81%
Social Care Efficiency and Improvement	22	11	0	33	33.8	154%	102%
	<b>95</b>	<b>-21</b>	<b>0</b>	<b>74</b>	<b>67</b>	<b>71%</b>	<b>91%</b>
<b>Public Health</b>	<b>19</b>	<b>-12</b>	<b>-5</b>	<b>2</b>	<b>0.0</b>	<b>0%</b>	<b>0%</b>
<b>Public Protection</b>							
Environmental Protection and Prevention	0	10	0	10	9.8	0%	98%
Community Safety	8	-8	0	0	0.0	0%	0%
	<b>8</b>	<b>2</b>	<b>0</b>	<b>10</b>	<b>9.8</b>	<b>123%</b>	<b>98%</b>
<b>Bereavement</b>							
Bereavement	15	-15	0	0	0.0	0%	0%
Superintendent Registrar	23	0	0	23	13.8	60%	60%
	<b>38</b>	<b>-15</b>	<b>0</b>	<b>23</b>	<b>13.8</b>	<b>36%</b>	<b>60%</b>
<b>Children's Safeguarding</b>							
Children's Placement Services & Joint Adoption	40	-15	0	25	0.4	1%	2%
Safeguarding	20	0	-4	16	8.6	43%	54%

	<b>Original Plan Days</b>	<b>August Revision</b>	<b>November Revision</b>	<b>Revised Plan Days</b>	<b>12th Nov 2021 Actual</b>	<b>% of Original Complete</b>	<b>% of Revised Complete</b>
	<b>60</b>	<b>-15</b>	<b>-4</b>	<b>41</b>	<b>9.0</b>	<b>15%</b>	<b>22%</b>
<b>Learning, Employment and Training</b>	<b>8</b>	<b>-8</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0%</b>	<b>0%</b>
<b>Learning and Skills</b>							
Business Support	8	0	0	8	0.8	10%	10%
Education Improvements	7	4	0	11	6.4	91%	58%
Primary/Special Schools	32	1	8	41	37.5	117%	91%
Secondary Schools	10	0	9	19	18.7	187%	98%
	<b>57</b>	<b>5</b>	<b>17</b>	<b>79</b>	<b>63.4</b>	<b>111%</b>	<b>80%</b>
<b>PEOPLE</b>	<b>285</b>	<b>-64</b>	<b>8</b>	<b>229</b>	<b>163</b>	<b>57%</b>	<b>71%</b>
<b>PLACE</b>							
<b>Business, Enterprise and Commercial Services</b>							
Housing Services	13	-5	2	10	9.5	73%	95%
Property and Development	31	3	2	36	25.0	81%	69%
	<b>44</b>	<b>-2</b>	<b>4</b>	<b>46</b>	<b>34.5</b>	<b>78%</b>	<b>75%</b>
<b>Economic Development</b>							
Business Growth and Investment	13	7	0	20	15.3	118%	77%
Environment and Sustainability	0	1	0	1	0.8	0%	80%
	<b>13</b>	<b>8</b>	<b>0</b>	<b>21</b>	<b>16.1</b>	<b>124%</b>	<b>77%</b>
<b>Infrastructure and Communities</b>							
Highways	76	-13	26	89	60.3	79%	68%
Library Services	6	0	9	15	10.8	180%	72%
Public Transport	12	2	3	17	4.8	40%	28%

	<b>Original Plan Days</b>	<b>August Revision</b>	<b>November Revision</b>	<b>Revised Plan Days</b>	<b>12th Nov 2021 Actual</b>	<b>% of Original Complete</b>	<b>% of Revised Complete</b>
	<b>94</b>	<b>-11</b>	<b>38</b>	<b>121</b>	<b>75.9</b>	<b>81%</b>	<b>63%</b>
<b>Culture and Heritage</b>							
Theatre Severn and OMH	8	0	-8	0	0.0	0%	0%
Leisure Services	32	-6	0	26	8.4	26%	32%
Visitor Economy	4	0	-4	0	0.0	0%	0%
	<b>44</b>	<b>-6</b>	<b>-12</b>	<b>26</b>	<b>8.4</b>	<b>19%</b>	<b>32%</b>
<b>PLACE</b>	<b>195</b>	<b>-11</b>	<b>30</b>	<b>214</b>	<b>134.9</b>	<b>69%</b>	<b>63%</b>
<b>Total Shropshire Council Planned Work</b>	<b>1,285</b>	<b>-219</b>	<b>-40</b>	<b>1,026</b>	<b>584.1</b>	<b>45%</b>	<b>57%</b>
<b>CONTINGENCIES</b>							
Advisory Contingency	60	-10	0	50	24.5	41%	49%
Fraud Contingency	150	-20	-30	100	55.4	37%	55%
Unplanned Audit Contingency	50	-41	-9	0	0.0	0%	0%
Other non audit Chargeable Work	233	58	9	300	218.4	94%	73%
<b>CONTINGENCIES</b>	<b>493</b>	<b>-13</b>	<b>-30</b>	<b>450</b>	<b>298.3</b>	<b>61%</b>	<b>66%</b>
<b>Total for Shropshire</b>	<b>1,778</b>	<b>-232</b>	<b>-70</b>	<b>1,476</b>	<b>882.4</b>	<b>50%</b>	<b>60%</b>
<b>EXTERNAL CLIENTS</b>	<b>222</b>	<b>29</b>	<b>14</b>	<b>265</b>	<b>90.3</b>	<b>41%</b>	<b>34%</b>
<b>Total Chargeable</b>	<b>2,000</b>	<b>-203</b>	<b>-56</b>	<b>1,741</b>	<b>972.7</b>	<b>49%</b>	<b>56%</b>