



<u>Committee and Date</u>	<u>Item</u>
Audit Committee	
22 nd February 2022	
10:00am	<u>Public</u>

INTERNAL AUDIT PERFORMANCE AND REVISED ANNUAL AUDIT PLAN 2021/22

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1 Synopsis

This report summarises Internal Audit's 2021/22 work to date. Delivery is slightly behind previous years; the plan is adjusted to reflect the ongoing impact of COVID and changes to risks. Lower assurances are highlighted, providing members with an opportunity to challenge.

2. Executive Summary

- 2.1 This report provides members with an update of work undertaken by Internal Audit in the five months since the September Audit Committee.
- 2.2 Seventy three percent of the revised plan has been completed (**see Appendix A, Table 1**). Two good, seven reasonable, five limited and three unsatisfactory assurance opinions have been issued. The 17 final reports contained 181 recommendations, three of which were fundamental.
- 2.3 This report proposes significant revisions in the coverage of planned activity for Shropshire Council with minor change in resources from the 1,797 days reported in September 2021 to 1,708 days. Changes to planned activity reflects the impact of Omicron on Council activities, from mid-December to the time of writing this report, non-essential services were paused at the Council and focus was on supporting the multi-agency response to Omicron, Bird flu and statutory services, this impacted on Audit resources directly and auditee availability. The resulting changes to plans and resources have been discussed with, and agreed by, the Section 151 Officer.
- 2.4 Internal Audit continues to add value to the Council in supporting its business continuity processes and 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, especially where they are repeated.

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. However, the work of the Committee will look at these aspects relevant to the governance, risk management and control environment.

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.

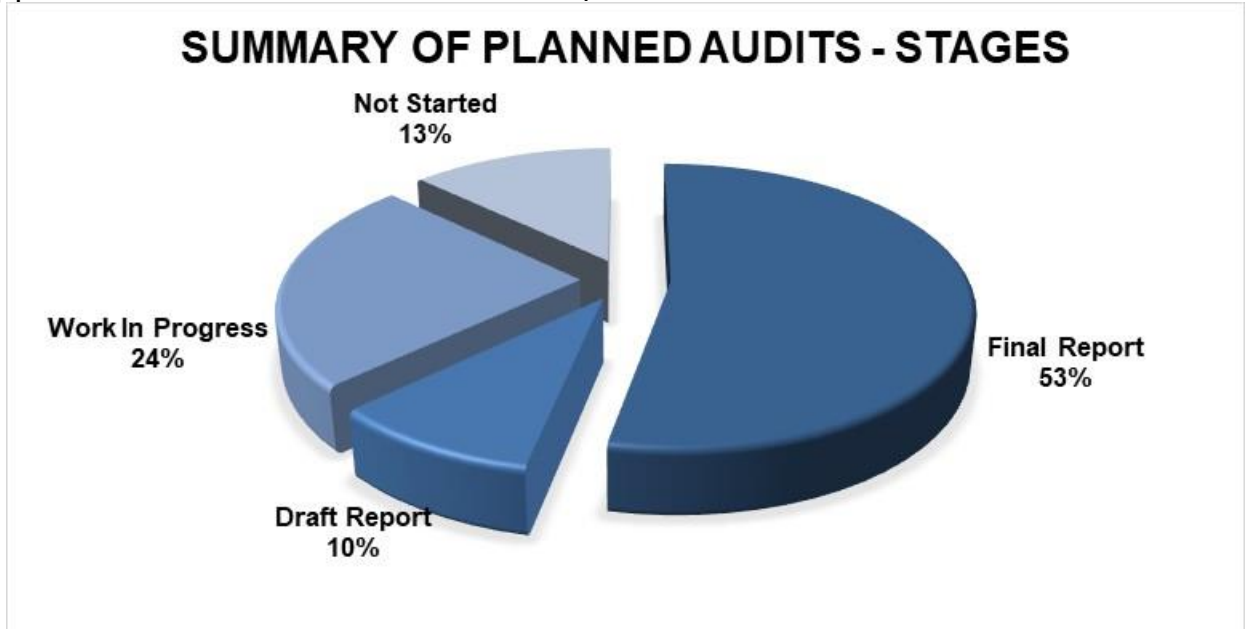
7.2 The 2021/22 Internal Audit Plan was presented to, and approved by, members at the 4th March 2021 Audit Committee, with adjustments being approved in September. This report provides an update on progress made against the plan up to 14th January 2022 and includes revisions to the plan.

8 Performance against the plan 2021/22

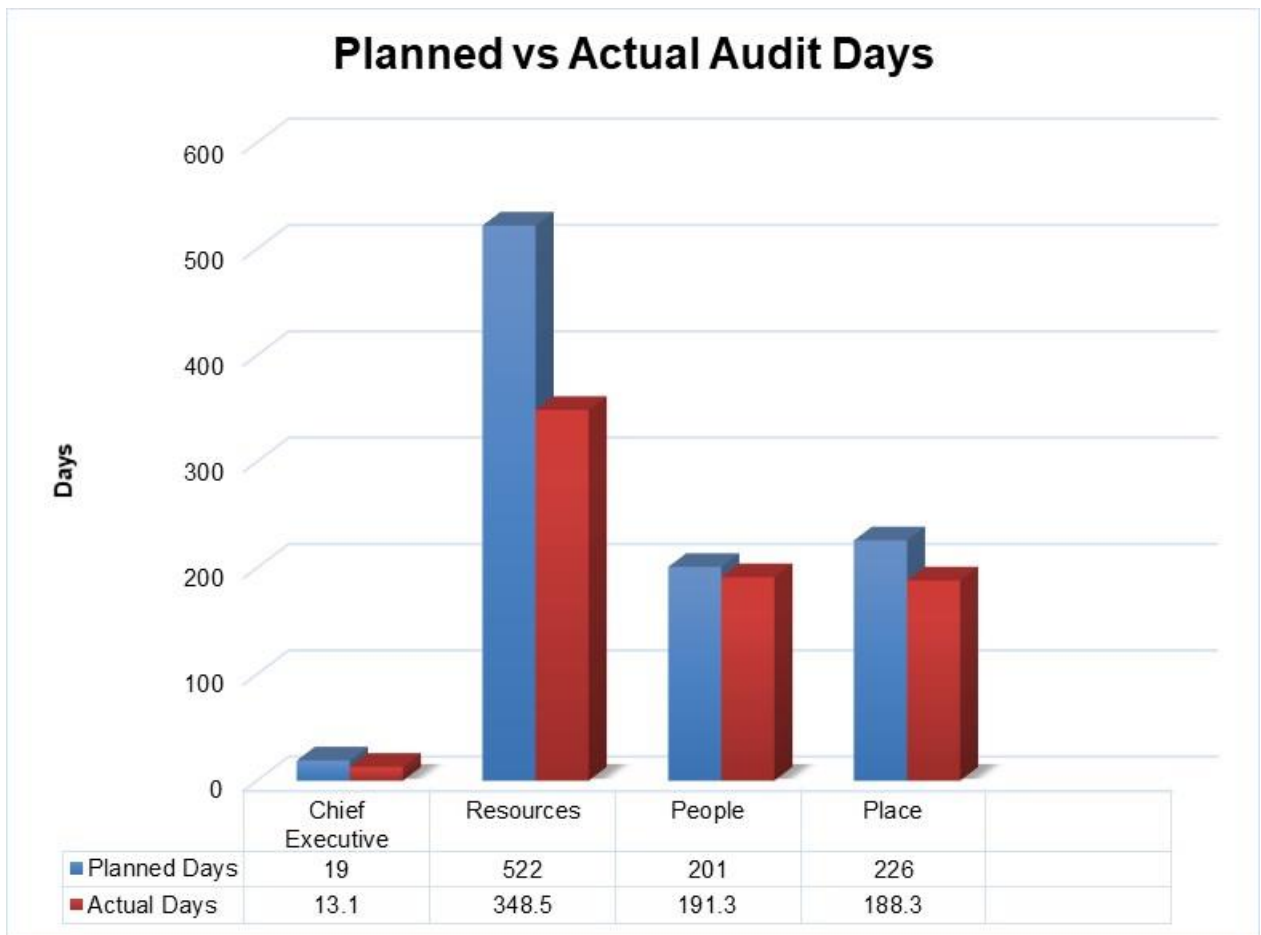
8.1 Revisions to the 2021/22 plan provide for a total of 1,708 days. There have been significant changes in planned audit activity which has been adjusted to reflect changes in resources and risks, as the Service delivers in an agile way. Performance to date is slightly below previous delivery records at 73% (79% 2020/21), the team is on track to deliver a minimum of 90% of the revised annual plan by the year end. An increase in non-chargeable time from 233 to an estimated 378 days reflects in part the impact of recruitment, personal bereavements and long term sickness, which on a small team has been significant. Chargeable unplanned work has seen an increase, supporting the Council's response to Omicron and other business continuity demands; completing the Internal Audit External Assessment; and provision of Chair and Secretarial support to the Midland Heads of Audit group and their IT subgroup.

8.2 In total, 17 final reports have been issued in the period from 9th August 2021 to 14th January 2022. 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:



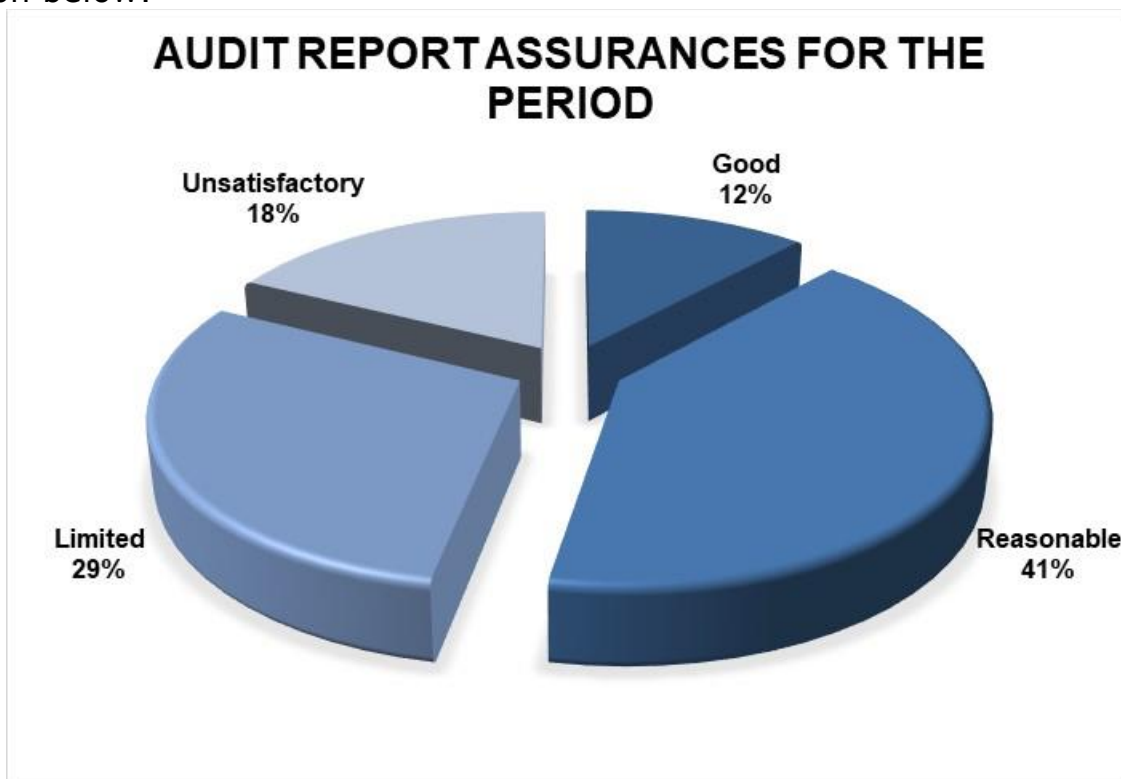
8.4 The following audits have been completed in the period:

Audit Name	Audit Opinion				Recommendations			
	Good	Reasonable	Limited	Unsatisfactory	Fundamental	Significant	Requires Attention	Best Practice
People - Adults								
Appointeeships and Deputyships		1				4	13	
ASC Management Controls Audit (Safeguarding)		1				5	5	
Adult Social Care Assessments		1				1	1	
	0	3	0	0	0	10	19	0
People - Children								
Bishops Castle Community College			1			13	15	
Brockton Primary School				1	1	27	11	
	0	0	1	1	1	40	26	0
Place								
Housing Provision - Development Cornovii	1						1	
Smallholdings Estate		1				2	1	
Local Transport Plan (LTP)		1					2	
Repurposing Project, Pride Hill 2020/21			1			8	3	
Highways Term Maintenance - Kier Contract			1			14	7	
Registrars Service - Income Collection				1		7	1	
Dog Warden's Follow Up				1	1			
Other, including added value and briefing notes						2	2	
	1	2	2	2	1	33	17	0
Resources - Finance (Finance, Revenues & Benefits, Procurement and Treasury)								
Procurement Arrangements		1						
	0	1	0	0	0	0	0	0
Resources - Workforce and Development (HR, Risk & Insurance and Health & Safety)								
Risk Management		1				1	4	
	0	1	0	0	0	1	4	0
Resources - Business Intelligence (Information & Insight, IT, Communications and Information Governance)								
Equitrac ¹	1					1	1	

¹ Equitrac Office is an intelligent print management solution that provides end users with a secure mobile print workflow while controlling costs and simplifying administration

Audit Name	Audit Opinion				Recommendations			
	Good	Reasonable	Limited	Unsatisfactory	Fundamental	Significant	Requires Attention	Best Practice
Encryption 20/21			1			4	3	
Microsoft Dynamics CRM ² Application (Hosted in Azure)			1			2	7	
Other, including added value and briefing notes					1	2	8	
Total	2	7	5	3	3	93	85	0
	12%	41%	29%	18%	2%	51%	47%	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:

² Customer relationship management is a process in which the Council administers its interactions with customers, using data analysis to study large amounts of information



- 8.7 In the period 9th August 2021 to 14th January 2022, nine reports have been issued providing good or reasonable assurances and accounting for 53% of the opinions delivered. This represents a 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 47% 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 181 recommendations have been made in the 17 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**. Three 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 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 Action³- 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 2021⁴

8.13 **Dog Warden's Follow Up**

Recommendation - A full management review of the Dog Warden service should be undertaken to ensure that there are appropriate policies and working practices in place to comply with legislation. This should include a review of the arrangements with the external service provider to ensure that value for money is obtained and an adequate service is provided. **(As recommended and agreed in 2019/20 and 2020/21).**

³ 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.

⁴ Interim Head of ICT update provided: Pending any authorised restructure, current line management has continued to take collective responsibility for Power Platform administration and are maintaining service and functional-level responsibility via identified roles covering key areas. Further work has been undertaken to determine the basis for the individual allocation of responsibilities and overall management on a longer-term basis. A workshop is planned for Feb to finalise remaining actions to agree a proposed structure, which will sit within the context of the whole-department restructure recommended in the upcoming ICT and Digital Strategy, at which stage the Business Case for additional resources (if required) will be drafted. Key staff involved in this process are investigating recommended best practice from Microsoft and other partners. Departmental staff have also attended training which covers relevant governance arrangements and will be asked to update ICT management on how these measures can be adopted in our future service delivery.

Proposed Management Action - A full management review is in progress. Some staffing and procedural changes have been made and implemented since April 2021. The review is ongoing and will include actions to ensure all working practices comply with policy, legislation and financial rules in accordance with the recommendations made in the report.

Date to be Actioned – December 2021

Audit comment: *The date to be actioned was queried as there did not appear to be sufficient time to complete the proposed management action. An update was requested but no alternative date was provided. Due to the time elapsed in receiving further management comments, the date to be actioned has been updated to March 2022 to allow three months for implementation.*

8.14 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.

8.15 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.
- **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 consideration between all parties.

- **Access Control System Data Analytics:** Data was extracted from both the access control system and Human Resources system and compared. To identify 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.
- **Flexi route 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 SIRO⁵ on governance arrangements within IT, providing advice, consultancy and best practice feeding into reshaping the processes.
- **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.

⁵ Senior Information Risk Officer

- **ISIGIT⁶ 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.
- **NFI (National Fraud Initiative) Business grants – mismatch on Company Numbers:** The Internal Audit Team have completed a piece of counter fraud assurance work in respect of the bank account verification work undertaken for Local Restrictions Support Grants (LRSG) as part of the Governments response to the COVID pandemic.

Applications received for the LRSG scheme (2,287) were submitted to the NFI to run checks upon as part of the Council's assurance approach. Sixty three percent (1,447) were automatically matched of the applications submitted, providing complete assurance that the Council paid the grants to the correct recipient.

Of the remaining 840 accounts, there were seven categories of potential discrepancy and these have been reviewed as part of the verification process put in place by the Council.

Below is a note of the seven categories.

New accounts opened after the 1st January 2020 – May demonstrate not trading at the time of the grant.

Mismatch to the Consumer Record - This indicator reflects applications that did not match the data held by the NFI.

Mismatch on Company Name -This indicator reflected a mismatch between the company name provided and the bank account.

Mismatch on Company Number - This report identified incorporated business where the company number did not match the company name.

Prepaid High Risk Accounts - The report identified high risk accounts; new internet based account providers. There is nothing in the grant rules that prevents applicants maintaining accounts with these providers.

Accounts not valid - This part of the report identifies applications containing invalid account numbers or invalid sort codes

Accounts not Matched - The NFI report was unable to match 524 accounts (23%). Where an account cannot be matched it does not mean there has been an error, not all banks participate in the scheme, and banks can only

⁶ Information Security, Information Governance and IT

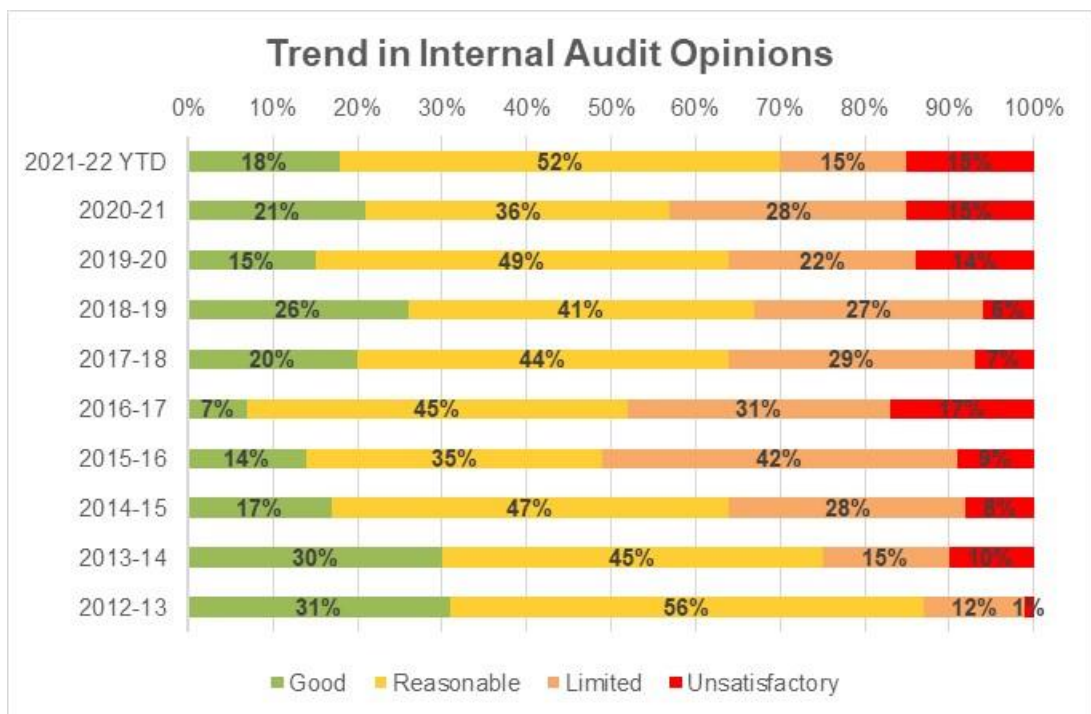
submit details where customers have given express permission for data to be shared.

This review found no discrepancies that would cast doubt on the verification process and provided positive assurance that the verification process had picked up errors on the applications submitted at source and in advance of any payments being issued.

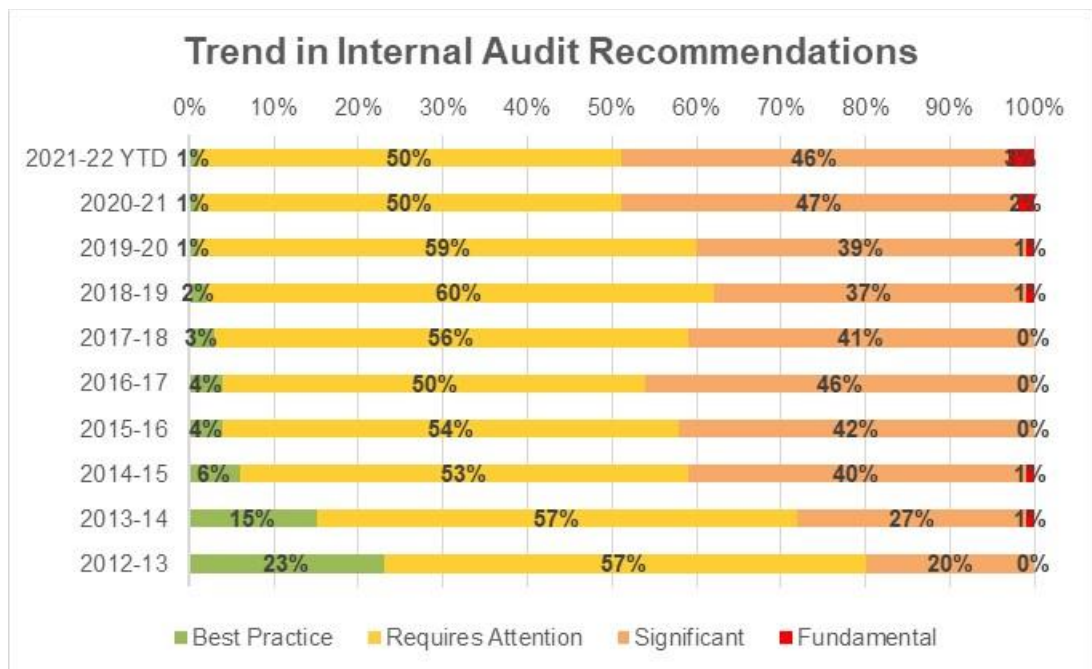
Direction of travel

8.16 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)



Comparison of recommendation by categorisation



8.17 The number of lower-level assurances, 30%, is significantly lower than the outturn for 2020/21 of 43%, which looks promising. It is important to note that audit reviews for fundamental systems are yet to be completed and there are some significant areas of risk in draft that may impact upon this. **Appendix A, Table 3**, shows a full list of areas that have attracted limited and unsatisfactory assurances during the period 9th August 2021 to 14th January 2022.

Performance measures

8.18 All Internal Audit work has been completed in accordance with agreed plans 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 16th September 2021
 Draft Internal Audit Risk Based Plan 2021/22 - Audit Committee 4th 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 1st April to 14th January 2022

Table 2: Final audit report assurance opinions and recommendation summary 1st April to 14th January 2022

Table 3: Unsatisfactory and limited assurance opinions in the period 9th August 2021 to 14th January 2022

Table 4: Audit assurance opinions

Table 5: Audit recommendation categories

Table 6: Glossary of terms

Table 7: Recommendation follow up process (risk based)

Appendix B - Audit plan by service 1st April to 14th January 2022

APPENDIX A**Table 1: Summary of actual audit days delivered and revisions to the audit plan in the period from 1st April to 14th January 2022**

	Original Plan	Revised Plan	14 th Jan 2022 Actual	% of Original Complete	% of Revised Complete
Chief Executive	36	19	13.1	36%	69%
Resources	769	522	348.5	45%	67%
Finance	512	315	220.3	43%	70%
Workforce and Development	68	52	25.3	37%	49%
Business Intelligence	189	155	102.8	54%	66%
Legal and Democratic	0	0	0.1	0%	0%
People	285	201	191.3	67%	95%
Adult Social Care	95	77	75.7	80%	98%
Public Health	19	0	0	0%	0%
Public Protection	8	10	9.8	123%	98%
Bereavement	38	16	15.7	41%	98%
Children's Services	83	23	18.1	22%	79%
Schools	42	75	72.0	171%	96%
Place	195	226	188.3	97%	83%
S151 Planned Audit	1,285	968	741.2	58%	77%
Contingencies and other chargeable work	493	483	377.6	77%	78%
Total S151 Audit	1,778	1,451	1,118.8	63%	77%
External Clients	222	257	130.4	59%	51%
Total	2,000	1,708	1,249.2	62%	73%

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 - 1st April to 14th January 2022

Audit Name	Audit Opinion				Recommendations			
	Good	Reasonable	Limited	Unsatisfactory	Fundamental	Significant	Requires Attention	Best Practice
Chief Executive								
Corporate Governance 2020/21		1						
	0	1	0	0	0	0	0	0
People - Adults								
CM2000 Decommissioning	1							
Parking Cash Collection 20/21		1				3	5	
Appointeeships and Deputyships		1				4	13	
ASC Management Controls Audit (Safeguarding)		1				5	5	
Adult Social Care Assessments		1				1	1	
Other, including added value and briefing notes					1	11		
	1	4	0	0	1	24	24	0
People - Children								
Supporting Families Grant	1						1	
Trinity Primary School		1				5	11	1
Bishops Castle Community College			1			13	15	
Brockton Primary School				1	1	27	11	
	1	1	1	1	1	45	38	1
Place								
Housing Provision - Development Cornovii	1						1	
Housing Strategy		1				1		
Smallholdings Estate		1				2	1	
Local Transport Plan (LTP)		1					2	
Repurposing Project PH 2020/21			1			8	3	
Highways Term Maintenance - Kier Contract			1			14	7	
Tree Safety 20/21				1	1			
Registrars Service - Income Collection				1		7	1	
Dog Warden's Follow Up				1	1			
Other, including added value and briefing notes					1	4	2	

Audit Name	Audit Opinion				Recommendations			
	Good	Reasonable	Limited	Unsatisfactory	Fundamental	Significant	Requires Attention	Best Practice
	1	3	2	3	3	36	17	0
Resources - Finance (Finance, Revenues & Benefits, Procurement and Treasury)								
COVID Test and Trace Grants	1						1	
Comino Application 20/21		1				1	4	
Adobe Sign		1				2	4	
Procurement Arrangements		1						
Other, including added value and briefing notes						3	2	
	1	3	0	0	0	6	11	0
Resources - Workforce and Development (HR, Risk & Insurance and Health & Safety)								
Covid PPE procurement and allocation	1						3	
Apprenticeship Levy 20/21		1				2	6	
Risk Management		1				1	4	
	1	2	0	0	0	3	13	0
Resources - Business Intelligence (Information & Insight, IT, Communications and Information Governance)								
Equitrac	1					1	1	
Digital Mailroom Project		1				1	1	
IT Change Management		1					3	
Encryption 20/21			1			4	3	
Microsoft Dynamics CRM Application (Hosted in Azure)			1			2	7	
Internet Security 20/21				1	2	2	8	
Other, including added value and briefing notes					1	2	8	
	1	2	2	1	3	12	31	0
Resources - Legal and Democratic								
Members Allowances 20/21		1				3	7	
	0	1	0	0	0	3	7	0
Total	6	17	5	5	8	129	141	1
	18%	52%	15%	15%	3%	46%	50%	1%

Table 3: Unsatisfactory and limited assurance opinions issued in the period from 9th August 2021 to 14th January 2022⁷

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.

Place: Dog Warden's Follow Up (Unsatisfactory 2019/20 and 2020/21)

- Previous audit recommendations have been implemented.
- The system is operated in accordance with up to date policies, procedures, Financial Rules, statutory regulations and legislation.
- Dog Warden activities are carried out by suitably qualified and experienced staff.
- There is an appropriate recording process in place for Dog Warden activities.
- 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.
- Disclosure and Barring Service (DBS) checks have been performed for relevant staff.
- Adequate management information is obtained and reviewed at an appropriate level.
- Information / data processing risks are managed appropriately.

Place: Registrars Income Collection (Limited 2018/19 and 2015/16)

- Previous audit recommendations have been implemented.
- Policies and procedures are in place for the income collection function which ensure compliance with legislation and internal regulations.

⁷ 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.

- There are appropriate controls in place for receipt of income in respect of copy repository certificates.
- There are appropriate controls in place for receipt of income in respect of marriage ceremonies.
- There are appropriate controls in place in respect of the reconciliation of income received directly by registrars.

Limited assurance

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.

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.

Place: Highways Term Maintenance – Kier Contract (Unsatisfactory 2019/20 and 2020/21)

- The recommendations made and agreed in the previous audit have been implemented as expected.
- The Council have appropriate arrangements in place for the management of the Highways Term Maintenance Contract.
- The data fields in the Confirm system are complete and accurate before payment to the Term Maintenance Contract provider is authorised.
- There is readily available evidence to verify that payment requests by the Term Maintenance Contract provider are accurate and as expected before they are authorised.
- There are procedures to ensure that the Term Maintenance Contract provider completes jobs, logs the job status, and submits the final payment requests on a timely basis.
- There are systems and controls regarding the management of reactive works.
- There is performance management and consideration of the overall efficiency and effectiveness of the contract to deliver services.

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.
- 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.

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

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

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

Best 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 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.

AUDIT PLAN BY SERVICE –PERFORMANCE REPORT FROM 1st APRIL to 14th JANUARY 2022

	Original Plan Days	August Revision	January Revision	Revised Plan Days	14th January 2022 Actual	% of Original Complete	% of Revised Complete
CHIEF EXECUTIVE							
Governance	36	-6	-11	19	13.1	36%	69%
CHIEF EXECUTIVE	36	-6	-11	19	13.1	36%	69%
RESOURCES							
Finance							
Finance Transactions	66	1	2	69	17.1	26%	25%
Finance and S151 Officer	265	-108	-45	112	97.3	37%	87%
Financial Management	88	-45	-10	33	20.6	23%	62%
Procurement	48	4	-5	47	41.5	86%	88%
Revenues and Benefits	45	6	2	53	42.3	94%	80%
Treasury	0	1	0	1	1.5	0%	150%
	512	-141	-56	315	220.3	43%	70%
Workforce and Development							
Risk Management and Insurance	7	2	2	11	11.2	160%	102%
Human Resources	56	-5	-15	36	8.9	16%	25%
Occupational Health and Safety	5	0	0	5	5.2	104%	104%
	68	-3	-13	52	25.3	37%	49%
Business Intelligence							
Corporate Performance Management	0	20	0	20	19.9	0%	100%
ICT	171	-14	-40	117	73.2	43%	63%
Information Governance	18	0	0	18	9.7	54%	54%
	189	6	-40	155	102.8	54%	66%

	Original Plan Days	August Revision	January Revision	Revised Plan Days	14th January 2022 Actual	% of Original Complete	% of Revised Complete
Legal and Democratic Committee Services	0	0	0	0	0.1	0%	0%
RESOURCES	769	-138	-109	522	348.5	45%	67%
PEOPLE							
Adult Social Care							
Social Care Operations	73	-32	3	44	41.9	57%	95%
Social Care Efficiency and Improvement	22	11	0	33	33.8	154%	102%
	95	-21	3	77	75.7	80%	98%
Public Health	19	-12	-7	0	0.0	0%	0%
Public Protection							
Environmental Protection and Prevention	0	10	0	10	9.8	0%	98%
Community Safety	8	-8	0	0	0.0	0%	0%
	8	2	0	10	9.8	123%	98%
Bereavement							
Bereavement	15	-15	0	0	0.0	0%	0%
Superintendent Registrar	23	0	-7	16	15.7	68%	98%
	38	-15	-7	16	15.7	41%	98%
Children's Safeguarding							
Children's Placement Services & Joint Adoption	40	-15	-25	0	0.6	2%	0%
Safeguarding	20	0	-6	14	10.0	50%	71%
	60	-15	-31	14	10.6	18%	76%

	Original Plan Days	August Revision	January Revision	Revised Plan Days	14th January 2022 Actual	% of Original Complete	% of Revised Complete
Learning, Employment and Training	8	-8	0	0	0.0	0%	0%
Learning and Skills							
Business Support	8	0	-7	1	0.8	10%	80%
Education Improvements	7	4	-3	8	6.7	96%	84%
Primary/Special Schools	32	1	23	56	53.3	167%	95%
Secondary Schools	10	0	9	19	18.7	187%	98%
	57	5	22	84	79.5	139%	95%
PEOPLE	285	-64	-20	201	191.3	67%	95%
PLACE							
Business, Enterprise and Commercial Services							
Housing Services	13	-5	2	10	9.5	73%	95%
Property and Development	31	3	2	36	32.9	106%	91%
	44	-2	4	46	42.4	96%	92%
Economic Development							
Business Growth and Investment	13	7	-5	15	15.3	118%	102%
Environment and Sustainability	0	1	0	1	0.8	0%	80%
	13	8	-5	16	16.1	124%	101%
Infrastructure and Communities							
Highways	76	-13	23	86	69.9	92%	81%
Library Services	6	0	25	31	27.4	457%	88%
Public Transport	12	2	3	17	7.7	64%	45%
	94	-11	51	134	105.0	112%	78%

	Original Plan Days	August Revision	January Revision	Revised Plan Days	14th January 2022 Actual	% of Original Complete	% of Revised Complete
Culture and Heritage							
Theatre Severn and OMH	8	0	-8	0	0.0	0%	0%
Leisure Services	32	-6	4	30	24.8	78%	83%
Visitor Economy	4	0	-4	0	0.0	0%	0%
	44	-6	-8	30	24.8	56%	83%
PLACE	195	-11	42	226	188.3	97%	83%
Total Shropshire Council Planned Work	1,285	-219	-98	968	741.2	58%	77%
CONTINGENCIES							
Advisory Contingency	60	-10	-15	35	30.3	51%	87%
Fraud Contingency	150	-20	-60	70	60.7	40%	87%
Unplanned Audit Contingency	50	-41	-9	0	0.0	0%	0%
Other non-audit Chargeable Work	233	58	87	378	286.6	123%	76%
CONTINGENCIES	493	-13	3	483	377.6	77%	78%
Total for Shropshire	1,778	-232	-95	1,451	1,118.8	63%	77%
EXTERNAL CLIENTS	222	29	6	257	130.4	59%	51%
Total Chargeable	2,000	-203	-89	1,708	1,249.2	62%	73%