



Committee and Date

Audit & Governance Committee

25 June 2026

AUDIT & GOVERNANCE COMMITTEE

Minutes of the meeting held on 5 February 2026

**In the The Council Chamber, The Guildhall, Frankwell Quay, Shrewsbury, SY3 8HQ
10.00 am - 12.55 pm**

Responsible Officer: Michelle Dulson

Email: michelle.dulson@shropshire.gov.uk Tel: 01743 257719

Present

Councillors Duncan Kerr, Malcolm Myles-Hook, Mark Owen, Duncan Borrowman, Carl Rowley, Sharon Ritchie-Simmons, Kate Halliday and Nigel Lumby

84 Apologies for Absence / Notification of Substitutes

An apology was received from Mr Jim Arnold (Independent Member).

85 Disclosable Pecuniary Interests

Members were reminded that they must not participate in the discussion or voting on any matter in which they have a Disclosable Pecuniary Interest and should leave the room prior to the commencement of the debate.

86 Minutes of the previous meeting held on the 27 November 2025

Members raised concerns about the length of Agendas and the number of late reports. It was confirmed that this could be looked at during consideration of the workplan.

RESOLVED:

That the Minutes of the meeting of the Audit Committee held on the 27 November 2025 be approved as a true record and signed by the Chairman

87 Public Questions

A public question had been received from Mr John Palmer. Mr Palmer read his question, and the Chairman provided the response on behalf of the Committee.

A full copy of the question and response provided are attached to the web page for the meeting.

88 Member Questions

There were no questions from Members.

89 First line assurance: Improvement Plan Update

The Committee received the report of the Interim Chief Executive which provided a summary of the arrangements in place to ensure delivery of the Council's Improvement Plan. The Improvement Plan had previously been considered and endorsed by the Transformation and Improvement Overview and Scrutiny Committee, agreed by Cabinet, and approved by full Council in December.

The Service Director for Strategy and Change introduced and amplified the report. He explained that the plan had been developed through engagement with staff at all levels along with elected members, ensuring a range of views informed its aims and priorities. Good levels of awareness and understanding were reported across the organisation and ongoing communications activity were aligned to specific objectives detailed within the report.

He went on to explain that the Improvement Plan had been developed with a clear set of three overall aims, and nine priority programmes of action with governance structures aligned to these aims and priorities. Clear principles and arrangements to ensure accountability and responsibility for delivering the Plan had been established and were summarised at Appendix 1. Risk management and delivery monitoring were facilitated by the Corporate Programme Management Office (PMO).

In terms of capacity to support and enable delivery, the plan's priority programmes were led, resourced, and supported proportionately, drawing on the PMO and senior managers across the organisation. Additional capacity would be aligned as needed. Progress and impact were reported monthly to both the officer leadership board and the externally chaired Improvement Board, using activity milestones and key performance indicators. Periodic reporting to Cabinet and the Transformation and Improvement Overview and Scrutiny Committee was also planned.

In response to a query about cashable savings and their reflection in the financial strategy, the Service Director for Strategy and Change explained that the report focused on arrangements for delivery rather than impact. The financial plan recently submitted to Cabinet and full Council, along with the refreshed transformation programme, would deliver savings and efficiencies set out in the medium-term financial plan and budget for 2026-27. Future reports would detail actions, impacts, and outcomes.

In response to a question regarding the management of capacity issues and the Committee's assurance of the Improvement Plan's deliverability, the Service Director for Strategy and Change confirmed that the Plan comprised a combination of existing programmes (which were already resourced), business-as-usual activities (which were prioritised), and new programmes that would require additional resources. Capacity was overseen by the Programme Management Office, with realignment of senior managers as necessary. Monthly monitoring arrangements were in place to escalate any risks of slippage arising from capacity constraints. It was noted that capacity and the pace of delivery were recognised as key risks to the Plan.

Upon further enquiry about mechanisms to manage shocks and ensure continuity of day-to-day operations, the Service Director for Strategy and Change advised that capacity to deliver remained a recognised risk and was subject to monthly assurance processes. Any risks of slippage were escalated to the leadership board for mitigation.

A query was raised about where the Committee could access the monthly reporting, performance dashboard, and key performance indicators (KPIs). In response, it was confirmed that reporting was undertaken through established internal and external governance mechanisms, including the Leadership Board, Cabinet, Improvement Board, and the Transformation and Improvement Overview and Scrutiny Committee. The Committee was advised that outcomes would be publicly shared within these forums. Furthermore, it was noted that additional capacity was being aligned to support delivery, and that robust business and budget planning cycles would enable effective prioritisation.

In response to a query regarding the sources of assurance and independent validation beyond first-line assurance, the Service Director for Strategy and Change advised that first-line assurance was provided through internal programme management and governance arrangements. Additionally, he confirmed that reporting mechanisms to both internal and external audiences—including the externally chaired Improvement Board, which comprises external members such as representatives from the Local Government Association—served to provide independent assurance.

The Head of Policy and Governance further noted that the internal audit plan for 2026-27 included contingency days specifically allocated for the review of high-risk areas within the improvement programme. He assured the Committee that findings and assurance arising from this work would be reported back to the Committee as the reviews were undertaken.

In response to a query about whether the PWC transformational programme document was being used to inform the improvement plan, it was explained that an independent report funded by the Local Government Association was being commissioned, with stakeholder interviews and review of relevant materials. The report would be shared with the Transformation and Improvement Overview and Scrutiny Committee in the coming weeks and would inform future practice and the improvement plan.

The Chair recommended that the Committee not merely note the report but decide whether sufficient assurance had been received.

RESOLVED:

To agree that adequate assurance had been obtained at this stage; and that the Committee would continue to review internal audit activities as improvements were made, with the understanding that assurance would be reassessed upon the presentation of additional evidence and outcomes.

Councillor Lumby voted against this recommendation.

90 First line assurance: Adult Social Care Outturn Management Update

The Committee received the report of the Interim Chief Executive which provided a progress update of the actions agreed in response to the recommendations in relation to the Adult Social Care Outturn Audit Review.

The Interim Deputy Chief Executive introduced and amplified the report. She confirmed that all recommendations from previous audits were either in progress or complete. The

next audit review was scheduled for May–June 2026, with a current review of finance systems, processes, and capacity ongoing.

A member queried whether assurance could be given that the difficulties which had led to underestimating debt had been embedded in the current system so that these problems did not reoccur, especially regarding budget setting. In response the Interim Deputy Chief Executive reported that significant work had been done to reset budgets, review actuals, and ensure ongoing monitoring. The finance systems were still being reviewed, but resetting budgets and reviewing actuals had been central to the Exceptional Financial Support application and programme of work.

The Service Director for Strategy and Change explained further that it was the complexity of demand pressures and price volatility in adult social care that made forecasting difficult and that the improved use of data and information was needed for more accurate forecasting, especially regarding client numbers. Capacity remained an issue however, but the team were aware of what needed to be done. He confirmed that improving forecasting demand was part of the ongoing work.

Clarity was sought in terms of the status and impact of the one action still in progress which had been due to be completed at the end of last year, relating to documenting savings. It was confirmed that work was ongoing to update dashboards and map savings proposals to the budget. Meetings were ongoing to ensure proposals were properly mapped and removed from the budget as necessary. The process was ongoing to ensure robustness and to prevent recurrence. Future budget processes would require ownership of savings lines and earlier planning to avoid optimism bias.

Concern was raised that Members were being asked to simply note reports whereas it was felt that the Committee should judge whether sufficient assurance had been received.

The Chair proposed that internal audit revisit this area to independently verify that controls were in place, given the material impact of past issues (£15m overspend). This would be considered in the future internal audit work plan.

RESOLVED:

To agreed that the current assurance was first-line only and to proposed that Internal Audit revisit the area to provide independent validation of controls, especially regarding savings documentation and prevention of recurrence.

Councillor Lumby abstained from voting for this recommendation.

91 First line assurance: Supply Contracts Management Update

The Committee received a detailed update from the Service Director for Commissioning on the current position regarding contract and procurement management, together with the range of improvement actions underway across the organisation. She advised that a national framework had been used to undertake a comprehensive self-assessment, the outcomes of which had informed the development of a formal improvement plan. A working document and appendix had been produced to capture the actions required and to monitor progress.

In outlining the resource and capacity position, the Service Director for Commissioning explained that procurement and contract management functions had historically operated with minimal staffing. As a result, internal approval had now been secured for an expanded structure and increased investment in specialist roles. Recruitment activity was in progress, although she noted that competition within the market would mean that the full benefits of the restructuring were likely to be realised over the medium to long term rather than immediately.

The Committee was informed that the existing ERP system functioned solely as a holding place for contract information and did not provide the necessary governance, monitoring, or oversight capabilities. The IT Service had now approved the procurement of a dedicated contract management system. This would ensure all contracts were recorded, provide automated prompts and workflow functions for officers, and enable clear integration with procurement processes.

The Service Director for Commissioning further reported that governance arrangements had been strengthened through the establishment of two commissioning delivery groups responsible for procurement activity. In addition, a new Commissioning and Procurement Board had been created to oversee risks, exemptions, and audit recommendations, and terms of reference were currently being drafted. Work on market management was progressing, with cost avoidance and savings being actively tracked. Examples were provided from social care and procurement negotiations, and further opportunities continued to be identified through category management and spend review boards. She confirmed that a baseline survey of contract management practice would shortly be launched, alongside the development of a contract resource toolkit and associated training, to promote consistency and support culture change across the organisation.

In response to a query about when financial savings or cost avoidance would begin to materialise and what scope existed for more immediate impact, the Service Director for Commissioning explained that the majority of savings achieved to date related to third-party reductions and cost avoidance, including over £1 million in one area. She anticipated that almost £2 million in savings would be realised next year as procurement processes continued to mature, with further opportunities identified in areas such as transport and IT.

The process for selecting the new information platform was queried, along with its anticipated implementation date, and the level of assurance available during the interim period. In response, the Service Director for Commissioning confirmed that the contracts register within the ERP system had already been updated and that a benchmarking survey would be undertaken to highlight any gaps. Immediate follow-up action would take place where required, with the option of additional audit support. The new system was expected to be operational within six months and would enable reporting against high-level KPIs and dashboard measures.

It was queried whether internationally recognised frameworks, such as ISO 9001 or ISO 2400, were being used or whether the organisation relied solely on internal approaches. In response, the Service Director for Commissioning explained that a range of national, regional, and local frameworks were used. Procurement officers were now being engaged at an earlier stage in the commissioning process to support option appraisal and ensure that the most appropriate framework was selected according to the contract type. The

Service Director for Commissioning confirmed her willingness to involve committee members in system review discussions.

The Chair sought clarity from the Head of Policy and Governance regarding when contract management would next be reviewed following the introduction of the new system. The Committee was advised that no fixed date had yet been set but that contingency days had been included in the 2026/27 audit plan to allow Internal Audit to revisit the area once implementation had progressed sufficiently.

Councillor Kidd, Leader of the Council, reiterated the importance of effective contract management, noting it as a priority within the administration's manifesto, and welcomed continued oversight and support from the Committee.

The Committee expressed confidence in progress but stressed the importance of revisiting the topic later to assess results and improvements.

The Chair proposed the following resolution: the committee was assured by the first-line assurance received and that internal audit would be asked to review contract management at a later date to provide independent assurance when the new system was in place.

It was proposed by Councillor Lumby that the wording be amended to reflect that areas requiring improvement had been clearly identified and that work was now actively underway. This amendment was accepted.

The Service Director for Commissioning acknowledged that contract management carried inherent risks due to expenditure levels and statutory obligations and welcomed Committee involvement in shaping the audit brief and assurance expectations.

RESOLVED:

To agree that first-line assurance had been received, that areas for improvement had been identified and that work was underway.

To request Internal Audit review this area in future to provide independent assurance once new systems and processes were embedded.

92 First line assurance: Shirehall Decant Management Update

The Committee received a detailed update from the Service Director for Commissioning on the current position regarding contract and procurement management, together with the range of improvement actions underway across the organisation. She advised that a national framework had been used to undertake a comprehensive self-assessment, the outcomes of which had informed the development of a formal improvement plan. A working document and appendix had been produced to capture the actions required and to monitor progress.

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The Service Director for Commissioning further reported that governance arrangements had been strengthened through the establishment of two commissioning delivery groups responsible for procurement activity. In addition, a new Commissioning and Procurement Board had been created to oversee risks, exemptions, and audit recommendations, and terms of reference were currently being drafted. Work on market management was progressing, with cost avoidance and savings being actively tracked. Examples were provided from social care and procurement negotiations, and further opportunities continued to be identified through category management and spend review boards. She confirmed that a baseline survey of contract management practice would shortly be launched, alongside the development of a contract resource toolkit and associated training, to promote consistency and support culture change across the organisation.

In response to a query about when financial savings or cost avoidance would begin to materialise and what scope existed for more immediate impact, the Service Director for Commissioning explained that the majority of savings achieved to date related to third-party reductions and cost avoidance, including over £1 million in one area. She anticipated that almost £2 million in savings would be realised next year as procurement processes continued to mature, with further opportunities identified in areas such as transport and IT.

The process for selecting the new information platform was queried, along with its anticipated implementation date, and the level of assurance available during the interim period. In response, the Service Director for Commissioning confirmed that the contracts register within the ERP system had already been updated and that a benchmarking survey would be undertaken to highlight any gaps. Immediate follow-up action would take place where required, with the option of additional audit support. The new system was expected to be operational within six months and would enable reporting against high-level KPIs and dashboard measures.

It was queried whether internationally recognised frameworks, such as ISO 9001 or ISO 2400, were being used or whether the organisation relied solely on internal approaches. In response, the Service Director for Commissioning explained that a range of national, regional, and local frameworks were used. Procurement officers were now being engaged at an earlier stage in the commissioning process to support option appraisal and ensure that the most appropriate framework was selected according to the contract type. The Service Director for Commissioning confirmed her willingness to involve committee members in system review discussions.

The Chair sought clarity from the Head of Policy and Governance regarding when contract management would next be reviewed following the introduction of the new system. The Committee was advised that no fixed date had yet been set but that contingency days had been included in the 2026/27 audit plan to allow Internal Audit to revisit the area once implementation had progressed sufficiently.

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The Committee expressed confidence in progress but stressed the importance of revisiting the topic later to assess results and improvements.

The Chair proposed the following resolution: the committee was assured by the first-line assurance received and that internal audit would be asked to review contract management at a later date to provide independent assurance when the new system was in place.

It was proposed by Councillor Lumby that the wording be amended to reflect that areas requiring improvement had been clearly identified and that work was now actively underway. This amendment was accepted.

The Service Director for Commissioning acknowledged that contract management carried inherent risks due to expenditure levels and statutory obligations and welcomed Committee involvement in shaping the audit brief and assurance expectations.

RESOLVED:

To agree that first-line assurance had been received, that areas for improvement had been identified and that work was underway.

To request Internal Audit review this area in future to provide independent assurance once new systems and processes were embedded.

93 Second line assurance: Strategic Risks Update

The Committee received the report of the Strategy and Scrutiny Manager which provided an overview of the Council's current strategic risks, their associated ratings, and recent changes. It was noted that all strategic risks continued to score highly, reflecting ongoing financial and governance challenges. Two risks had been archived following a Leadership Board review in December. The report was intended to act as a gateway for the committee to identify specific risks requiring deeper examination, with the option to invite responsible officers to future meetings.

During discussion, a member commented that the report had been received only three days prior to the meeting and that it showed little change from the previous version. Concern was also expressed that the risk owner listed for several items had already left the organisation, which was considered unsatisfactory.

Another member raised the issue of linking individual report-level risks to strategic risks and suggested implementing a clearer roll-up measure or numbering system to improve

traceability. A further concern was raised regarding the presence of defined mitigations without clear evidence of reduced exposure, and clarification was sought on which mitigations were currently demonstrating impact.

In response, the presenting officer explained that each strategic risk included a detailed breakdown of controls and mitigations, with executive directors designated as risk owners. Scoring was based on the current position and, although controls were in place, the Council's risk appetite meant that scores remained high. Cyber risk was provided as an example where strong controls were in place, but the potential impact remained significant, preventing the score from reducing.

The Chair queried the scoring methodology, noting that likelihood scores remained at the highest level even after mitigations. The Chair also highlighted two risks for potential deeper review: failure to adhere to governance arrangements, and health and wellbeing of the workforce, questioning the rationale for their respective scoring.

Clarification was requested on whether risks were scored after mitigations and whether a reassessment took place post-treatment. The Strategy and Scrutiny Manager confirmed that scoring reflected the current position and that both existing and additional controls were documented. While the aim was to achieve reductions after mitigations, strategic risks tended to remain high due to the Council's risk appetite.

A member suggested that future reporting should include both raw and mitigated scores to help the committee evaluate the effectiveness of controls. A further query was made regarding whether risk appetite was defined in relation to acceptable levels and whether there was any review of spending on risk reduction. The Strategy and Scrutiny Manager reiterated that while impact was considered, no fiscal value was assigned to risk appetite.

Reference was made to previous training which confirmed that the Council did not use simple multiplication within its scoring model but instead used a weighted methodology to better reflect high-impact, low-likelihood risks.

A councillor questioned the prevalence of high (red) scores and asked whether the register risked becoming a repository for general concerns, rather than a tool supporting decision-making. Links between risk and decision-making—particularly in areas such as cyber security and budget management—were queried. It was noted that the annual governance statement should provide narrative context for risks, including those outside the Council's control. It was also suggested that the risk register should help drive transformation priorities, and it was agreed to review the concerns raised.

A further question was asked about whether the Council used an internationally recognised risk management framework or a local best-practice model. The Strategy and Scrutiny Manager confirmed that the Council's approach aligned with national and international standards and was supported through engagement with relevant local authority networks.

The Chair suggested awaiting the outcome of the ongoing review of risk management, which would be reported to the committee in June. It was proposed that instead of accepting the report as presented, the committee should note the ongoing review and revisit the matter at that time. Further requests were made for future reports to include

clearer narrative to distinguish the relative significance of risks and to show movement in risk scores over time, including both raw and mitigated ratings.

RESOLVED:

To note the concerns raised regarding the current approach to risk management and reporting.

To note that Officers were undertaking a review of risk management, including the presentation of risks to the Committee.

To revisit the issue at its June meeting to assess progress and the embedding of revised arrangements.

94 Third line assurance: Report of the Internal Audit Review of Risk Management

The Committee received the report of the Internal Audit Manager who explained that risk management was fundamental to the Council's governance, decision-making, and delivery of priorities, and provided a key mechanism for the Committee to obtain assurance over internal controls and accountability. The Committee's terms of reference require an annual review of risk management arrangements, which was fulfilled through this internal audit report.

The 2025/26 review covered operational, strategic, and project risks. Although core elements of the framework were in place, the overall assurance opinion was assessed as limited due to weaknesses in compliance with key controls and inconsistencies in risk reporting. Recommendations had been made to strengthen oversight, improve consistency, and enhance assurance processes. Details of the evaluated controls and outcomes were set out in section 6.8 of the report.

During discussion, a member observed that four control objectives had not been achieved and questioned whether "limited" assurance was the appropriate rating, suggesting that the position might indicate an unsatisfactory level of assurance. The Internal Audit Manager clarified that not all objectives were unachieved, as control objectives 2 and 3 had been achieved, whilst 1 and 4 had not. The Internal Audit Manager explained that the balance between limited and reasonable assurance was based on professional judgement, and that an unsatisfactory opinion would apply only if none of the objectives were achieved.

The Chair expressed concern regarding the issues identified, including the leadership board not receiving project risk reports and recommendations from the corporate peer challenge not being reflected in the risk register. It was noted that the Interim Section 151 Officer was reviewing the Council's approach to risk in order to modernise governance and decision-making structures in line with new boards and forums and to ensure effective cascades of information.

Clarification was sought from internal auditors on whether the improvement activities discussed during the meeting were considered sufficient to enhance the internal control environment. The Internal Audit Manager responded that the improvement programme's focus on "getting the basics right" represented an appropriate direction, but it was too early

to assess the impact, as the processes had not yet had time to embed. She added that the Committee was asking appropriate questions and demonstrating a strong understanding of assurance levels, distinguishing between reassurance from oversight functions and assurance provided through internal audit. Assurance on the improvement plan would be available once internal audit work on its implementation had taken place.

The Chair commented on the annual governance statement, noting that the previous Committee had considered it to lack coherence and clarity. The Chair requested that a draft version be circulated to Committee Members for comment prior to publication, given that the next scheduled meeting was in June. Officers confirmed that a draft would be circulated for review and that the annual governance statement, currently scheduled for July, could be brought to the June meeting if it were ready earlier.

RESOLVED:

To note concern regarding the limited assurance rating for risk management whilst recognising that work was underway to address the identified weaknesses.

To agree to revisit the matter at the June meeting to review progress and improvements in the Council's risk management arrangements.

95 Second line assurance: Treasury Strategy 2026/27

The Committee received the report of the Interim Director of Finance for Improvement which proposed the Treasury Strategy for 2026/27. It set out the arrangements for how the council would appropriately manage its arrangements for banking, cash flow management, investments, and borrowing, supporting the delivery of the Medium Term Financial Plan.

The Chair queried the absence of any reference to Exceptional Financial Support (EFS) within the document and asked whether the strategy would require revision should the application be successful. The Interim Director of Finance for Improvement confirmed that the strategy would indeed change depending on the outcome of the EFS process, particularly in relation to the timing and conditions of borrowing. It was explained that the Council had been using available cash to replace internal borrowing for capital projects, but cash levels had now reached the lowest acceptable point, requiring new borrowing from institutions and local authorities. If EFS funding were secured, this would be used to replenish cash reserves; however, external borrowing would be delayed for as long as possible to minimise debt repayment commitments.

Assurance was sought on whether the strategy adequately addressed the resilience of the revenue budget to potential interest rate or borrowing shocks, observing that this risk did not appear to be demonstrated in the paper. In response, the Interim Director of Finance for Improvement stated that such risks were addressed within revenue budget reports rather than the Treasury Strategy. It was confirmed that the forthcoming Cabinet budget included £13 million of additional borrowing, with associated costs incorporated into financial planning, including assumptions linked to EFS and the replenishment of cash. Most of the Council's borrowing was fixed-term and fixed-rate, meaning immediate interest rate changes posed limited impact. However, sustained increases would affect future budgets. A small contingency existed, but prudent management remained essential.

RESOLVED:

To approve the Treasury Management Strategy with the proviso that a supplementary paper be provided setting out contingency planning relating to EFS and to confirm that the implications of EFS were being fully considered within the Council's financial planning.

96 Third line assurance: Internal Audit Performance Report and Revised Annual Audit Plan 2025/26

The Committee received the report of the Head of Policy and Governance which summarised Internal Audit's 2025/26 work to date. It was reported that twelve final audit reports had been issued since the previous meeting, with assurance ratings and service area breakdowns detailed within the report. Five further draft reports were awaiting management responses. Work had also been undertaken for external clients and in relation to grant claim certifications.

It was noted that 59% of audit opinions issued were assessed as good or reasonable, in line with previous years. However, the year-to-date position showed that 53% of opinions were at lower levels of assurance, representing the highest proportion in six years. This trend was highlighted as a concern. Seventy-five recommendations had been made, including one fundamental recommendation relating to budget monitoring. A number of unplanned and advisory pieces of work had also been completed. Details of audits with limited or unsatisfactory assurance were set out in the appendix, and the Head of Policy and Governance invited members to seek further assurance on any of these areas.

A Member asked how the committee could ensure that audit reports were not treated as a box-ticking exercise and that senior officers were taking appropriate action in response to the findings. The Head of Policy and Governance explained that all lower-level assurance reports were escalated to Service Directors and Executive Directors, who received full reports and had the opportunity to comment prior to finalisation. Recommendations were subject to a follow-up process, with management required to provide assurance on implementation when recommendations became due.

The Chair expressed concern about the increasing number of limited and unsatisfactory opinions, particularly those relating to budget monitoring and project management. The Chair emphasised the significance of the Project Management Office in strengthening future financial control and asked the Interim Section 151 Officer whether changes in financial processes would affect the role of the PMO. The Section 151 Officer responded that the PMO would be central to strengthening financial discipline across the organisation, but cultural change was also required to ensure that all staff understood the financial implications of their decisions. It was stressed that the Council must prioritise projects appropriately to avoid overstressing resources.

Concern was raised about the absence of assurance opinions for two audits, and the potential for summary percentages to mask the significance of critical unsatisfactory audits, such as budget monitoring. The Internal Audit Manager clarified that the items without assurance ratings were briefing notes rather than full audits. She explained the process for tracking recommendations that remained outstanding and confirmed that critical audits were prioritised for follow-up and re-audit activity.

The Chair commended the audit team for achieving full staffing levels but reiterated the concern regarding the rise in lower-level assurance opinions. The Chair proposed that the committee request management updates on the two most critical areas identified: budget monitoring and the project management office.

RESOLVED:

To endorse the revised annual audit plan and request that management provide future updates on budget monitoring and the project management office.

97 Third line assurance: Internal Audit Plan 2026/27

The Committee received the report of the Head of Policy and Governance which provided Members with the proposed risk based Internal Audit Plan for 2026/27. The Committee was advised that the plan was risk-based and aligned with the Council's strategic objectives, supporting assurance on the effectiveness of internal controls, governance, and risk exposure. It also underpinned the annual opinion of the Chief Audit Executive and was designed to comply with global internal audit standards.

The plan covered key areas including governance, ethics, IT governance, risk management, and fraud management. The annual risk assessment, undertaken with senior leadership and the Section 151 Officer, ensured that audit activity remained aligned with the Council's risk profile. The Head of Policy and Governance explained that the plan reflected wider organisational challenges, including transformation and improvement activity, workforce pressures, financial constraints, and recommendations from external auditors.

The Committee was informed that Appendix A provided a summary of planned work, totalling 1,446 audit days allocated to Shropshire Council and 158 days for external clients. A contingency allocation had been included to support assurance on improvement programme workstreams, with the detailed scope to be developed as the year progresses. The plan would remain agile and responsive, with any significant changes brought back to the Committee for consideration.

During discussion, a member sought clarification on the term "external clients." The Head of Policy and Governance confirmed that these included the Shropshire County Pension Fund, West Mercia Energy, Oswestry Town Council, and Cornovii Developments, and noted that these services were delivered on a chargeable basis.

A further comment was made regarding cross-referencing strategic risks within the plan. It was noted that acronyms should be applied consistently across related documents. It was confirmed that definitions were provided within Appendix C and it was agreed to ensure consistency in future reporting.

RESOLVED:

To endorse the Internal Audit Annual Plan for 2026/27.

98 **Governance assurance: Draft Audit Committee Work Plan and Future Training Requirements**

The Committee received the report of the Head of Policy and Governance which provided a proposed work plan and sought discussion and agreement around a learning and development plan for Members to ensure that they were well informed and appropriately skilled.

It was explained that the work plan had been structured to demonstrate how the work of the Committee supported the delivery of its terms of reference and the assurance level required. The plan covered the core statutory elements required of the Committee. It was noted that additional reports requested during the year, such as management updates arising from limited or unsatisfactory audit opinions, were not included within the core plan.

An overview of training delivered during 2025/26 was provided, including sessions on interpreting audit performance reports, understanding financial statements, undertaking committee self-assessment, reviewing sector guidance, and training on risk management and treasury management. The Committee's proposed training programme for 2026/27 was summarised, with three half-day sessions scheduled for June, September and January, covering core knowledge areas and specialist topics as outlined in the accompanying appendix.

During discussion, a member raised concerns regarding the volume of agenda items and the potential duplication of topics such as risk management. It was suggested that the Committee should consider how to consolidate its workload and focus on the most significant issues. The Chair acknowledged the concerns and responded that statutory requirements dictated much of the agenda content, though improvements in agenda management could assist in reducing duplication, subject to available officer resources.

A further suggestion was made that the ordering of reports could be improved to aid clarity. It was also proposed that the Committee should exercise caution when requesting additional reports for future meetings, in order to avoid creating an unmanageable workload. The Chair agreed that discipline was necessary in this regard, noting that additional meetings could be called, if necessary, but that the Committee should ensure its requests remained proportionate.

RESOLVED:

To approve the annual work plan and the future learning and development programme for 2026/27.

99 **Date and Time of Next Meeting**

Members noted that the next meeting of the Audit & Governance Committee would be held on 25 June 2026 at 10.00 am.

100 **Action Log**

The Chair acknowledged that the log had not been maintained effectively and confirmed that it would be reviewed and improved ahead of future meetings. It was explained that the purpose of the Action Log was to track actions arising from the Committee and to assist with his annual report to Council.

A member commented that action logs should be mandatory for all meetings and observed inconsistency across Committees in their use. The Chair responded that although actions determined by the Committee were recorded in the minutes, the Action Log was a helpful tool for annual reporting and may benefit from clearer specification. It was suggested that best practice from other Audit Committees be examined when revising the format.

The Committee agreed to note the Action Log at this stage and to revisit its format and use at the next meeting.

101 Exclusion of Press and Public

RESOLVED:

That in accordance with the provision of Schedule 12A of the Local Government Act 1972, Section 5 of the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations and Paragraphs 1, 2, 3 and 7 of the Council's Access to Information Rules, the public and press be excluded during consideration of the following items.

102 Exempt Minutes of the previous meeting held on the 27 November 2025

RESOLVED:

That the Exempt Minutes of the meeting of the Audit Committee held on the 27 November 2025 be approved as a true record and signed by the Chairman.

103 Third line assurance: Contract Rules Exemptions Update (Exempted by Category 3)

The Committee received the exempt report of the Assistant Director of Legal and Governance which provided an update on the exemptions sought from the Council's Contract Procedure Rules and the reasoning for approving or rejecting them.

RESOLVED:

To note the contents of the report.

Signed (Chairman)
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Date: