



<u>Committee and Date</u>	<u>Item</u>
Audit Committee	
4 <sup>th</sup> March 2021	
1:30pm	<u>Public</u>

## INTERNAL AUDIT PERFORMANCE AND REVISED ANNUAL AUDIT PLAN 2020/21

**Responsible Officer** Ceri Pilawski  
e-mail: [ceri.pilawski@shropshire.gov.uk](mailto:ceri.pilawski@shropshire.gov.uk)

Telephone: 01743 257739

### 1 Summary

This report provides members with an update of work undertaken by Internal Audit in the two months since the previous Audit Committee. 79% percent of the revised plan has been completed (**see Appendix A, Table 1**), which is in line with previous delivery records, however, due to the continuing impact of COVID there has been a significant adjustment to the planned audit activity. The team is on target to achieve 90% delivery by the year end.

One good, three reasonable, two limited and one unsatisfactory assurance opinions have been issued. The seven final reports contained 44 recommendations, one of which was fundamental.

This report proposes significant revisions in the coverage of planned activity for Shropshire Council with a minor change in resources from the 2,159 days as reported in December 2020 to 2,197 days. Changes to the planned activity reflect adjustments in both risks and a reduction in available resources for pure audit work given 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. The work completed by Auditors in response to the pandemic will be used to help inform the year end audit opinion alongside audits completed by the Team. At this stage it is not envisaged that the scope of the audit work will be constrained given that the main risk areas to the council in responding to the pandemic are known to the Auditors and the Council's response to these also recognised.

Internal Audit continues to add value to the Council in the delivery of bespoke pieces of work including sharing best practice and providing advice on system developments.

### 2 Recommendations

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

- a) The performance to date against the 2020/21 Audit Plan
- b) Identify any action(s) it wishes to take in response to any low assurance levels and fundamental recommendation brought to Members' attention.

- c) The adjustments required to the 2020/21 plan to take account of changing priorities set out in **Appendix B** and the ongoing response by the Council and the Auditors, as set out in this report to the pandemic risks.

## **REPORT**

### **3 Risk assessment and opportunities appraisal**

- 3.1 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
- 3.2 Provision of the Internal Audit Annual Plan satisfies the Accounts and Audit Regulations 2015, part 2, section 5(1) in relation to internal audit. These state that:  
'A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.
- 3.3 'Proper practices' can be demonstrated through compliance with the Public Sector Internal Audit Standards (PSIAS).
- 3.4 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998 and there are no direct environmental, equalities or climate change consequences of this proposal.

### **4 Financial Implications**

- 4.1 The Internal Audit plan is delivered within approved budgets. The work of Internal Audit contributes to improving the efficiency, effectiveness and economic management of the wider Council and its associated budgets. Where the service is providing support to the COVID response, funding through appropriate grants is being sought.

### **5 Climate Change Appraisal**

- 5.1 This report does not directly make decisions on energy and fuel consumption; renewable energy generation; carbon offsetting or mitigation; or on climate change adaption. Therefore, no effect.

### **6 Background**

- 6.1 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.
- 6.2 The 2020/21 Internal Audit Plan was presented to, and approved by, members at the 25th February 2020 Audit Committee, since then the world has been responding to a global pandemic and significant adjustments to the plan have been approved in September and December 2020. This report provides an update on progress made against the plan as at the 31<sup>st</sup> January 2021 and the work delivered in continuing to respond to the pandemic, whilst looking to provide the appropriate assurance to the Council.
- 6.3 The impact of the COVID pandemic continues to affect planned audit activity. Following a further national lockdown announced in January 2021 additional adjustments have been required to the planned audit activity. To date just under six full time equivalents have responded flexibly to the changing risk environment of the Council and provided support to pandemic activities, this represents approximately half of the team. In doing this there is a level of assurance provided by their activities as set out later in this report.
- 6.4 In some areas the Head of Audit will be relying on assurances from audit reviews conducted in 2019/20. In a year without COVID audits previously conducted resulting in a lower level of assurance or fundamental and significant recommendations would be revisited but given the competing pressures, in certain service areas, this is not proposed. It is acknowledged that services are focused on delivering a response to COVID initiatives and improving the systems in place has momentarily been placed on hold. This includes some key fundamental financial systems. Instead of full audits, managers have been asked to consider a self-assessment to identify where there has been no change to the environment; a deterioration or an improvement in controls. Whilst audit assurance levels will remain unchanged until adequate sampling and testing is conducted, the information from the self-assessments will be used to inform a direction of travel and the year-end opinion. The outcomes from the self-assessments will be reviewed by a Lead Auditor.
- 6.5 Members are aware through both reports to their Audit Committee and training sessions where Internal Audit resources have been deployed to support service areas responding to the pandemic. In doing this, assurance can be taken from the knowledge gained in working within these areas and whilst not independently tested, professional judgement is applied in these unprecedented times and able to reflect on several governance, internal control and risk management issues. Some of the details of which are summarised below:

### **Governance**

Vice Chair of the Business Continuity Group and support to Business Continuity Team. This has provided a level of confidence in:

- Strategic planning, kept up to date with the Council's response to the pandemic, flooding, closure of Shirehall and other emergency incidents and the associated governance processes
- Links with partners, volunteers and the community in delivering COVID initiatives
- Directors decision making, evidence of timely escalation of issues that need addressing
- Inclusion of all service areas in delivering services and responding to the pandemic
- Regular meetings with the s151 Officer and Monitoring Officer to understand responses in the current climate
- Health and safety issues considered and addressed for the work force and wider public
- Formal virtual meetings established for Member committees

### **Resources Directorate**

- Live reporting on absences, staff resources, capacity, redeployment and secondment processes
- Corporate responses to health guidance
- Communications across the Council internally and externally
- Self-assessments from leads on key financial systems
- Provision of data analytics to improve the quality of system data
- Reconciliation of leave data on payroll systems to manager returns to inform and improve the process
- Advice on projects delivering rapid responses to business needs
- Personal Protection Equipment (PPE) time spent on providing advice on procurement and issuing processes
- Evaluation of and advice around IT infrastructure projects established for supporting home working

### **Adult Services**

- Advice and guidance around the direct payments policy
- Information and observations as part of situation report (SITREP) attendees at Directors meetings on the responsiveness to and management of the Public Health pressures
- Public Protection Cell, support to businesses in complying with the varying COVID restrictions and requirements, helping licencing and enforcement focus resources on an intelligence led basis.

### **Children Services**

- Troubled families grant ensuring support is targeted at preventative multi agency work
- Work in schools has been delayed due to the pressures they are under. Assurance is provided through a review of schools' financial value standard assessments to be supported by self-assessments completed at the end of March. The service also relies on previous Ofsted inspection and control statements reported by the Executive Director.
- A self-assessment on adoption support processes is providing a level of management confidence and Auditors have advised the Together for Children joint partnership on audit arrangements.

### **Place and Enterprise**

- Leisure centres, libraries and other cultural facilities have had disrupted opening hours; processes have been engaged and overseen to manage the risks and activities required around this, redeployment and furloughing of staff
- Several audits have been completed in this area; Highways; WSP; Bridges and North West Relief Road (NWWR).
- COVID required a response from the Council to help support homelessness and this was seen and demonstrated through the Business Continuity group
- Grants to businesses facing difficulties required validation of financial and business checks prior to payment and ongoing counter fraud data matching through the NFI<sup>1</sup> is currently underway. 205 days have been spent to date on these in Audit, this is increased by time in Finance and Economic Growth

6.6 From the areas covered above, Members can be assured that the Auditors have been involved in areas of key organisational risk. Where Auditors have been involved in the delivery of initiatives to support the Council's response to COVID, the team is large enough to ensure that they are not involved in audits of those areas in future.

6.7 The Audit team continue to work from home with no impact on service delivery.

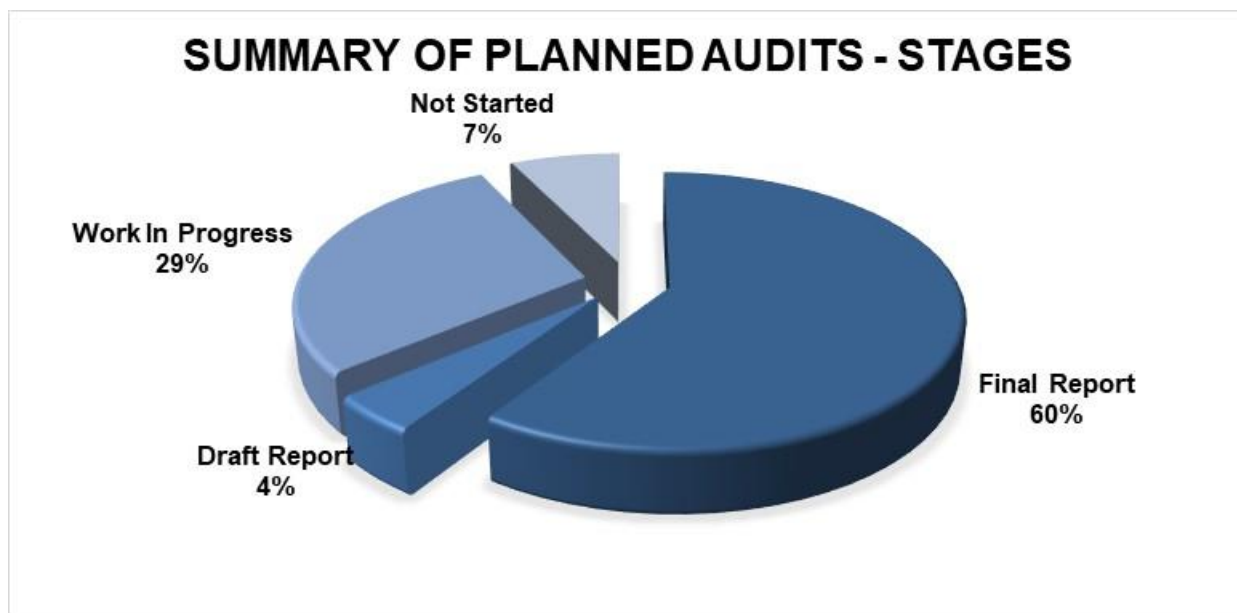
## **7 Performance against the plan 2020/21**

7.1 Revisions to the 2020/21 planned audit activity provide for a total of 2,197 days. There have been minimal changes to resources, however, the planned audit activity has been significantly adjusted to reflect changes in risks. Performance to date is in line with previous delivery records at 79% (79% 2019/20), overall the team is on track to deliver a minimum of 90% of the revised annual plan by the year end. There is continued support in the Council's response to COVID on grant applications; regulatory cell activity and business continuity.

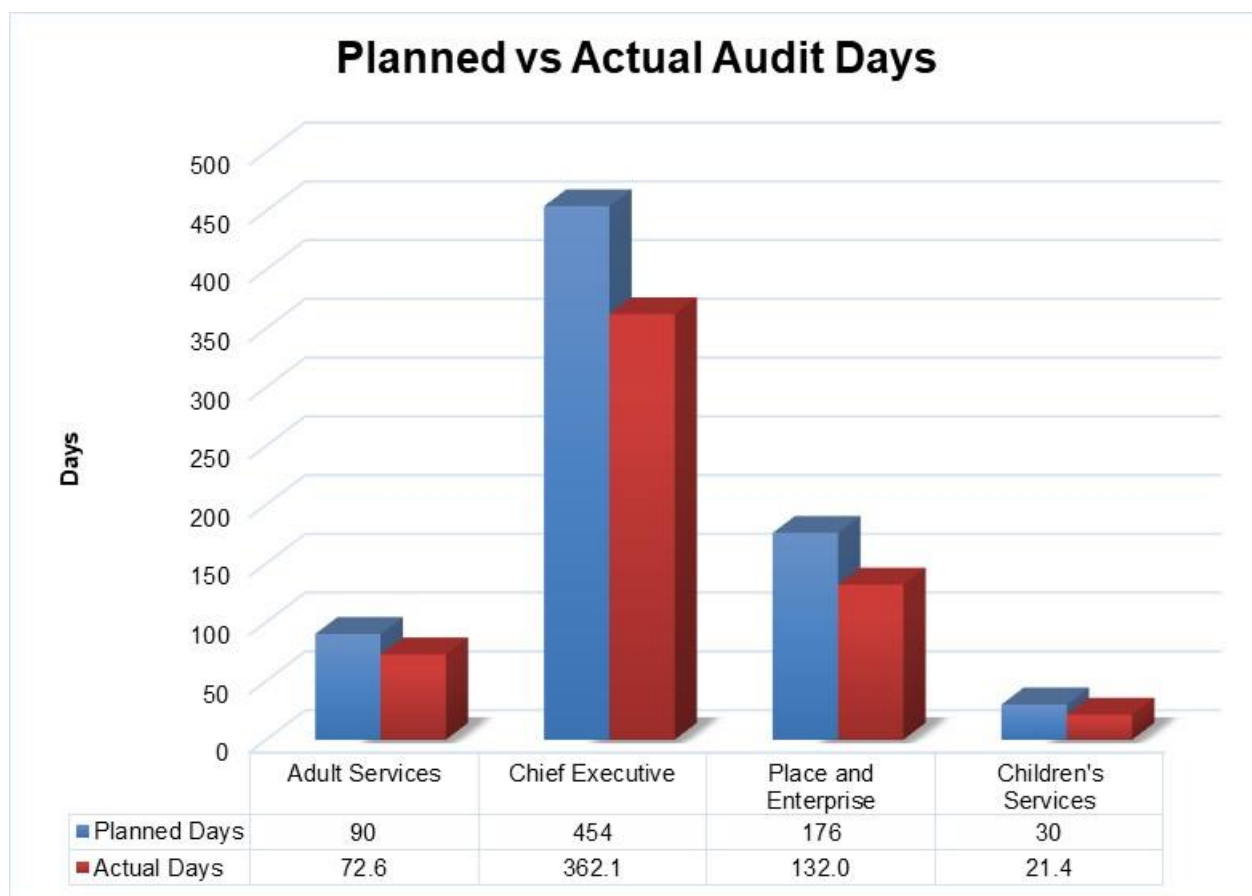
7.2 In total, seven final reports have been issued in the period from 16<sup>th</sup> November 2020 to 31<sup>st</sup> January 2021. The following chart shows performance against the approved Internal Audit Plan for 2020/21:

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<sup>1</sup> National Fraud Initiative



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

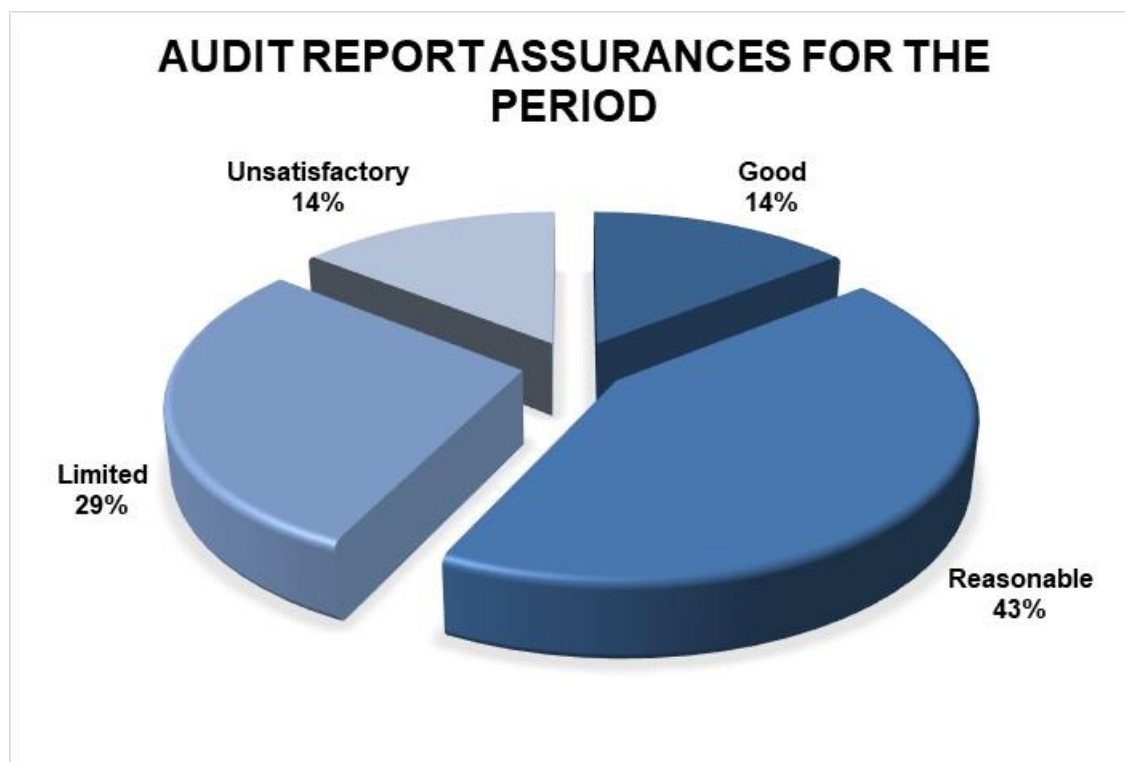


7.4 The following audits have been completed since the beginning of the year:

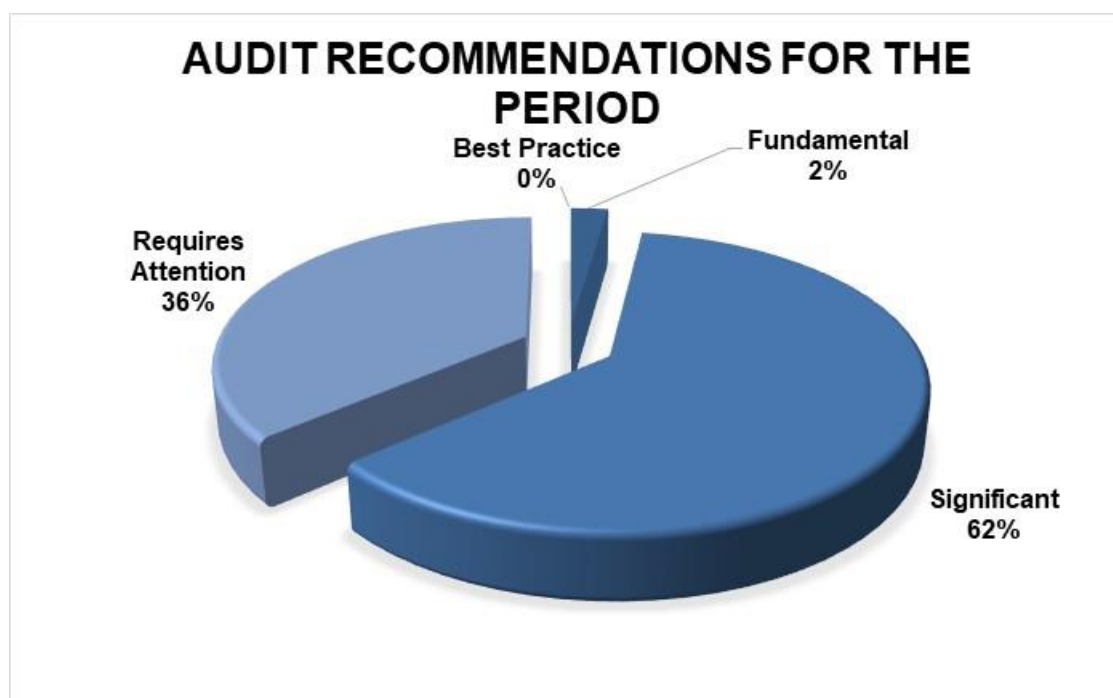
- Adult Social Care Financial Assessments
- Grey Fleet – Enterprise Contract
- Budget Management and Control
- VAT
- Housing Benefits

- Business Continuity, including Back up arrangements and Nutanix
- IT Business Administration

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



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



- 7.7 Up to the 31<sup>st</sup> January 2021, four reports have been issued providing good or reasonable assurances and accounting for 57% 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 64%. This is offset by a corresponding increase in limited and unsatisfactory assurances, currently 43% compared to the previous year outturn of 36%.
- 7.8 Control objectives evaluated and not found to be in place as part of these audit reviews that have since been finalised, appear in a summary of the planned audit reviews which resulted in unsatisfactory or limited assurance in **Appendix A, Table 3**. The appendix also includes descriptions of the levels of assurance used in assessing the control environment and the classification of recommendations, **Tables 4 and 5** and provides a glossary of common terms, **Table 6**.
- 7.9 Three draft reports, awaiting management responses, will be included in the next quarter results. Work has also been completed for external clients in addition to the drafting and auditing of financial statements in respect of honorary funds and the certification of grant claims. External customer coverage has not been significantly impacted upon by COVID.
- 7.10 A total of 44 recommendations have been made in the seven final audit reports issued in the period 16<sup>th</sup> November 2020 to 31<sup>st</sup> January 2021, these are broken down by audit area and appear in **Appendix A, Table 7**.
- 7.11 One fundamental recommendation has been identified which are detailed below:  
**IT Business Administration**  
**Recommendation** - A contract for the provision of ICT hardware i.e. PC's, laptops and mobile devices should be secured in line with the Council's Contract Procedure Rules at the earliest opportunity.  
**Risk** - Non-compliance with the Council's Contract Procedure Rules resulting in a failure to ensure that legal requirements are met and value for money is achieved which could result in a financial and reputational loss to the Council.  
**Management Response**- This is being worked through. It is also hoped the additional capacity in the team will support this. Further, support has been put in place from the projects team to help with procurements.  
**Agreed Implementation Date** – 1<sup>st</sup> June 2021
- 7.12 It is management's responsibility to ensure accepted audit recommendations are implemented within an agreed timescale. **Appendix A, Table 8 sets out the approach adopted to following up recommendations** highlighting Audit Committee's involvement. Recommendations are followed up with Executive Directors in the normal way. Testing the implementation of some fundamental recommendations is through a self-assessment process, as mentioned earlier in this report. It is known that some areas have not had the resources to implement changes to controls identified given their response to COVID activities this year. These will be followed up in the approved way once services are back to business as usual activities.
- 7.13 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**.



- Briefing note sharing learning about cyber resilience in local government from the ransomware attack suffered by Redcar and Cleveland Borough Council in February 2020, including the impact on the public, finances and reputation.
- Support to Regulatory Services following up with businesses having to close under COVID legislation; or operate under different mechanisms; or respond to outbreaks. Providing intelligence on which specialised visits can be made.
- Support to a school not using Business World correctly, identified a need for training and facilitated a solution to access right support and information.
- Providing financial and suitability checks on business grant claimants; reducing the risk or fraudulently, duplicate or claims made in error.
- Secondment of staff to finance to help support business as usual whilst officers respond to the increased financial pressures as the Council responds to COVID.
- Consultancy support on the resolution of a security issue identified on a portal where the passwords do not automatically lock out after a number of failed log on attempts which makes the portal vulnerable to brute force password attacks. Issue has been resolved with the supplier.

## Direction of travel

7.14 This section compares the assurance levels (where given), and categorisation of recommendations made, to demonstrate the direction of travel in relation to the control environment.

### Comparison of Assurance Levels (where given)

Assurances	Good	Reasonable	Limited	Unsatisfactory	Total
<b>2020/21 to date</b>	<b>20%</b>	<b>31%</b>	<b>29%</b>	<b>20%</b>	<b>100%</b>
<b>2019/20</b>	<b>15%</b>	<b>49%</b>	<b>22%</b>	<b>14%</b>	<b>100%</b>
<b>2018/19</b>	<b>26%</b>	<b>41%</b>	<b>27%</b>	<b>6%</b>	<b>100%</b>
<b>2017/18</b>	<b>20%</b>	<b>44%</b>	<b>29%</b>	<b>7%</b>	<b>100%</b>

### Comparison of recommendation by categorisation

Categorisation	Best practice	Requires attention	Significant	Fundamental	Total
<b>2020/21 to date</b>	<b>1%</b>	<b>50%</b>	<b>47%</b>	<b>2%</b>	<b>100%</b>
<b>2019/20</b>	<b>1%</b>	<b>59%</b>	<b>39%</b>	<b>1%</b>	<b>100%</b>
<b>2018/19</b>	<b>2%</b>	<b>60%</b>	<b>37%</b>	<b>1%</b>	<b>100%</b>
<b>2017/18</b>	<b>3%</b>	<b>56%</b>	<b>41%</b>	<b>0%</b>	<b>100%</b>

7.15 The number of lower level assurances 49%, at this point in the year, is significantly higher than the outturn for 2019/20 of 36%. Reflected in significantly higher numbers of audited areas attracting unsatisfactory assurance (20%) compared to the previous year outturn. The Directorates of Place and Enterprise and Resources<sup>2</sup> show the most areas for concern. Whilst this does not yet demonstrate a complete picture, it is an early indicator of a weaker control environment across the Council and whilst not unexpected with the additional pressures of responding to the COVID pandemic, needs to be

<sup>2</sup> YTD shows: Place and Enterprise 4 unsatisfactory / 3 limited / 4 fundamental;  
Finance Governance and Assurance 2 unsatisfactory (includes 19/20 systems) / 5 limited / 2 fundamental;  
Workforce and Transformation 2 unsatisfactory / 2 limited / 2 fundamental;

managed appropriately. **Appendix A, Table 3**, shows a full list of areas that have attracted limited and unsatisfactory assurances during the period 16<sup>th</sup> November 2020 to 31<sup>st</sup> January 2021.

## Performance measures

7.16 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 2020/21 – Audit Committee 10<sup>th</sup> December 2020  
 Internal Audit Performance and Revised Annual Audit Plan 2020/21 – Audit Committee 17<sup>th</sup> September 2020  
 Draft Internal Audit Risk Based Plan 2020/21 - Audit Committee 25<sup>th</sup> February 2020  
 Public Sector Internal Audit Standards (PSIAS)  
 Audit Management system  
 Accounts and Audit Regulations 2015  
 CIPFA Head of Internal Audit Annual Opinion guidance for 2020/21: CIPFA December 2020  
 CIPFA Insight Facing up to COVID in the public Sector December 2020

### Cabinet Member (Portfolio Holder)

Peter Nutting, Leader of the Council and Peter Adams, Chairman of Audit Committee

**Local Member:** All

### Appendices

#### Appendix A

Table 1: Summary of actual audit days delivered against plan 16<sup>h</sup> November 2020 to 31<sup>st</sup> January 2021  
 Table 2: Final audit report assurance opinions issued in the period 16<sup>h</sup> November 2020 to 31<sup>st</sup> January 2021  
 Table 3: Unsatisfactory and limited assurance opinions in the period 16<sup>h</sup> November 2020 to 31<sup>st</sup> January 2021  
 Table 4: Audit assurance opinions  
 Table 5: Audit recommendation categories  
 Table 6: Glossary of terms  
 Table 7: Audit recommendations made in the period 16<sup>h</sup> November 2020 to 31<sup>st</sup> January 2021  
 Table 8: Recommendation follow up process (risk based)  
**Appendix B** - Audit plan by service 16<sup>h</sup> November 2020 to 31<sup>st</sup> January 2021

## APPENDIX A

**Table 1: Summary of actual audit days delivered and revisions to the audit plan in the period from 16<sup>th</sup> November 2020 to 31<sup>st</sup> January 2021**

	Original Plan	Revised Plan	31 <sup>st</sup> January 2021 Actual	% of Original Complete	% of Revised Complete
Chief Executive	821	454	362.1	44%	80%
Finance, Governance and Assurance	420	248	194.2	46%	78%
Governance	14	15	9.5	68%	63%
Workforce and Development	361	168	138.9	38%	83%
Legal and Democratic	26	23	19.5	75%	85%
Adult Services	194	90	72.6	37%	81%
Social Care	134	77	71.4	53%	93%
Public Health	29	2	0.0	0%	0%
Public Protection	31	11	1.2	4%	11%
Place and Enterprise	221	176	132	60%	75%
Children's Services	248	30	21.4	9%	71%
Schools	126	1	0.5	0%	50%
Other	122	29	20.9	17%	72%
<b>S151 Planned Audit</b>	<b>1,484</b>	<b>750</b>	<b>588.1</b>	<b>40%</b>	<b>78%</b>
Contingencies and other chargeable work	582	1,209	961.5	165%	80%
<b>Total S151 Audit</b>	<b>2,066</b>	<b>1,959</b>	<b>1,549.6</b>	<b>75%</b>	<b>79%</b>
External Clients	171	238	187.5	110%	79%
<b>Total</b>	<b>2,237</b>	<b>2,197</b>	<b>1,737.1</b>	<b>78%</b>	<b>79%</b>

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

**Table 2: Final audit report assurance opinions issued in the period from 16<sup>th</sup> November 2020 to 31<sup>st</sup> January 2021**

Service area	Good	Reasonable	Limited	Unsatisfactory	Total
Chief Executive	1	2	1	1	5
Finance, Governance and Assurance	1	1	1	0	3
Governance	0	0	0	0	0
Workforce and Development	0	1	0	1	2
Legal and Democratic	0	0	0	0	0
Adult Services	0	1	0	0	1
Social Care	0	1	0	0	0
Public Health	0	0	0	0	0

Service area	Good	Reasonable	Limited	Unsatisfactory	Total
Public Protection	0	0	0	0	0
Place and Enterprise	0	0	1	0	1
Children's Services	0	0	0	0	0
Children's Services: Schools	0	0	0	0	0
Children's Services: Others	0	0	0	0	0
<b>Total for Period</b>					
➤ Numbers	1	3	2	1	7
➤ Percentage	14%	43%	29%	14%	100%
<b>Percentage 2020/21 YTD</b>	<b>20%</b>	<b>31%</b>	<b>29%</b>	<b>20%</b>	<b>100%</b>
<b>Percentage 2019/20</b>	<b>15%</b>	<b>49%</b>	<b>22%</b>	<b>14%</b>	<b>100%</b>
<b>Percentage 2018/19</b>	<b>26%</b>	<b>41%</b>	<b>27%</b>	<b>6%</b>	<b>100%</b>
<b>Percentage 2017/18</b>	<b>20%</b>	<b>44%</b>	<b>29%</b>	<b>7%</b>	<b>100%</b>

**Table 3: Unsatisfactory and limited assurance opinions issued in the period from 16<sup>th</sup> November 2020 to 31<sup>st</sup> January 2021<sup>3</sup>**

### Unsatisfactory assurance

#### **Workforce and Development: IT Business Administration (Reasonable 2016/17<sup>4</sup>)**

- Policies and procedures are in place to ensure compliance with internal and external requirements.
- A process is place for procuring new IT Services and equipment.
- Appropriate contracts are in place that are subject to continuous monitoring.
- Suitable arrangements are in place for purchasing.
- Suitable arrangements are in place for the receipt of goods and services.

### Limited assurance

#### **Finance, Governance and Assurance: VAT (Reasonable / 2018/19)**

- The recommendations made and agreed in the previous audit have been implemented.
- There are policies and procedures in place to ensure adherence to VAT regulations.
- The VAT regulations are applied correctly in practice.
- There are appropriate VAT accounting procedures.

#### **Place and Enterprise: Grey Fleet Enterprise Contract <sup>5</sup>**

- There is a contract in place that clearly sets out responsibilities and liabilities of all parties.
- Contract Management Arrangements are in place to ensure performance measures are monitored in accordance with the contract.
- There is regular financial and budget monitoring, and this is reported at the appropriate level.

<sup>3</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.

<sup>4</sup> Called Business support in 2016/17 however, the objectives and the administrator were the same.

<sup>5</sup> The Grey Fleet Enterprise contract provides pool vehicles for staff use.

**Table 4: Audit assurance opinions: awarded on completion of audit reviews reflecting the efficiency and effectiveness of the controls in place, opinions are graded as follows**

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

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

<b>Best Practice (BP)</b>	Proposed improvement, rather than addressing a risk.
<b>Requires Attention (RA)</b>	Addressing a minor control weakness or housekeeping issue.
<b>Significant (S)</b>	Addressing a significant control weakness where the system may be working but errors may go undetected.
<b>Fundamental (F)</b>	Immediate action required to address major control weakness that, if not addressed, could lead to material loss.

**Table 6: Glossary of terms****Significance**

The relative importance of a matter within the context in which it is being considered, including quantitative and qualitative factors, such as magnitude, nature, effect, relevance and impact. Professional judgment assists internal auditors when evaluating the significance of matters within the context of the relevant objectives.

**Head of Internal Audit Annual Opinion**

The rating, conclusion and/or other description of results provided by the Head of Internal Audit addressing, at a broad level, governance, risk management and/or control processes of the organisation. An overall opinion is the professional judgement of the Head of Internal Audit based on the results of several individual engagements and other activities for a specific time interval.

## Governance

Comprises the arrangements (including political, economic, social, environmental, administrative, legal and other arrangements) put in place to ensure that the outcomes for intended stakeholders are defined and achieved.

## Risk

The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.

## Control

Any action taken by management, the board and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organises and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.

## Impairment

Impairment to organisational independence and individual objectivity may include personal conflict of interest, scope limitations, restrictions on access to records, personnel and properties and resource limitations (funding).

**Table 7: Audit recommendations made in the period from 16<sup>th</sup> November 2020 to 31<sup>st</sup> January 2021**

Service area	Number of recommendations made				
	Best Practice	Requires Attention	Significant	Fundamental	Total
Chief Executive	0	9	18	1	28
Finance, Governance and Assurance	0	6	11	0	17
Governance	0	0	0	0	0
Workforce and Development	0	3	7	1	11
Legal and Democratic	0	0	0	0	
Adult Services	0	6	5	0	11
Social Care	0	6	5	0	11
Public Health	0	0	0	0	0
Public Protection	0	0	0	0	0
Place and Enterprise	0	1	4	0	5
Children's Services	0	0	0	0	0
Children's Services: Schools	0	0	0	0	0
Children's Services: Others	0	0	0	0	0
<b>Total for Period</b>					
➤ <b>Numbers</b>	<b>0</b>	<b>16</b>	<b>27</b>	<b>1</b>	<b>44</b>
➤ <b>Percentage</b>	<b>0%</b>	<b>37%</b>	<b>61%</b>	<b>2%</b>	<b>100%</b>
<b>Percentage 2020/21 YTD</b>	<b>1%</b>	<b>50%</b>	<b>47%</b>	<b>2%</b>	<b>100%</b>
<b>Percentage 2019/20</b>	<b>1%</b>	<b>59%</b>	<b>39%</b>	<b>1%</b>	<b>100%</b>
<b>Percentage 2018/19</b>	<b>2%</b>	<b>60%</b>	<b>37%</b>	<b>1%</b>	<b>100%</b>

Service area	Number of recommendations made				
	Best Practice	Requires Attention	Significant	Fundamental	Total
<b>Percentage 2017/18</b>	<b>3%</b>	<b>56%</b>	<b>41%</b>	<b>3%</b>	<b>100%</b>

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

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

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

## APPENDIX B

AUDIT PLAN BY SERVICE –PERFORMANCE REPORT FROM 16<sup>th</sup> NOVEMBER 2020 TO 31<sup>st</sup> JANUARY 2021

	Original Plan Days	Sept. Revision	Nov. Revision	Feb. Revision	Revised Plan Days	31st January 2021 Actual	% Revised Plan Achieved
<b>CHIEF EXECUTIVE</b>							
<b>Governance</b>	<b>14</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>15</b>	<b>9.5</b>	<b>63%</b>
<b>Finance Governance &amp; Assurance</b>							
Finance Transactions	135	-25	-5	-63	42	32.3	77%
Finance and S151 Officer	88	14	-10	-31	61	39.0	64%
Financial Management	83	-5	0	-15	63	52.6	83%
Procurement and Contract Management	30	0	0	0	30	24.3	81%
Revenues and Benefits	59	-8	0	-20	31	25.0	81%
Risk Management and Insurance	7	-7	0	0	0	0.3	0%
Treasury	18	1	2	0	21	20.7	99%
	<b>420</b>	<b>-30</b>	<b>-13</b>	<b>-129</b>	<b>248</b>	<b>194.2</b>	<b>78%</b>
<b>Workforce and Development</b>							
Human Resources	161	-104	-4	-10	43	31.9	74%
Information Governance	8	-8	0	0	0	0.0	0%
ICT	168	-51	1	4	122	104.6	86%
Occupational Health & Safety	11	-8	0	0	3	2.4	80%
Customer Services	13	-13	0	0	0	0.0	0%
	<b>361</b>	<b>-184</b>	<b>-3</b>	<b>-6</b>	<b>168</b>	<b>138.9</b>	<b>83%</b>
<b>Legal and Democratic</b>	<b>26</b>	<b>-16</b>	<b>3</b>	<b>10</b>	<b>23</b>	<b>19.5</b>	<b>85%</b>
<b>CHIEF EXECUTIVE</b>	<b>821</b>	<b>-230</b>	<b>-13</b>	<b>-124</b>	<b>454</b>	<b>362.1</b>	<b>80%</b>
<b>ADULT SERVICES</b>							
<b>Social Care Operations</b>							
Long Term Support	117	-66	0	16	67	61.7	92%
Assistive Services	5	5	0	0	10	9.7	97%
	<b>122</b>	<b>-61</b>	<b>0</b>	<b>16</b>	<b>77</b>	<b>71.4</b>	<b>93%</b>
<b>Social Care Efficiency and Improvement</b>	<b>12</b>	<b>-12</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0%</b>



	Original Plan Days	Sept. Revision	Nov. Revision	Feb. Revision	Revised Plan Days	31st January 2021 Actual	% Revised Plan Achieved
<b>Public Health</b>	<b>29</b>	<b>-27</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0.0</b>	<b>0%</b>
<b>Public Protection</b>							
Environmental Protection and Prevention- Public Protection	15	-15	0	10	10	0.4	4%
Community Safety	8	-6	-1	0	1	0.8	80%
	<b>23</b>	<b>-21</b>	<b>-1</b>	<b>10</b>	<b>11</b>	<b>1.2</b>	<b>11%</b>
<b>Bereavement</b>	<b>8</b>	<b>-8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0%</b>
<b>ADULT SERVICES</b>	<b>194</b>	<b>-129</b>	<b>-1</b>	<b>26</b>	<b>90</b>	<b>72.6</b>	<b>81%</b>
<b>PLACE AND ENTERPRISE</b>							
<b>Business, Enterprise and Commercial Services</b>							
Commercial Services	8	-3	0	0	5	5.0	100%
Housing Services	10	-10	0	0	0	0.0	0%
Shire Services	15	-15	0	0	0	0.0	0%
Strategic Asset Services	13	-10	0	6	9	4.8	53%
	<b>46</b>	<b>-38</b>	<b>0</b>	<b>6</b>	<b>14</b>	<b>9.8</b>	<b>70%</b>
<b>Economic Development</b>							
Business Growth and Investment	19	-19	8	19	27	1.4	5%
Development Management	8	0	0	0	8	8.4	105%
Planning & Corporate Policy	8	7	0	0	15	12.1	81%
Project Development	15	-15	0	0	0	0.0	0%
	<b>50</b>	<b>-27</b>	<b>8</b>	<b>19</b>	<b>50</b>	<b>21.9</b>	<b>44%</b>
<b>Infrastructure and Communities</b>							
Highways	95	-21	15	7	96	84.2	88%
Library Services	6	-6	0	0	0	0.0	0%
Public Transport	12	0	0	0	12	11.6	97%
	<b>113</b>	<b>-27</b>	<b>15</b>	<b>7</b>	<b>108</b>	<b>95.8</b>	<b>89%</b>
<b>Culture and Heritage</b>							
Theatre Severn and OMH	8	-6	1	0	3	3.4	113%
Leisure Services	0	1	0	0	1	1.1	110%
Visitor Economy	4	-4	0	0	0	0.0	0%
	<b>12</b>	<b>-9</b>	<b>1</b>	<b>0</b>	<b>4</b>	<b>4.5</b>	<b>113%</b>
<b>PLACE AND ENTERPRISE</b>	<b>221</b>	<b>-101</b>	<b>24</b>	<b>32</b>	<b>176</b>	<b>132.0</b>	<b>75%</b>

	Original Plan Days	Sept. Revision	Nov. Revision	Feb. Revision	Revised Plan Days	31st January 2021 Actual	% Revised Plan Achieved
<b>CHILDREN'S SERVICES</b>							
<b>Safeguarding</b>							
Assessment & Looked After Children	15	-15	0	0	0	0.0	0%
Children's Placement Services & Joint Adoption Safeguarding	49	-40	0	-4	5	2.8	56%
	20	-4	0	0	16	11.2	70%
	<b>84</b>	<b>-59</b>	<b>0</b>	<b>-4</b>	<b>21</b>	<b>14.0</b>	<b>67%</b>
<b>Learning and Skills</b>							
Business Support	31	-24	0	-2	5	3.8	76%
Education Improvements	7	0	0	-4	3	3.1	103%
Primary/Special Schools	116	-95	0	-20	1	0.5	50%
Secondary Schools	10	-5	0	-5	0	0.0	0%
	<b>164</b>	<b>-124</b>	<b>0</b>	<b>-31</b>	<b>9</b>	<b>7.4</b>	<b>82%</b>
<b>CHILDREN'S SERVICES</b>	<b>248</b>	<b>-183</b>	<b>0</b>	<b>-35</b>	<b>30</b>	<b>21.4</b>	<b>71%</b>
<b>Total Shropshire Council Planned Work</b>	<b>1,484</b>	<b>-643</b>	<b>10</b>	<b>-101</b>	<b>750</b>	<b>588.1</b>	<b>78%</b>
<b>CONTINGENCIES</b>							
Advisory Contingency	60	-34	0	5	31	28.0	90%
Fraud Contingency	200	-75	0	-40	85	66.8	79%
Unplanned Audit Contingency	50	-50	0	0	0	0.0	0%
Other non audit Chargeable Work	272	652	-5	174	1,093	866.7	79%
<b>CONTINGENCIES</b>	<b>582</b>	<b>493</b>	<b>-5</b>	<b>139</b>	<b>1,209</b>	<b>961.5</b>	<b>80%</b>
<b>Total for Shropshire</b>	<b>2,066</b>	<b>-150</b>	<b>5</b>	<b>38</b>	<b>1,959</b>	<b>1,549.6</b>	<b>79%</b>
<b>EXTERNAL CLIENTS</b>	<b>171</b>	<b>70</b>	<b>-3</b>	<b>0</b>	<b>238</b>	<b>187.5</b>	<b>79%</b>
<b>Total Chargeable</b>	<b>2,237</b>	<b>-80</b>	<b>2</b>	<b>38</b>	<b>2,197</b>	<b>1,737.1</b>	<b>79%</b>