Shropshire Council

Appendix A

Internal Audit Performance Report

September to October 2026

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1. Introduction

1.1. This report provides the Audit and Governance Committee with an update on Internal Audit activity between September and October 2026. It summarises progress in delivering the approved 2026/27 Internal Audit Plan, highlights revisions required in response to changes in resources, risk and Council priorities, and reports the outcomes of completed audit work, including assurance opinions and recommendation themes. The report supports the Committee in maintaining oversight of Internal Audit delivery and in considering whether the work undertaken to date is sufficient, proportionate and appropriately focused on the Council's key risks, governance arrangements and control environment. The results of completed and ongoing audit work will contribute to the Chief Audit Executive's (CAE's) year-end opinion.

2. Revisions to the 2026/27 Plan

2.1. The original Internal Audit Plan for 2026/27 was approved by the Audit and Governance Committee in February 2026, with subsequent adjustments approved in September 2026.

2.2. The Internal Audit Plan is intended to remain responsive throughout the year so that audit resources continue to be directed to the areas of greatest risk and value to the Council. Revisions may therefore be required where there are changes in available resources, emerging risks, changes to Council priorities, delays or overruns in planned audit work, or requests for additional advisory, project or assurance support. Any proposed changes are considered in the context of maintaining sufficient and appropriate audit coverage to support delivery of the plan and enable the CAE to provide a robust year-end opinion on the Council's governance, risk management and control environment.

2.3. Revisions to the 2026/27 plan provide for a total of 1,533 audit days, an increase of 49 days from the revisions approved in September. Revisions to the plan are targeted to provide sufficient audit coverage to support the CAE's year-end opinion. Changes to the planned activity are required following the appointment of a replacement Principal Auditor. Delays and overruns on audits have also affected delivery of the plan.

2.4. Results of all audit work undertaken will be reported to the Committee following completion and will contribute directly to the CAE's year-end opinion.

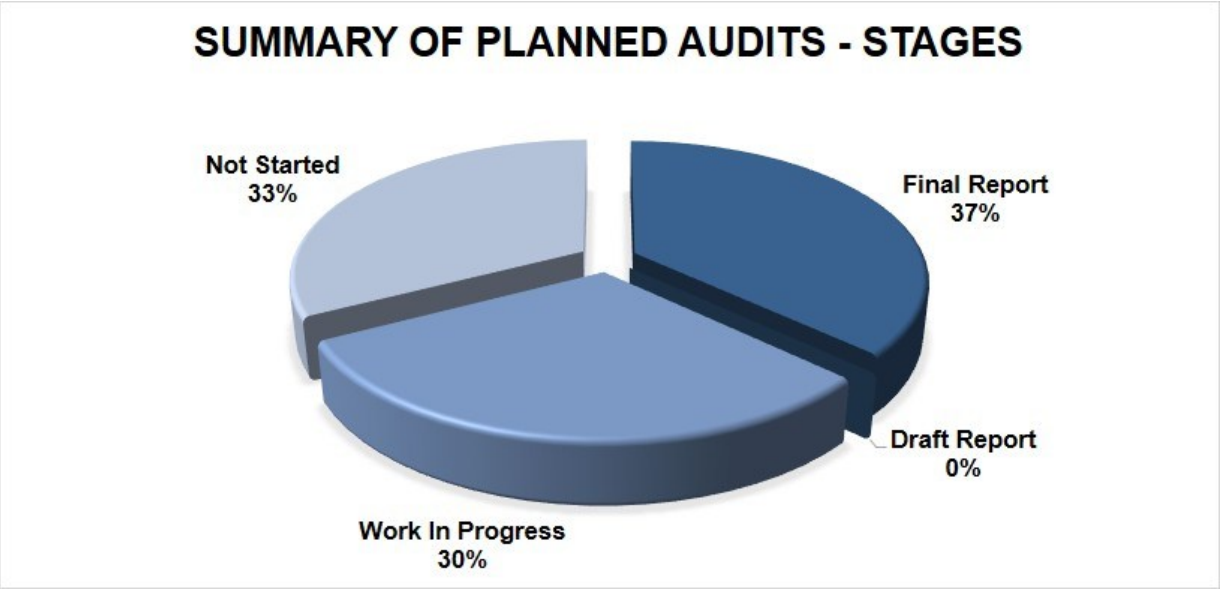
3. Performance Against the Plan 2026/27

3.1. In total, five final reports were issued in the period from 1 September to 31 October 2026. Recommendations have also been made as part of three briefing notes issued in the period. The reports and briefing notes are listed below, with assurance opinions and direction of travel shown where applicable, together with recommendation ratings.

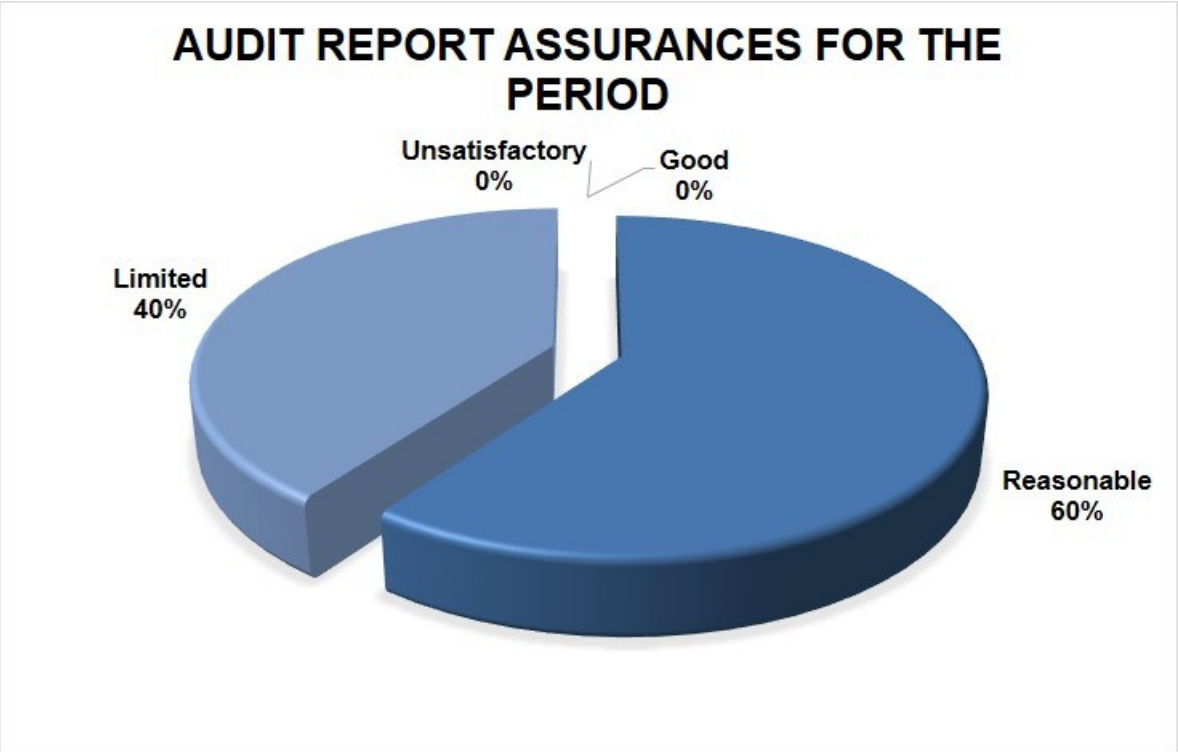
Audit Name	Audit Opinion					Recommendations				Direction of Travel
	Good	Reasonable	Limited	Unsatisfactory		Fundamental	Significant	Requires Attention	Best Practice	
Adoption Process Including Allowances		1					2	2		↑
Agency Workers and Consultants Follow Up 2025/26			1				5	4		↑
HR Casework and Employee Relations - Data Analysis		1					4	2		N/A
HR Casework and Employee Relations - Framework Design, Process and Consistency			1				3	5		N/A
Unified Communications		1						2		N/A
Grey Fleet Briefing Note								3		N/A
Children's Home Imprest Accounts Briefing Note							7			N/A
Savings - Cleaning Briefing Note								1		N/A
Total	**0**	**3**	**2**	**0**		**0**	**21**	**19**	**0**	
Percentage	**0%**	**60%**	**40%**	**0%**		**0%**	**52%**	**48%**	**0%**	

Question 1: Do Members wish to receive any updates from the service areas in relation to the limited assurance opinions?

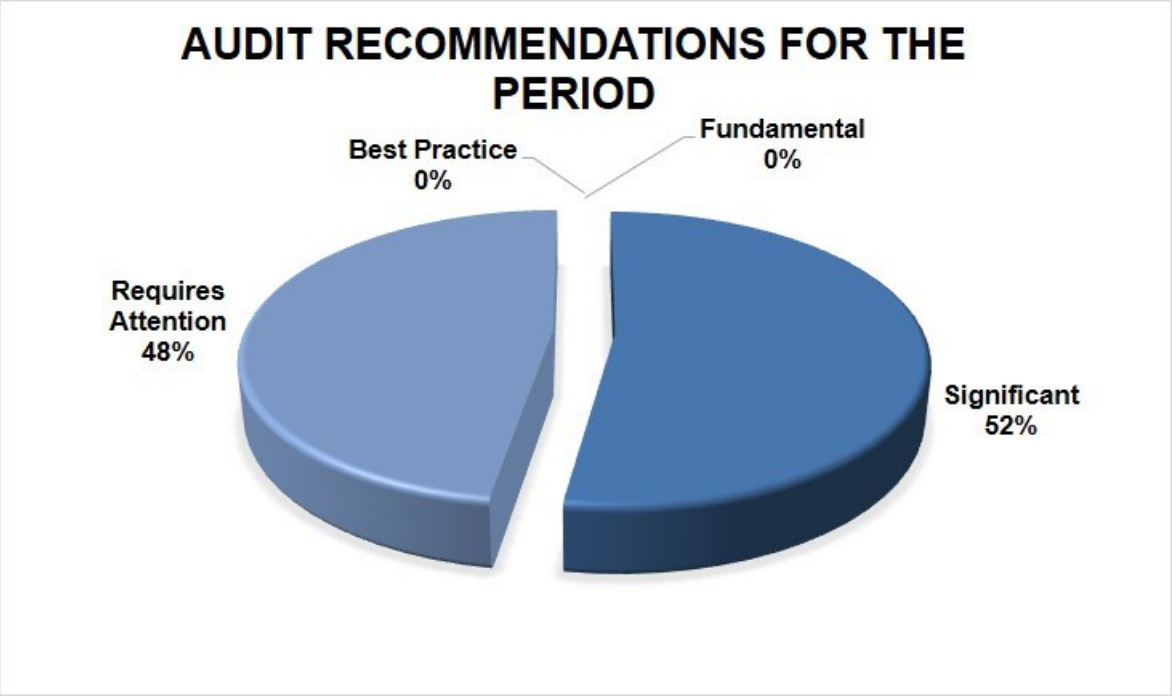
3.2. The following chart shows performance against the approved Internal Audit Plan for 2026/27:



3.3. The assurance opinions awarded to each completed audit in this period appear in the chart below:



3.4. The breakdown of recommendation classifications made as part of each audit in this period appears in the chart below:



3.5. Of the five final audit reports issued during September and October 2026, three received reasonable assurance opinions (60%) and two received limited assurance opinions (40%). No good or unsatisfactory assurance opinions were issued during the period. The proportion receiving good or reasonable assurance was lower than in the equivalent period in 2025/26 (71%), but higher than the 2025/26 full-year outturn (52%). These comparisons should be interpreted cautiously, given the small number and differing scope of audits completed. A significant proportion of planned work remains outstanding, including audits of fundamental controls and key financial systems.

3.6. The results present a mixed picture of control effectiveness. No unsatisfactory assurance opinions were issued and no fundamental recommendations were raised during the reporting period. However, given the small number of final reports issued, caution should be exercised when drawing wider conclusions about the overall control environment.

3.7. A total of 40 recommendations have been made in the five final audit reports and three briefing notes issued during this period; a breakdown by audit and recommendation rating is shown at paragraph 3.1. No fundamental recommendations have been made in the period.

3.8. It is the identified manager's responsibility to ensure accepted audit recommendations are implemented within an agreed timescale. The approach to following up recommendations, including the Committee's role, is explained later in this report at page 13.

3.9. Work has also commenced for external clients in and the certification of grant claims for Shropshire Council.

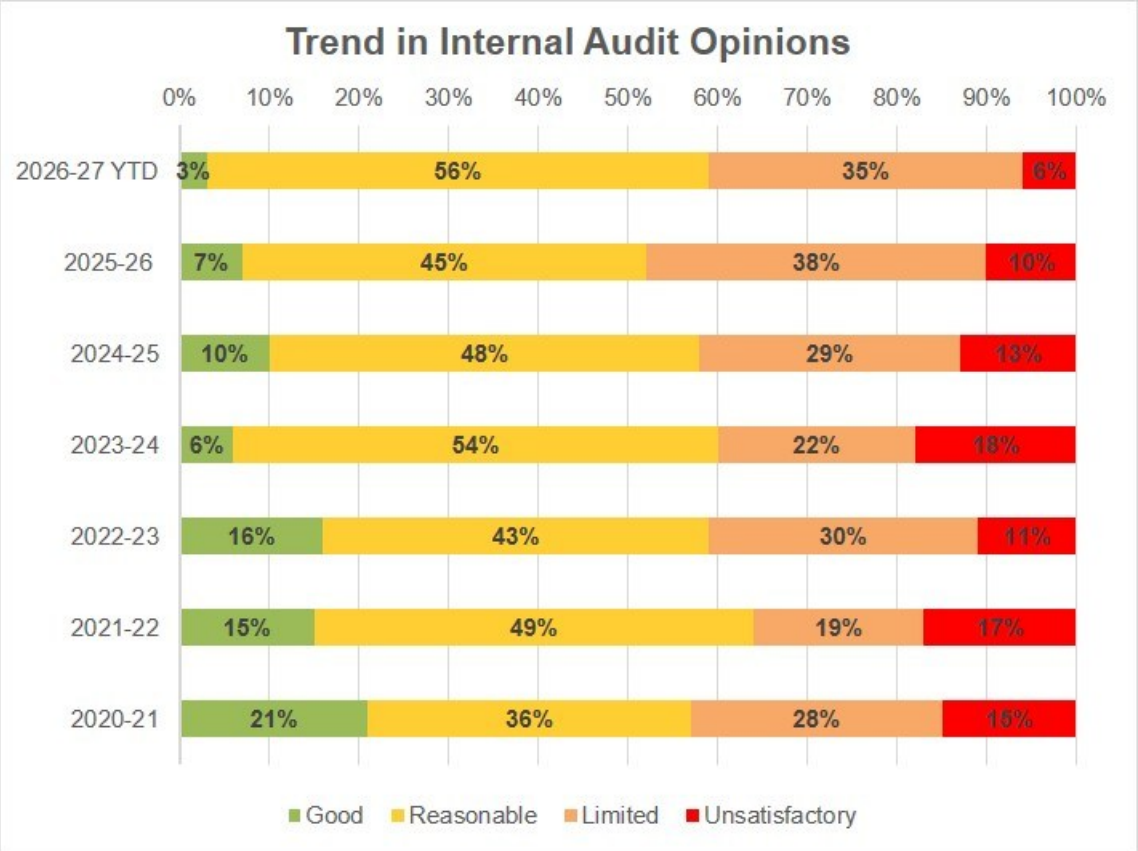
3.10. The following examples illustrate Internal Audit's contribution through unplanned, project or advisory work, not included in the original plan.

- **Grey Fleet Mileage -** A review of grey fleet mileage claims was undertaken following a request from the Service Director for Infrastructure. The review considered management oversight of grey fleet mileage, the identification of high users, the reasonableness of claims and opportunities for alternative travel or vehicle arrangements to provide better value for money. Whilst the review identified no claims exceeding 20,000 miles, weaknesses were found in the recording and oversight of high and bulk mileage claims. Three recommendations have been made to strengthen review and verification and consider whether alternative vehicle arrangements could provide better value for money.
- **Fraud Risk Assessment –** A review of the Council's fraud risks was undertaken by the Internal Audit team to provide an up-to-date assessment of fraud risks, mitigating controls and the sources of assurance used to assess control effectiveness. The outcomes and detailed risk register were reported to the Statutory Officer Group. Fraud risks are managed operationally by each service area. Internal Audit uses this information to inform its programme of counter fraud work.
- **National Fraud Initiative (NFI) 2026/27 –** Data for the next full matching exercise was successfully submitted in October 2026, covering the Council's required datasets. The submission enables the Council's data to be matched against records held by other participating bodies to help identify potential fraud, error and data quality issues. The results of the 2026/27 exercise are expected in December 2026 and will replace the previous matching results. Relevant service areas will review the new results, with progress and identified outcomes monitored through Internal Audit.
- **Cleaning Savings -** A review of cleaning related expenditure was requested by the Section 151 Officer to identify any areas for potential savings. This identified procurement compliance and value-for-money risks from fragmented provision. Of £1.074 million spent in 2025/26, £172,007 was outside Shire Services after excluding a wider facilities management contract; this is expenditure and not an identified or validated saving. One recommendation was made to clarify the

operating model, review alternative provision and strengthen procurement guidance. Management's agreed review and guidance are due by 31 March 2027, with implementation and any validated savings requiring continued oversight.

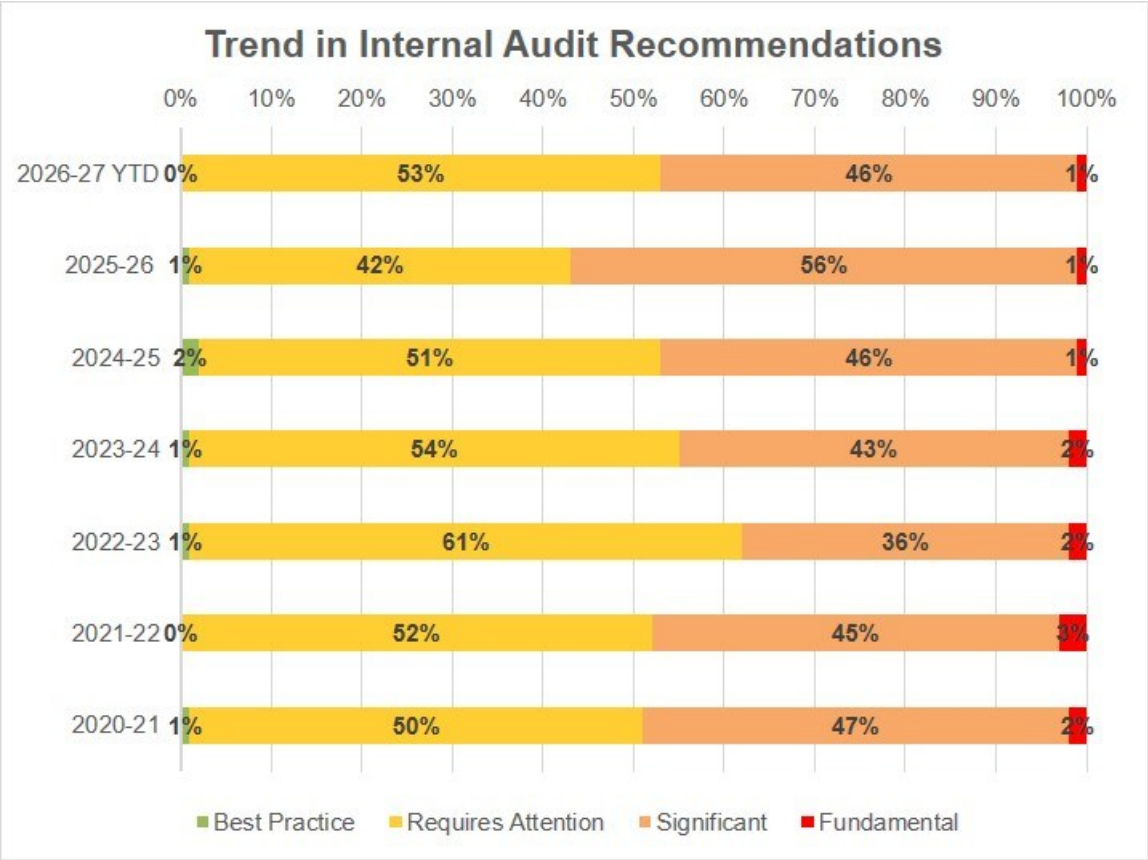
4. Direction of travel

4.1. The proportion of audits receiving limited or unsatisfactory assurance opinions for the year to date is 41%. [1]



4.2. The reduction in limited or unsatisfactory opinions from 48% in 2025/26 to 41% in the current year to date represents a reduction of seven percentage points. The overall movement should therefore be viewed as encouraging rather than evidence of sustained Council-wide improvement, particularly as the year-to-date audit coverage differs from the previous full year and significant planned work remains outstanding.

[1] The Internal Audit Opinion % only includes completed audits receiving an assurance opinion, excluding briefing notes and other unrated work.



4.3. The recommendation profile should be interpreted alongside the assurance opinions and the nature of audits completed to date. Most recommendations fall within the Significant and Requires Attention categories, which indicates a continuing need to strengthen control design, compliance and management oversight across a range of service areas. Although no fundamental recommendations have been raised during the reporting period, the overall volume of recommendations means that timely implementation and effective follow-up remain important. At this stage of the year, it would be premature to draw firm conclusions about a sustained trend, but the current pattern supports continued Committee oversight of high-priority recommendations and recurring themes emerging from limited assurance reviews.

4.4. Full details of the audits completed and their assurance opinions can be found in the Audit Plan Performance table later in this report.

5. Approach to Performance Monitoring

5.1. Internal Audit work is completed in accordance with agreed plans and the findings of final reports are presented to the Committee. Performance is also assessed through progress against the revised audit plan, timely issue of final reports, management response and implementation of recommendations, completion of follow-up work, and the continued alignment of audit activity to key Council risks and priorities. This helps the committee assess not only on delivery of audit work, but also on whether audit activity is contributing to improvements in governance, risk management and internal control.

AUDIT PLAN PERFORMANCE REPORT FROM 1 APRIL TO 31 OCTOBER 2026

Audit Name	Original Plan Days	September Revision	November Revision	Revised Plan Days	31 October 2026 Actual	Status	Audit Opinion	Recommendations				Direction of Travel
								Fundamental	Significant	Requires Attention	Best Practice	
ASC Outturn Follow Up 25/26						Complete	Limited		4	1		N/A
Assistive Technologies 25/26						Complete	Reasonable		3	4		N/A
Shrewsbury Riverside Development 25/26						Complete	Limited		7	6		N/A
Bishops Castle Community College Follow up 25/26						Complete	Limited	1	6	8		↑
BluPrint - Print Unit Operations 25/26						Complete	Limited		4	4		←→
Chipside Parking System Application Review 25/26						Complete	Reasonable			4		↑
Corporate Governance 25/26						Complete	Reasonable			9		←→
Children's Direct Payments 25/26						Complete	Unsatisfactory		8	3		←→
Emergency Planning 25/26						Complete	Reasonable		4	4		←→
Health and Safety Governance 25/26						Complete	Limited		7	3		↓
Highways Maintenance - Term Maintenance - Kier 25/26						Complete	Reasonable		1			↑
Homelessness Follow Up 25/26						Complete	Limited		2	7		←→
ICT Project Financing and Recharges 25/26						Complete	Limited		4	1		←→
IDOX Application 25/26						Complete	Reasonable		1	4		←→
Magic Notes AI 25/26						Complete	Reasonable		3	4		N/A
Members Development Training 25/26						Complete	Limited		4	0		N/A
Payroll System Follow up 25/26						Complete	Limited		12	15		←→
Performance Management Framework 25/26						Complete	Reasonable		2	6		N/A
Public Sector Network (PSN) Accreditation 25/26						Complete	Reasonable		1	1		N/A
Remote Support 25/26						Complete	Reasonable		2	2		↑
The Lantern Follow Up 25/26						Complete	Briefing Note					N/A
Garden Waste Collections Follow Up 25/26						Complete	Briefing Note					N/A
Agency Workers and Consultants Follow Up 25/26						Complete	Limited		5	4		↑
Direct Payments Root Cause Briefing Note	0	1		1	1.3	Complete	Briefing Note		4	1		N/A
DOLS Deprivation of Liberty Safeguards	10		-5	5	5.0	Complete	Briefing Note					N/A
Adoption Process Including Allowances	0	19		19	18.7	Complete	Reasonable		2	2		↑
Monitoring of Schools Deficit/Surplus Budgets	8	9		17	16.8	Complete	Unsatisfactory	1	6	3		N/A
Purchasing Cards - Children's Residential Homes	8	14		22	21.8	Complete	Limited		5	5		N/A
SFVS - Schools Financial Value Statement	2			2	1.6	Complete	N/A					N/A
Food Standards and Hygiene	10			10	8.9	Complete	Reasonable		1	3		↓
Annual Governance Statement (AGS) 25/26	0			0	0.4	Complete	N/A					N/A
Statutory Officers - Recommendation Status Briefing Note	0			0	0.3	Complete	Briefing Note					
Database Access, Admin and Management	0	8		8	7.2	Complete	Reasonable			3		↑
Shirehall Data Centre Decommissioning Project	10			10	9.4	Complete	Reasonable		2	4		N/A
HR Casework and Employee Relations - Framework Design, Process and Consistency	15			15	15.8	Complete	Limited		3	5		N/A
HR Casework and Employee Relations - Data Analysis	0	20		20	18.3	Complete	Reasonable		4	2		N/A
Payroll Data Analytics (IDEA) Q4 25/26	1			1	1.3	Complete	N/A					N/A

Audit Name	Original Plan Days	September Revision	November Revision		Revised Plan Days	31 October 2026 Actual	Status	Audit Opinion	Recommendations				Direction of Travel
									Fundamental	Significant	Requires Attention	Best Practice	
Payroll Root Cause Briefing Note	0				0	0.0	Complete	Briefing Note					N/A
Unified Communications	7			1	8	7.9	Complete	Reasonable			2		N/A
Grey Fleet	8			-4	4	3.5	Complete	Briefing Note			3		N/A
Committee Reporting and Management	10				10	10.3	Complete	Reasonable		1	2		N/A
NFI Declarations of Interest Review	0				0	0.6	Complete	Briefing Note		1			N/A
Multiple Same Day Orders	0				0	1.4	Complete	Briefing Note					N/A
Fraud Risk Assessment	0				0	2.7	Complete	Briefing Note					N/A
Freedom of Information (FOI) and Subject Access Requests (SAR)	10		-1		9	8.4	Complete	Good			1		↑
Members Allowances and Expenses	8		2		10	9.4	Complete	Reasonable		1	2		←→
Warm Homes Local Grant	0				0	4.1	Complete	N/A		2	6		N/A
Savings 2026/27 – Cleaning	0				0	12.2	Complete	Briefing Note			1		N/A
Savings 2026/27 – Vehicle Fleet	0				0	3.0	Complete	Briefing Note					N/A
Social Media	10		4		14	14.0	Complete	Reasonable			2		↑
Grant Lessons Learnt	0				0	0.3	Complete	Briefing Note					N/A
Savings 2026/27 – Taxi Usage	0				0	5.7	Draft	Briefing Note					
Pyrolysis Project Governance	0		15		15	10.4	Draft	Briefing Note					
Aquamira Comforts Fund	3				3	1.8	In Progress						
Adult Social Care - Systems and Forecasting	0		18	7	25	23.6	In Progress						
Schools Self Assessments (Audit Provided)	8				8	6.7	In Progress						
SEND Statutory and Regulatory Framework	0		15	7	22	21.1	In Progress						
Financial Evaluations	30			-5	25	9.4	In Progress	N/A					
Personal Budgets - Deferred Payments	10				10	7.6	In Progress						
Supported Living Contract Management	8				8	2.1	In Progress						
Regulator for Social Housing Compliance	10				10	1.4	In Progress						
All Staff Communication Verification	0		5	11	16	15.0	In Progress						
Best Value Framework	0		10		10	7.7	In Progress						
Statutory Officers - Recommendation Status Briefing Note	0				0	0.2	In Progress						
BluPrint - Print Unit Operations	6				6	3.1	In Progress						
Chatbots and Microsoft Power Apps Development and Management	10				10	1.5	In Progress						
Digital Mailroom	8				8	0.7	In Progress						
Digital Transformation Board	5				5	1.3	In Progress						
Management of Recruitment and Retention of New Employees	8			3	11	9.5	In Progress						
IT Asset Management	8			8	16	15.1	In Progress						
Out of County IT Equipment Delivery	5		2	6	13	11.5	In Progress						
Payroll Data Analytics (IDEA) Q1	1				1	3.2	In Progress						
Property Sales and Acquisitions	10			3	13	10.8	In Progress						
Employment Vetting	6				6	0.5	In Progress						
Remote Access, Citrix & VPN	8				8	1.9	In Progress						
Shirehall Disposal	7				7	1.2	In Progress						
CONFIRM-Highways Management System	10				10	8.2	In Progress						
Transport Contract Payments	0		8		8	1.9	In Progress						

Audit Name	Original Plan Days	September Revision	November Revision	Revised Plan Days	31 October 2026 Actual	Status	Audit Opinion	Recommendations				Direction of Travel
								Fundamental	Significant	Requires Attention	Best Practice	
Local Transport Plan (LTP) Grant	0		2	2	0.4	In Progress						
Street Scene	10			10	0.7	In Progress						
WSP Contract	6			6	1.6	In Progress						
Counter Fraud Work	20			20		In Progress	N/A					
Housing Tenancy Fraud Review	0			0	0.8	In Progress						
Contract Management Counter Fraud Review	0			0	12.1	In Progress						
Payroll - Leaver and Sickness Verification	0			0	0.2	In Progress	N/A					
Counter Fraud, Policies and Training	4			4		In Progress	N/A					
Anti Money Laundering Policy Review	0			0	0.4	In Progress	N/A					
National Fraud Initiative (NFI) Main Exercise 2026/27	20			20	2.3	In Progress	N/A					
NFI Main Exercise 2024/25	0			0	5.0	In Progress	N/A					
Planning Enforcement	0		10	10	0.1	In Progress						
Property Services Group (PSG)	0	15		15	0.5	In Progress						
Community Covenant	10			10	5.5	In Progress						
ASC Outturn Follow Up	0	5		5	0.4	In Progress						
Business Rates / NDR	20			20	0.5	In Progress						
Finance - Final Grant Claims	8			8		In Progress	N/A					
SHF Wave 3	0			0	0.2	In Progress						
Income Collection	8		7	15	11.3	In Progress						
Savings Projects	12	13		25	7.4	In Progress						
Savings 2026/27 – Leases	0			0	0.3	In Progress						
Savings 2026/27 – Software Licenses	0			0	0.4	In Progress						
Directorate Spend Control Effectiveness	0	8		8	2.4	In Progress						
Treasury Management	8	4	12	24	22.4	In Progress						
Business Continuity Planning (Guildhall)	10			10	0.7	In Progress						
Data Quality Strategy	5			5	2.4	In Progress						
Transformation and Improvement Contingency	150	-140		10		In Progress	N/A					
Role of the Manager Sprint Reference Group	0			0	0.6	In Progress	N/A					
Role of the Manager Stakeholder Group	0			0	0.5	In Progress	N/A					
Transformation and Improvement Contingency - Improvement Plan Project 8 Work	0			0	2.3	In Progress	N/A					
Adults with Learning Disabilities Day Services	10			10		Not Started						
Controcc Application	15			15		Not Started						
Direct Payments Children	5			5		Not Started						
Home to School Transport and SEND Transport	15			15		Not Started						
Contracts Register System Implementation	8			8		Not Started						
Annual Governance Statement (AGS)	1			1		Not Started						
Corporate Governance	8			8		Not Started						
Ethics / Culture	10			10		Not Started						
Back-up arrangements	5			5		Not Started						
Corporate Networking - Active Directory	10			10		Not Started						

Audit Name	Original Plan Days	September Revision	November Revision	Revised Plan Days	31 October 2026 Actual	Status	Audit Opinion	Recommendations				Direction of Travel
								Fundamental	Significant	Requires Attention	Best Practice	
Cyber Security Contract Management (Normcyber / WAN / Data Centre)	10			10		Not Started						
Cyber Threat / Incident Response Plan	10			10		Not Started						
Disaster Recovery	5			5		Not Started						
Diversity Arrangements	4			4		Not Started						
Holiday Pay Follow Up	0		4	4		Not Started						
Microsoft Azure (Office 365)	10			10		Not Started						
Nutanix Data Centre Solution	10			10		Not Started						
Payroll Data Analytics (IDEA) Q2	1			1		Not Started						
Payroll Data Analytics (IDEA) Q3	1			1		Not Started						
Robotic Process Automation (RPA)	5			5		Not Started						
Security of Council Buildings Health & Safety	10			10	0.3	Not Started						
Telecommunications - Contracts, Procurement and Monitoring	10			10		Not Started						
Travel and Subsistence	8			8		Not Started						
WhatsApp	3			3	0.0	Not Started						
BSOG Grant Bus Subsidy	2			2	0.9	Not Started						
Coroners and Mortuary Service	5			5		Not Started						
NFI Declarations of Interest Follow Up	0	5		5		Not Started						
Payroll Leaver and Sickness Verification	0	8		8		Not Started						
Section 38 Road Adoption	6			6		Not Started						
Capital - Management and Monitoring	8			8		Not Started						
Sales Ledger	15			15	0.2	Not Started						
Corporate Plan - Service Plans	12	3		15		Not Started						
Improvement Plan	15			15		Not Started						
PMO Project Management	12			12		Not Started						
Power BI Reporting and Development	7			7		Not Started						
Power BI Data Validation	0	12		12		Not Started						
Risk Management	10			10	0.9	Not Started						
PDR Compliance	0		5	5		Not Started						
Meole Brace Park and Ride	0		5	5		Not Started						
CQC Continuous Improvement Plan	12	-12		0		Cut	N/A					
Shropshire Carers Support Team	10	-10		0		Cut	N/A					
Bishops Castle Community College	10	-10		0		Cut	N/A					
Care Leaver Allowances	10	-10		0		Cut	N/A					
Domiciliary & Respite Services (Short Breaks)	8	-8		0		Cut	N/A					
Early Help	10	-10		0		Cut	N/A					
Elective Home Education	10	-10		0		Cut	N/A					
Foster Care Project	10	-10		0		Cut	N/A					
Stepping Stones	12	-12		0		Cut	N/A					
Key Supply Contracts	10	-10		0		Cut	N/A					
Procurement Act Compliance	10		-10	0		Cut	N/A					
Parking - Enforcement and issue of NPOs & Fixed Penalty Notices	10	-10		0		Cut	N/A					
		10										

Audit Name	Original Plan Days	September Revision	November Revision	Revised Plan Days	31 October 2026 Actual	Status	Audit Opinion	Recommendations				Direction of Travel
								Fundamental	Significant	Requires Attention	Best Practice	
Private Renters Rights Act	10	-10		0		Cut	N/A					
Code of Practice for Statutory Officers	8	-8		0		Cut	N/A					
Improvement and Assurance Framework for Local Governance	8	-8		0		Cut	N/A					
Partnerships	12	-12		0		Cut	N/A					
Growth and Skills Levy	10	-10		0		Cut	N/A					
Conditional Access	8	-8		0		Cut	N/A					
Digital Transformation Plan	10		-10	0		Cut	N/A					
Human Resources - Workforce Planning	10	-10		0		Cut	N/A					
Organisational Workforce Resilience	15	-15		0		Cut	N/A					
Privileged Account Management	5	-5		0		Cut	N/A					
Resourcelink- HR Application Review	8	-8		0		Cut	N/A					
Service Accounts	10	-10		0		Cut	N/A					
Economic Growth Projects	10	-10		0		Cut	N/A					
Highways Development Control	10	-10		0		Cut	N/A					
Project Management	12	-12		0		Cut	N/A					
Information Classification / Handling / Data Loss	10		-10	0		Cut	N/A					
Planning Service Review	12	-12		0		Cut	N/A					
CIPFA Financial Management Self Assessment	10	-10		0		Cut	N/A					
Debt Recovery	15	-15		0		Cut	N/A					
Purchase Ledger P2P	26	-26		0		Cut	N/A					
Revenues and Benefits Service Delivery	8	-8		0		Cut	N/A					
Complaint Handling Code	10	-10		0		Cut	N/A					
New Operating Model	10	-10		0		Cut	N/A					
Performance Data	12	-12		0		Cut	N/A					
Total Shropshire Council Planned Work	**1,216**	**-265**	**43**	**994**	**471.4**							
CONTINGENCIES												
Advisory Contingency	20	0	0	20	13.4							
Fraud Contingency	150	0	0	150	97.2							
Unplanned Audit Contingency	60	0	0	60	94.7							
Other non audit Chargeable Work	166	-7	6	165	89.9							
CONTINGENCIES	**396**	**-7**	**6**	**395**	**295.2**							
Total for Shropshire	1,612	-272	49	1,389	766.6							
EXTERNAL CLIENTS	**158**	**-14**	**0**	**144**	**78.0**							
Total Chargeable	**1,770**	**-286**	**49**	**1,533**	**844.6**							

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.

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.

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.

Chief Audit Executive Annual Opinion
The rating, conclusion and/or other description of results provided by the Chief Audit Executive addressing, at a broad level, governance, risk management and/or control processes of the organisation. An overall opinion is the professional judgement of the Chief Audit Executive 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).

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 Executive 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 and Governance Committee for consideration.