

Shropshire Council
Legal and Democratic Services
Guildhall
Frankwell Quay
Shrewsbury
SY3 8HQ

Date: 28 January 2026

Committee:
Audit & Governance Committee

Date: Thursday, 5 February 2026

Time: 10.00 am

Venue: The Council Chamber, The Guildhall, Frankwell Quay, Shrewsbury, SY3 8HQ

You are requested to attend the above meeting. The Agenda is attached

There will be some access to the meeting room for members of the press and public, but this will be limited. If you wish to attend the meeting please email democracy@shropshire.gov.uk to check that a seat will be available for you.

Please click [here](#) to view the livestream of the meeting on the date and time stated on the agenda

The recording of the event will also be made available shortly after the meeting on the Shropshire Council Youtube Channel [Here](#)

Tim Collard
Service Director – Legal, Governance and Planning

Members of Audit & Governance Committee

Duncan Kerr
Malcolm Myles-Hook
Rhys Gratton
Mark Owen
Duncan Borrowman

Carl Rowley
Sharon Ritchie-Simmons
Kate Halliday
Nigel Lumby

Jim Arnold (Independent Member)

Your Committee Officer is:

Michelle Dulson Committee Officer

Tel: 01743 257719

Email: michelle.dulson@shropshire.gov.uk

AGENDA

1 Apologies for Absence / Notification of Substitutes

2 Disclosable Pecuniary Interests

Members are reminded that they must declare their disclosable pecuniary interests and other registrable or non-registrable interests in any matter being considered at the meeting as set out in Appendix B of the Members' Code of Conduct and consider if they should leave the room prior to the item being considered. Further advice can be sought from the Monitoring Officer in advance of the meeting.

3 Minutes of the previous meeting held on the 27 November 2025 (Pages 1 - 14)

The Minutes of the meeting held on the 27 November 2025 are attached for confirmation.
Contact Michelle Dulson (01743) 257719

4 Public Questions

To receive any questions from the public, notice of which has been given in accordance with Procedure Rule 14. The deadline for this meeting is 12noon on Friday 30 January 2026.

5 Member Questions

To receive any questions from the public, notice of which has been given in accordance with Procedure Rule 14. The deadline for this meeting is 12noon on Friday 30 January 2026.

6 First line assurance: Improvement Plan Update (Pages 15 - 24)

The report of the Interim Chief Executive is attached.
Contact: Tanya Miles (01743) 255811

7 First line assurance: Adult Social Care Outturn Management Update

The report of the Interim Chief Executive is to follow.
Contact: Tanya Miles (01743) 255811

8 First line assurance: Supply Contracts Management Update (Pages 25 - 48)

The report of the Service Director for Commissioning is attached.
Contact: Laura Tyler (01743) 253178

9 First line assurance: Shirehall Decant Management Update

The report of the Head of Property and Development is to follow.
Contact: Steve Law (01743) 281017

10 Second line assurance: Strategic Risks Update

The report of the Strategy and Scrutiny Manager is to follow.
Contact: Tom Dodds (01743) 258518

11 Third line assurance: Report of the Internal Audit Review of Risk Management (Pages 49 - 54)

The report of the Internal Audit Manager is attached.
Contact: Katie Williams (01743) 255637

12 Second line assurance: Treasury Strategy 2026/27

The report of the Interim Director of Finance for Improvement is to follow.
Contact: Duncan Whitfield

13 Third line assurance: Internal Audit Performance Report and Revised Annual Audit Plan 2025/26 (Pages 55 - 72)

The report of the Head of Policy and Governance is attached.
Contact: Barry Hanson 07990 086409

14 Third line assurance: Internal Audit Plan 2026/27 (Pages 73 - 100)

The report of the Head of Policy and Governance is attached.
Contact: Barry Hanson 07990 086409

15 Governance assurance: Draft Audit Committee Work Plan and Future Training Requirements (Pages 101 - 136)

The report of the Head of Policy and Governance is attached.

Contact: Barry Hanson 07990 086409

16 Date and Time of Next Meeting

The next meeting of the Audit & Governance Committee will be held on the 25 June 2026 at 10.00 am.

17 Action Log (Pages 137 - 138)

A review of meeting actions.

18 Exclusion of Press and Public

To RESOLVE 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 2, 3 and 7 of the Council's Access to Information Rules, the public and press be excluded during consideration of the following items.

19 Exempt Minutes of the previous meeting held on the 27 November 2025 (Pages 139 - 140)

The Exempt Minutes of the meeting held on the 27 November 2025 are attached for confirmation.

Contact Michelle Dulson (01743) 257719

20 Third line assurance: Contract Rules Exemptions Update (Exempted by Category 3) (Pages 141 - 154)

The report of the Assistant Director of Legal and Governance is attached.

Contact: Tim Collard (01743) 252756



Committee and Date

Audit & Governance Committee

5 February 2026

AUDIT & GOVERNANCE COMMITTEE

Minutes of the meeting held on 27 November 2025

**In the The Council Chamber, The Guildhall, Frankwell Quay, Shrewsbury, SY3 8HQ
10.00 am - 12.35 pm**

Responsible Officer: Michelle Dulson

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

Present

Councillors Duncan Kerr (Chair), Malcolm Myles-Hook, Rhys Gratton, Mark Owen, Duncan Borrowman, Carl Rowley, Kate Halliday (Vice-Chair), Nigel Lumby and Harry Hancock-Davies (substitute)
Jim Arnold (Independent Member)

61 Apologies for Absence / Notification of Substitutes

An apology had been received from Councillor Sharon Ritchie-Simmons. Councillor Harry Hancock-Davies substituted for her.

62 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.

63 Minutes of the previous meeting held on the 26 September 2025

RESOLVED:

That the Minutes of the meeting of the Audit Committee held on the 26 September 2025 be approved as a true record and signed by the Chairman.

64 Public Questions

No Public Questions had been received.

65 Member Questions

No Members Questions had been received.

66 First line assurance: Internal Control Management Update

The Committee received the report of the Interim Chief Executive which provided an initial response to the 'limited assurance' opinion of the Chief Audit Executive for the year ended 2024/25 and set out the steps the Interim Chief Executive and Leader of the Council were taking to strengthen the Council's framework for governance, risk and internal control.

The Interim Chief Executive and the Leader of the Council presented a comprehensive update to the Committee on actions taken to address limited assurance findings, which included the following:

- Fortnightly statutory officer meetings (which included the Interim Chief Executive, the Chief Financial Officer, the Monitoring Officer and the Chief Audit Executive).
- Oversight of all internal audit recommendations and implementation of them.
- Weekly updates to the Interim Chief Executive and Leader on audit activity and FOIs.
- Senior Leadership Forum meetings to set clear governance expectations.
- All-staff communication emphasizing compliance with the Constitution, policies, and procedures.
- Publication of an improvement plan and a people plan focused on culture, leadership and talent, capability and capacity.
- Establishment and first meeting of an independently chaired Improvement Board.
- Review of strategic risks and reduction of overdue Freedom of Information requests (by half) and outstanding audit actions (from 181 to 33 in four weeks).

The Interim Chief Executive hoped this gave the Committee assurance on the actions taken by herself and the Leader, who took the issues extremely seriously and confirmed that they received weekly monitoring updates and she expressed confidence that these actions would restore a stronger control environment.

Members were reassured by the improvements underway but remained concerned about ongoing operational and cultural challenges. They briefly discussed the need for cultural change and agreed that continued monitoring by the Audit and Governance Committee was essential, a step welcomed by the Interim Chief Executive.

Members felt that it was unclear how well staff understood the role of audit within the organisation. In response, the Interim Chief Executive emphasised the need to clarify expectations concerning the significance of audit processes and Freedom of Information requests and she had some ideas about how to do that and how to cascade it down to all staff, not just at senior officer level.

RESOLVED:

- a. to note the positive feedback and actions being undertaken to strengthen governance within the Council.

- b. to receive future updates and for the Leader and the Interim Chief Executive to attend Audit and Governance Committee to discuss the Improvement Plan and progress to date.
- c. For the improvement plan moving forward, to focus on transitioning from compliance to prevention, by fostering a culture change.

It was agreed to take Agenda Item 16 next.

67 Third line assurance: External Audit: Draft Auditors Annual Report

The Committee received the report of the Engagement Lead which highlighted Shropshire Council's financial challenges and the one statutory and three key recommendations focussing on financial resilience.

The Executive Director (Section 151 Officer) introduced the Draft Auditors Annual Report and noted that it was a regular annual item for the Audit and Governance Committee. He explained that this year's report included a statutory recommendation, three key recommendations, and two improvement recommendations. He emphasized that while the statutory recommendation was not unexpected given the Council's financial situation, it was serious and must be addressed. He went on to highlight that many plans to address the issues were already in place, such as the independently chaired Improvement Board and the Improvement Plan going to Cabinet and Council. He reported that a revised medium-term financial strategy and a capital strategy were being developed, with a pre-budget report to reset the financial position ahead of February Council.

The Chairman explained that the statutory recommendation had legal implications, requiring a meeting within 30 days to decide on actions and whether to accept the recommendations. He stated that it was not within the Audit and Governance Committee's remit to determine the response but that the Committee could comment and advise Council.

The Chairman stressed the seriousness of the situation, noting that statutory recommendations were rare and reflected the gravity of the issues facing the authority and he informed the Committee that he would move that the matter be referred to Council for consideration and action.

The Associate Director, Public Services Advisory (External Audit) informed the Committee that they had exercised their powers under the Local Audit and Accountability Act to issue a statutory recommendation due to the Council's deteriorating financial position and governance weaknesses. He took Members through the detail of the statutory recommendation (set out on page 12 of the report) which included to urgently review all services (statutory and non-statutory) to identify the cost of minimum viable service provision, review all budget estimates and modelling, develop a realistic medium-term plan to reduce reliance on exceptional financial support, and immediately action internal audit recommendations on budget monitoring.

The report also raised three key recommendations (set out on pages 13 to 15 of the report) around improving savings delivery and reducing optimism bias in savings targets, to address the increasing Dedicated Schools Grant (DSG) deficit and to address the persistent limited assurance rating from internal audit, now in its sixth year, indicating ongoing control environment failures. Two improvement recommendations were also made around improvements in the capital reporting to increase the granularity on slippage in the capital programmes and to ensure that action plans were in place around the LGA peer review recommendations.

The Engagement Lead acknowledged the positive steps taken by the Council and detailed in the management responses, such as establishing an Improvement Board, implementing spend control panels, and developing an Improvement Plan, but stressed the scale and urgency of the financial challenge.

The Chairman described the report as a "very sobering moment" for the Council, particularly because it clearly stated that poor governance performance had directly impacted the Council's financial situation, which was a distinct concern for both the Council and its residents.

The Audit and Governance Committee discussed the seriousness of the findings, the need for cultural change, and the importance of robust monitoring and assurance processes.

In response to a query about why significant weaknesses in financial monitoring and reporting were not identified earlier, the Executive Director (Section 151 Officer) explained the unprecedented level of savings required, the development of new monitoring dashboards, and that discrepancies were only identified at year-end reconciliation. The internal audit review was commissioned after the issue was discovered, and management actions picked up by the Interim Chief Executive when she came into post, and that report was included in that day's agenda.

In response to concerns that assumptions rather than actuals were used in the budget monitoring process, the Executive Director (Section 151 Officer) explained that actuals were not previously reported, however he acknowledged the error and explained that it had been caused by actual savings not being allocated against the correct cost centre. He assured the Committee that lessons learned had been applied, and the deterioration in period 6 and 7 reflected this improved detection.

The Executive Director (Section 151 Officer) explained that the various teams had worked much closer together and had been much clearer about the savings that had been identified and there was only a small number of savings shown as amber with the majority either not delivered, delivered or in delivery. As part of the 2026/27 budget setting process, the Interim Chief Executive had said that she did not want a position next year where there were savings that were not 100% delivered, so whatever was put on the table they had a plan to deliver it 100%, and because they were taking a longer term view they would be looking to deliver 100% of those savings in year but would also be trying to get ahead of the curve in terms of those later savings and getting plans in place so it may be possible to move some of that forward. He therefore felt that the culture was changing around the expectations as an organisation of what should be put forward and what should be being delivered.

In response to a further query, the Executive Director (Section 151 Officer) stated that in previous years, savings proposals had been identified and pushed out for public consultation quickly, but detailed delivery plans often lagged behind, leading to some plans not being delivered as intended. However, the approach this year was changing: instead of immediately setting out specific savings proposals, the focus was on developing more detailed delivery plans before the budget was set, with public consultation centred on broader ideas and themes and would be overseen by the Improvement Board.

He emphasized that for the 2026/27 budget, the goal was to have a much more modest and realistic savings target, ensuring that every savings proposal included had a clear, deliverable plan. He also mentioned the intention to look further ahead, aiming to deliver future years' savings early where possible.

A query was raised about why the report combined last years and the current years data, as making recommendations seemed retrospective, when action had already been taken by the Council. The Engagement Lead explained the need to report on post-year-end events due to the seriousness of the financial situation and the time required for formal reporting and consultation.

The Vice Chair of the Transformation and Infrastructure Overview and Scrutiny Committee, raised concerns about the realism and deliverability of the savings identified by Price Waterhouse Coopers (PwC), noting that many savings were undelivered or potentially undeliverable. She emphasized the need for transparency and requested sight of the PwC transformational recommendations to assess their realism, value for money, and to learn from them. She suggested that the Audit and Governance Committee should look into these recommendations and challenge them as part of their oversight. It was however confirmed that the Improvement Board and the LGA would be reviewing the PwC work and that transparency on this matter was ongoing.

Concern was raised about the growing Dedicated Schools Grant (DSG) deficit. In response, the Engagement Lead explained that the DSG was distributed to all schools including Academies, and that pressure stemmed mainly from the increase in Special Educational Needs. The deficit was a national issue, and a recovery plan was being developed. The statutory override was in place until 2028, but the historic deficit may then fall on local authorities.

The Associate Director, Public Services Advisory (External Audit) clarified that the "minimum viable service provision" referred to meant identifying the minimum statutory services the Council must provide, to understand the structural deficit and inform decisions on discretionary and preventative services.

It was suggested that the Council should start actively looking for waste, not just focus on making savings and a task and finish group or an internal audit was proposed to identify areas of waste, for example the costs associated with net zero/climate emergency initiatives and equality/diversity efforts across departments. It could be argued that these areas might offer considerable opportunities for cost reduction, which were currently being ignored. The Chairman felt that this was a matter for Council not for the Audit and Governance Committee and he explained that internal audit looked at value for money in the various service areas being audited, the outcomes of which were reported to the Committee.

In conclusion, it was proposed that the Audit and Governance Committee should monitor the control environment and finances more closely in response to the statutory recommendation and to that end a motion was suggested that Internal Audit should consider reviewing the following: the new budgeting process for 2026/27; the Improvement Board Action Plan, especially elements related to limited assurance; the effectiveness of spending boards; the process for calculating exceptional financial support, be involved in the pre-budget report; the process for reporting potential savings, to avoid previous issues; potential value for money areas of saving, including areas that may be blind spots for managers. It was also recommended that the Council conduct a review of the cost of minimum viable service provision.

Concern was raised at the lack of notice for this motion, along with the extra responsibility put on internal audit, who may well undertake some of this work already. It was agreed that these suggestions be recorded in the minutes, and considered further, possibly in a future meeting.

The Head of Policy and Governance confirmed that those areas were already part of their planning and stated that the 2025/26 internal audit plan could be reviewed to see what was currently included and where the Audit and Governance Committee were receiving assurances, with adjustments possible as needed. He mentioned that the planning process for the 2026/27 audit plan was about to start, and it was important to consider the improvement plan work and external auditor recommendations during this process. He confirmed that these considerations could be taken away and incorporated into the planning.

The Internal Audit Manager explained that the internal audit plan was constantly reviewed and revised after every Committee meeting to ensure the right audits were being done at the right time. She stated that the process for planning next year's audit was starting, and the Committee received a revised internal audit plan regularly. She added that as part of the planning process, she reviewed the external auditor's report to identify any areas needing assurance before the next annual review. She also mentioned that meetings with the senior leadership team and Committee Members were part of the planning process, and that strategic risks and organizational priorities, including everything in the improvement plan, were considered.

RESOLVED:

to refer the external auditor's report to Council so that the Council can discharge the obligations on the authority under schedule seven and to recommend that the report be accepted and that a detailed Action Plan be prepared covering all recommendations and for the Audit and Governance Committee to monitor the resulting action plan at every meeting.

68 Third line assurance: Internal Audit Performance Report and revised Annual Audit Plan 2025/26

The Committee received the report of the Head of Policy & Governance which summarised Internal Audit's 2025/26 work to date. Lower audit assurance levels were highlighted, providing members with an opportunity to challenge.

The Head of Policy and Governance reported that seven final internal audit reports had been issued since the last committee meeting, as set out in paragraph 8.4 of the report, with four draft reports awaiting management responses which would be included within the next performance report. There were 5 good or reasonable assurances (71%) which represented a significant increase in the higher levels of assurance compared to the same reporting period of 2024/25 (33%) and the previous years' outturn of 58%. This was offset by a corresponding decrease in the number of limited and unsatisfactory assurance levels (29% compared to 67% in 2024/25. He drew attention to paragraph 8.14 which considered the year-to-date trend in assurance opinions which showed that the number of lower assurances to date was 58% which was higher than the outturn for 2024/25 (42%) and continued to be of concern.

A total of 54 recommendations were made within the seven final reports (detailed at paragraph 8.4 of the report and broken down by service area). It was confirmed that two fundamental recommendations had been made (set out at paragraph 8.11 of the report) related to key supply contracts and the adult social care outturn position. Unplanned projects and advisory work had been undertaken in the period including an internal audit of the Adult Social Care outturn 2024/25 at the request of the former Chief Executive with a further management update being presented to the Committee later in the Agenda.

Positive progress was reported in updating management responses and implementation dates for recommendations, with oversight from the Interim Chief Executive and Statutory Officers' Group. Members were asked whether they wished to seek any further assurances from managers on the limited and unsatisfactory assurance levels detailed in Appendix A.

The Head of Policy & Governance informed the Committee that recruitment to the vacant internal audit posts had been successful, with three qualified and experienced senior auditors having been appointed, with two already in post and one starting in December.

According to the direction of travel table (paragraph 8.14), it was noted that for the past six years, good and reasonable assurance levels had remained consistently around 60%. However, this figure had declined to approximately 40% in the current year, prompting an inquiry into the underlying causes. The Head of Policy & Governance explained that it was too early to pinpoint specific causes for this year's trend, and more clarity was expected by the next meeting in February and the quarter 4 work at the end of the financial year. It was noted that the higher proportion of limited and unsatisfactory assurances was a concern.

Members requested updates on key supply contracts and the Shirehall disposal for the next meeting and thanked the internal audit team for their work.

RESOLVED:

- a) To endorse the performance of Internal Audit against the 2025/26 Audit Plan.
- b) In response to the low assurance levels and fundamental recommendations, Members requested updates to the next meeting in relation to Key Supply Contracts and Shirehall Disposal.

69 First Line Assurance: ASC Outturn Update (Period 13)

The Committee received the report of the Interim Chief Executive which provided an update on progress made to date with addressing the issues that contributed to the significant change in financial monitoring positions between period 11 and period 12 during 2024/25.

The Interim Chief Executive discussed the significant deterioration in the adult social care outturn position for 2024/25, where the overspend increased by £15 million between period 11 and period 12, prompting an internal audit review that found misalignment in savings monitoring and reporting, with £11.7 million of projected savings found to be non-cashable. These issues were not identified until year-end reconciliation.

Six recommendations were made, including a fundamental recommendation to report actual expenditure and income alongside forecasts. This was implemented from period 6 and reflected in the quarter two finance monitoring report. Other recommendations addressed high-risk budget assumptions, verification of savings, improved monitoring, and system simplification, with most expected to be fully implemented by the next meeting.

The Committee agreed to receive a further update on progress in June 2026 and to monitor the implementation of recommendations.

RESOLVED:

- a. To note the update provided in the report.
- b. Members requested an update to the next meeting.

70 First line assurance: The Lantern Management Update

The Committee received the report of the Property Services Group Facilities and Maintenance Manager which provided an update on the 2024/25 follow-up audit of The Lantern, assessing progress on recommendations made in the 2021/22 audit.

The Head of Property and Development introduced and amplified the report. He informed the meeting that the Lantern was a PFI asset in Shrewsbury with booking spaces for staff and the public. The original audit (2021/22) and a follow-up (2024/25) identified weaknesses in control procedures, systems, and financial management, especially around the booking system. The follow-up audit had reported limited progress, but as of August 2025, all 13 significant and 8 "requires attention" recommendations had now been addressed, mainly due to the implementation of a new booking system and updated procedures.

One recommendation about backup procedures in case of ICT failure was addressed as far as practical and would be reviewed in the next follow-up audit.

The Committee agreed that future progress would be reported directly to the Chair and only brought back to the Committee if problems arose. It was confirmed that the next internal audit follow-up was scheduled for the new year and would be reported to the Committee in June/July.

Members noted that the longstanding issues appear resolved, attributing progress to the new management approach and focus on clearing outstanding recommendations.

RESOLVED:

- a. to note the corrective actions already undertaken and planned with all recommendations either complete or in progress of completion based on the implementation of the new booking system with assurance audits in place.
- b. that progress be reported by Internal Audit in June or July to demonstrate improvements in governance and financial control to finalise the improvements with the new booking system implemented which would provide the new structure and framework for all internal and external bookings across Shropshire Councils entire portfolio of properties.

71 First line assurance: Deferred Payments Management Update

The Committee received the report of the Team Leader for Business Support which provided an update on the 2024/25 follow-up audit of Deferred Payments, assessing progress on recommendations made in the 2021/22 audit.

The Service Manager for Commissioning and Governance and the Team Leader for the financial assessment team addressed actions taken to improve the deferred payments process, focusing on financial controls, governance, and oversight within the financial assessment team in adult social care.

It was reported that the 2024/25 audit had made 19 recommendations (9 significant, 10 requiring attention), mainly concerning income management, invoicing, interest calculation, documentation processes, policy gaps, legal matters, and system controls. The assurance level was unsatisfactory.

All recommendations had either been completed or were in advanced progress; Ongoing monitoring and a continuous improvement program was now in place and included improvements around robust financial controls, regular audits, prompt debt recovery, enhanced documentation, streamlined systems, and improved management reporting.

In response to a query, the Committee was informed that the value of deferred payments was in the hundreds of thousands of pounds. It was confirmed that Internal Audit would revisit the area in quarter 2 of 2026/27, after the new policy had been in place, and would report back to the Committee.

RESOLVED:

- a. to note the corrective actions already undertaken and planned with all recommendations either complete or in progress.
- b. that progress be reported by Internal Audit at a future meeting to demonstrate improvements in governance and financial control to finalise the improvements to the deferred payment agreement processes.

72 Second line assurance: Treasury Strategy Mid-Year Report 2025/26

The Committee received the report of the Executive Director (Section 151 Officer) which provided Members with an economic update for the first six months of 2025/26, along with reviews of the Treasury Strategy 2025/26 and Annual Investment Strategy, the Council's investment portfolio for 2025/26, the Council's borrowing strategy for 2025/26, any debt rescheduling taken and confirmed compliance with Treasury and Prudential limits for 2025/26.

RESOLVED:

To agree the Treasury Strategy activity as set out in the report.

73 Governance Assurance: Annual Audit Committee Self-Assessment

The Committee received the report of the Executive Director (Section 151 Officer) which asked Members to review and comment on the self-assessment of good practice questionnaire attached to the report. The questionnaire allowed Members to assess the effectiveness of the Audit and Governance Committee and to identify any further improvements that could be made which would improve the Committee's overall effectiveness.

The Executive Director (Section 151 Officer) confirmed that most assessment questions were answered positively, with some areas marked as partial compliance and which were detailed in Appendix B along with proposed actions; Appendix C summarised committee members' self-assessed skills and knowledge, using colour coding to indicate confidence levels (red = low, amber = moderate, green = high). Areas marked red indicated the highest priority for further training or support.

RESOLVED:

To approve the self-assessment of good practice attached at Appendix A and D having identified any errors or amendments required.

74 Second line assurance: Annual review of Counter Fraud, Bribery and Anti-Corruption Strategy and activities, including an update on the National Fraud Initiative

The Committee received the report of the Head of Policy and Governance which outlined the measures undertaken to evaluate the potential for the occurrence of fraud, and how the Council managed those risks with the aim of prevention, detection, investigation and subsequent reporting of fraud, bribery and corruption.

The Committee reviewed the updated Counter Fraud, Bribery and Anti-Corruption Strategy, which was assessed annually and underpinned the Council's commitment to preventing fraud, bribery, and corruption. Minor changes had been made to the Strategy and supporting policies, procedures and guidance, mainly due to digitalization, and could

be found on the Council's website (along with the whistleblowing and anti-money laundering procedures and guidance).

Concern was raised that without operational resources the policy could not be applied appropriately and figures on Council tax single person discount savings were requested along with information around the outsourcing of match reviews. Officers agreed to seek further information about these issues and circulate to the relevant Member outside of the meeting.

RESOLVED:

To endorse the Counter Fraud, Bribery and Anti-Corruption Strategy along with the measures undertaken and detailed within the report to manage the associated risks with the aim of prevention, detection, investigation and subsequent reporting of fraud, bribery and corruption.

It was agreed to take Agenda items 15, 17 and 18 next, (15 and 17 together) before item 14.

75 First line assurance: Final Approval Statement of Accounts 2024/25

The Committee received the report of the Executive Director (Section 151 Officer) which provided an update on the approval of the 2024/25 Statement of Accounts, following completion of the audit of the accounts.

The Committee approved the final statement of accounts, noting the minor amendments and the unadjusted misstatement that was below the materiality threshold.

RESOLVED:

- a. to approve the 2024/25 Statement of Accounts and agree that the Chairman of the Audit and Governance Committee signs them (in accordance with the requirements of the Accounts and Audit Regulations 2015).
- b. to agree that the Executive Director (Section 151 Officer) be authorised to make any minor, non-material adjustments to the Statement of Accounts prior to publication of the audited Statement of Accounts.
- c. to agree that the Executive Director (Section 151 Officer) and the Chairman of the Audit and Governance Committee sign the letter of representation in relation to the financial statements on behalf of the Council and send to the External Auditor.

76 Third line of assurance: External Audit: Shropshire Council Audit Findings Report 2024/25

The Committee received the report of the Engagement Lead which set out the progress with the audit of the Statement of Accounts for 2024/25, the current findings arising from the audit, and the timeline for the audit opinion being agreed for the accounts.

The Engagement Lead introduced the Audit Findings Report, stating the audit for 2024/25 was substantially complete, with only a few minor queries outstanding which were not expected to result in any material errors or adjustments.

One unadjusted misstatement of £2.2 million had been identified due to incorrect valuation data, but this was below the materiality threshold and did not require adjustment. This was standard practice and was disclosed in the letter of representation.

The final audit opinion was pending receipt of a capitalization directive letter from the Ministry of Housing, Communities and Local Government, after which the audit opinion could be signed off, hopefully in December.

The Committee discussed the increase in money owed to the Council (debtors), which rose by £30 million in year. In response, the Executive Director (Section 151 Officer) reported that the need for improved debt recovery and cash flow management was being addressed, as it did impact on the Council's financial position and costs and was included as part of the Council's Improvement Plan. He agreed to provide a breakdown of where those key areas of debt were sat within the sundry debtors, but he stressed that this was separate to Council Tax debt. It was confirmed that Internal Audit were conducting a review of debt recovery, the results of which would be reported to a future meeting.

The Committee approved the Statement of Accounts and noted that it was progressing well compared to other Councils.

RESOLVED:

To note the contents of the Audit Findings report.

77 Third Line Assurance: Fraud, Special Investigation, RIPA Update

The Committee received the report of the Internal Audit Manager which provided a brief update on current fraud and special investigations undertaken by Internal Audit and the impact these have on the internal control environment, together with an update on current Regulation of Investigatory Powers Act (RIPA) activity.

It was confirmed that there were seven ongoing investigations and that no investigations had been completed since the previous meeting.

RESOLVED:

To note the contents of the report.

78 Fraud Investigation Options

The Committee received the report of the Executive Director (Section 151 Officer) which considered the motion referred to the Audit and Governance Committee by Council regarding the proposal to create a dedicated Counter Fraud Team.

The Committee reviewed options for fraud investigation, including: a dedicated team, sharing a team regionally, outsourcing to an external provider, a hybrid model, embedding within internal audit, and relying on national collaborative schemes (set out in paragraph 2.2 of the report).

The report outlined advantages and disadvantages for each model, emphasizing the difference between identifying fraud, recovering losses, and preventing fraud through strong internal controls.

Discussion highlighted that quantifying the value of fraud prevention and recovery was challenging, and that headline savings from other councils may not all be cashable. A query was raised about the cost of a dedicated team which was estimated at £100,000 for two staff.

Some Members argued for a dedicated resource, citing examples from other councils and the potential for significant savings, especially in areas like housing and council tax, whilst some felt there was insufficient local evidence to justify a dedicated team and suggested expanding internal audit's proactive fraud work using existing resources.

The Committee agreed to recommend to Cabinet that a task and finish group be set up to explore fraud investigation options further, involving relevant stakeholders like Star Housing.

RESOLVED:

It was agreed to refer this back to Cabinet to decide on the way forward and to recommend the setting up of a Task and Finish Group.

79 Date and Time of Next Meeting

Members noted that the next meeting of the Audit & Governance Committee would be held on 5 February 2026 at 10.00 am.

80 Action Log

Deferred to the next meeting.

81 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.

82 Exempt Minutes of the previous meeting held on the 26 September 2025

RESOLVED:

That the Exempt Minutes of the meeting of the Audit Committee held on the 26 September 2025 be approved as a true record and signed by the Chairman.

83 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)

Date:



**Audit & Governance
Committee 5th February
2026**

Item

Public



First Line Assurance: Improvement Plan Update

Responsible Officer:		Tanya Miles, Interim Chief Executive Paul Clarke, Service Director (Strategy & Change)	
email:	Paul.clarke@shropshire.gov.uk	Tel:	01743 252421
Cabinet Member (Portfolio Holder):		Cllr Heather Kidd, Leader	

1. Synopsis

At its meeting on 27th November 2025 the Audit and Governance Committee asked the Leader and Interim Chief Executive to provide future updates on the delivery of the Improvement Plan and progress to date. This report provides a summary of the arrangements being developed and implemented to ensure delivery of the Improvement Plan. The Plan was considered and endorsed by the Transformation and Improvement Overview and Scrutiny Committee on 1st December 2026, agreed by Cabinet on 3rd December 2025, and approved by Full Council on 11th December 2025.

2. Executive Summary

- 2.1. An Improvement Plan has been developed in response to the financial emergency declared by Cabinet in September 2025, alongside recommendations from the LGA Corporate Peer Challenge (July 2025) and an External Auditor's Statutory Recommendation. These highlighted the need to address the Council's financial position, strengthen savings plans, review service delivery, and reduce reliance on Exceptional Financial Support.
- 2.2. Given the significance and seriousness of the challenges and areas of improvement identified it is critical the Council delivers the Improvement Plan and demonstrates progress against its aims and priorities. At its meeting on 27th November 2025 the Audit and Governance Committee asked that the Leader and Interim Chief Executive attend future committee meetings to provide updates on the delivery of the Improvement Plan and progress to date.
- 2.3. Arrangements to ensure and enable the delivery of the Improvement Plan include:
- Communications, engagement and involvement: The Plan has been developed through engagement with staff at all levels and with elected members, ensuring that a range of views and perspectives have informed and shaped it, and that there are good levels of awareness and understanding about our improvement aims and priorities.
 - Governance and Assurance: clear principles and arrangements to ensure accountability and responsibility for delivering the Plan, relevant risk management and delivery monitoring, facilitated and supported by a Corporate Programme Management Office (PMO)
 - Capacity to support and enable delivery: harnessing capacity and ensuring the Plan's priority programmes of action are led, resourced and supported proportionally by the organisation (including PMO and communications support).
 - Measuring and reporting progress and impact: reporting monthly to Leadership Board and Improvement Board on overall progress against the Plan and its programmes of action – using activity milestones and Key Performance Indicators (KPIs)
- 2.4. The proposed governance and assurance arrangements were presented to the officer Leadership Board and the Improvement Board for critical friend challenge and comments. The arrangements are designed to mitigate some of the risks identified in section 4 of this report.

3. Recommendations

- 3.1. The Committee is asked to:
- a. Note with appropriate comments the actions being undertaken and arrangements being implemented to ensure and enable delivery of the Improvement Plan.

- b. To advise on further updates and information required to provide elected members with assurance about delivery of the Plan.

Report

4. Risk Assessment and Opportunities Appraisal

- 4.1. The Council needs to improve and demonstrate to residents, partners, and the Government that it is doing so with urgency. It has a serious financial position to address and needs to do this by both pursuing the opportunities to do this and managing and mitigating the risks to achieving them. Failure to do so could result in Government intervention. The Improvement Plan has been developed with a clear view of what authorities that have been subject to intervention have been required to do and sets out how the Council will deliver the improvements it needs to make.
- 4.2. The following table summarises the risks to achieving that and were set out in the Improvement Plan document. Additional and amended risks will be identified and managed as they arise as the Plan is implemented. The Council's Strategic risks are also currently being reviewed which includes how they align to the requirements of the Improvement Plan and the Improvement Board.

Risk	Mitigations
Capacity and pace of delivery - Failure to deliver the improvement plan in a timely and effective manner due to capacity constraints	<p>A comprehensive and robust view of the resourcing requirements to deliver the plan as delivery arrangements are confirmed by responsible lead senior officers, with reprioritisation and allocation taking place.</p> <p>Clear and consistent leadership setting out the direction, pace, outcomes and expectations of the change required.</p> <p>Governance and delivery arrangements that remove siloed working</p> <p>Accountability and responsibility clearly articulated and demonstrated, including through progress and impact reporting</p>
Resourcing the plan - Inability to reallocate and invest in functions to support the delivery of the plan will lead to difficulties in delivering the improvement plan	Re-aligning PMO and other corporate enabling capacity to the delivery of the Plan. Specifying and negotiating with MHCLG the amount and use of Exceptional Financial Support (EFS) to deliver financial stability through the Improvement Plan and financial sustainability in the medium to longer term.

Understanding and perception of change - Inability to maintain stakeholder confidence leading to reduced support for the improvement plan	Clear and timely internal and external communications and engagement that describes the process the Council is going through with open and honest descriptions of current progress while setting out the rationale for change and where the council is aiming to be in the future
Managing interdependencies across the plan - Failure to manage interdependencies across the improvement plan leading to disruption, duplication or failure in delivering the improvement plan	<p>The need for direct communications between Strategic Accountable Officer (SAOs) responsible for the programmes of action has been identified early.</p> <p>Interdependencies between the programmes have been identified and shared.</p> <p>Changes in the performance or scope of change programmes will be communicated via the proposed governance structure.</p> <p>Clear leadership will set out the aims and priorities of the change required.</p> <p>Strengthened Corporate Programme Management Office (CPMO)</p>

5. Financial Implications

5.1. Shropshire Council continues to manage unprecedented financial demands, and a financial emergency was declared by Cabinet on 10 September 2025. The overall financial position of the Council is set out in the monitoring position presented to Cabinet monthly. Significant management action has been instigated at all levels of the Council reducing spend to ensure the Council's financial survival. While all reports to Members provide the financial implications of decisions being taken, this may change as officers and/or Portfolio Holders review the overall financial situation and make decisions aligned to financial survivability. All non-essential spend will be stopped and all essential spend challenged. These actions may involve (this is not exhaustive):

- scaling down initiatives,
- changing the scope of activities,
- delaying implementation of agreed plans, or
- extending delivery timescales.

5.2. One of the three overall aims of the Council's Improvement Plan, approved by Full Council on 11th December 2025, is financial stability and sustainability, and there are priority actions focussed on strengthening and improving financial management practices and internal control environment. It is anticipated there will be a corresponding improvement in the Council's financial position in the short term through enhanced oversight of the delivery of the necessary financial savings and on a longer-term basis through the alignment of resources to priorities and outcomes.

6. Climate Change Appraisal

6.1. Not applicable

7. Background

7.1. An Improvement Plan has been developed as a response to several events, external reports and recommendations - including:

- A Financial emergency was declared by the Cabinet on 10th September 2025, after monitoring revealed a significant forecasted year-end overspend that cannot be mitigated by the Council's current resources. Immediate action is required, and a plan to achieve financial stability and sustainability beyond that is needed. One of the three overall aims of the Improvement Plan is for the Council to become financially stable and sustainable.
- A Local Government Association (LGA) Corporate Peer Challenge delivered in July 2025, and reported to Full Council on 25th September 2025, provided observations and recommendations for improvement, including addressing the financial position and other areas of how the Council operates – including corporate governance and employee engagement.
- An External Auditor letter and subsequent Statutory Recommendation identified that the Council must take steps to mitigate the forecasted end of year overspend and subsequent impacts, review service delivery, improve robustness of savings plans and prevent reliance on Exceptional Financial Support.
- Best Value Duty and Standards. The Statutory Guidance for Best Value Authorities provides the characteristics of a well-functioning authority. There are areas to improve on before we can confidently demonstrate excellence against all characteristics.

7.2. Given the significance and seriousness of the challenges and areas of improvement identified it is critical the Council delivers the Improvement Plan and demonstrates progress against its aims and priorities. The commitment to do so was clearly stated, both as the Plan was presented to Full Council in December 2025, but also to the Improvement Board on 17th December 2025 where key elements of the arrangements to make sure delivery of the Plan were presented. There is also a section within the Improvement Plan document itself stressing the importance of delivery.

7.3. Since then, key elements of the arrangements have been mobilised, and most are now operational. Arrangements will be kept under review as experience from other councils with improvement plans of this nature tells us that it is likely arrangements will need to evolve and change (e.g. frequency of reporting). The main facets of the arrangements are set out in paragraphs 7.4-7.18 below:

Communications, engagement and involvement:

7.4. Organisational understanding of plans is critical to the successful delivery of them. The development of the Improvement Plan was informed through engagement with the Senior Leadership Forum (SLF) – essentially the top three tiers of officers, staff from across the organisation, and with elected members. This ensured a

range of views and perspectives have informed and shaped the Plan, and that there are good levels of awareness and understanding about our improvement aims and priorities.

- 7.5. The Improvement Plan has been heavily featured in corporate communications, such as the weekly all staff email from the Interim Chief Executive. Briefing materials, including a summary version of the full Plan, have been developed and provided to Senior Leadership Forum (SLF) to assist the consistent cascade and communication of the Plan and its priorities to staff across the organisation, helping to raise awareness and understanding of it, and the opportunities for employees to get involved in delivering aspects of it.
- 7.6. Continued communications are aligned to four clear objectives:
- 7.6.1. *Improving awareness and understanding of the Plan:* Communications activity and materials that help build understanding across the organisation and externally
 - 7.6.2. *Reporting progress and impact:* A programme of reporting that communicates progress being made and examples of change and impact.
 - 7.6.3. *Engaging and involving:* The creation and promotion of opportunities for staff to get involved in the delivery of the Plan.
 - 7.6.4. *Building capacity:* The creation and promotion of improvement projects that provide opportunities that support personal and continuous professional development.

Governance and assurance:

- 7.7. The Improvement Plan has been developed with a clear set of three overall aims and nine priority programmes of action. This structure provides a coherent framework for the Council's improvement activity and a basis for the governance of it. Programme governance structures have been aligned to these aims and priorities – including:
- Portfolio Boards (x3) to maintain a clear picture of the portfolio of programmes and projects that contribute to an improvement plan aim, and ensure effective governance, risk resolution, and benefit realisation.
 - Programme and Project Boards – proportionate arrangements, utilising existing forums where possible, that lead and drive delivery of the each of the nine priority programmes of action.
- 7.8. Clear principles and arrangements to ensure accountability and responsibility for delivering the Plan have been established and are summarised at **Appendix 1**. They are focussed on ensuring there is clear accountability and responsibility for the delivery of the Plan and its priority programmes of action and include a Senior Accountable Officer (SAO) for each of the Improvement Plan aims, and a Responsible Delivery Lead (RDL) for each of the priority programmes of action. These roles are assigned to Executive Directors and Service Directors, ensuring there is senior officer leadership and oversight. Definitions help to provide clarity about the roles, responsibilities and expectations.

- 7.9. Initial set up discussions between the Corporate Programme Management Office (PMO) and Responsible Delivery Leads (RDLs) were held in December 2025 and have helped to shape the governance (e.g. programme and project boards) needed to drive delivery of the activity in the nine priority programmes of activity. These arrangements are facilitated and supported by the PMO who ensure there is relevant risk management and delivery monitoring, both of which are a feature of a monthly assurance conversation that helps to inform the reporting of progress, change and impact.

Measuring and reporting progress and impact:

- 7.10. The Improvement Plan included a *Performance Framework* comprising of key benefits and outcomes sought, aligned to each Aim, and a range of Key Performance Indicators (KPIs) and indicative measures that will help demonstrate those. These in addition to the range of deliverables and milestones set out in the Plan will provide the basis for monthly reporting to the Leadership Board and Improvement Board, and periodically into the political governance arrangements including Cabinet and Overview and Scrutiny.
- 7.11. At the heart of the monthly reporting will be a performance dashboard. This will be supplemented every quarter with a short report that contains commentary summarising any performance trends and causal links between Improvement Plan actions and changes in performance. In addition to the performance dashboard there will be a monthly PMO assurance dashboard which focusses on activity/milestone delivery.
- 7.12. The KPIs used in the dashboard are a deliberate mix of organisational health measures that demonstrate operational effectiveness and compliance, deliverables (e.g. new plans, policy and practice agreed) and perceptions of those working in and with the Council (e.g. staff and residents). Several of the KPIs are existing measures we report against (e.g. as part of a suite of organisational health metrics reported to Leadership Board), while some (e.g. those that measure perceptions of staff, members, partners and public) need developing.
- 7.13. Regular reporting progress into the Improvement Board will enable the Board to hold the Council to account for delivery of the Plan. It will also allow the Council to benefit from external challenge, advice and guidance on a range of issues including any areas where there are difficulties in making the required progress and impact.

Capacity to support and enable delivery:

- 7.14. Led by the Service Director (Strategy & Change) and comprising strategic support and enabling functions – including the programme management office (PMO), policy, strategy, performance, and communications teams – the *Strategy and Change function* provides both advisory (guidance, advice, standards) and delivery capacity to support change and improvement across the organisation – e.g. through PMO programme managers, project managers and business analysts.
- 7.15. Beyond that corporate enabling support, it is critical that the Plan and its programmes are supported through relevant resources and support from the organisation. This is already in place for several of the priority programmes of

action (e.g. Future Council: devolution to town and parish councils), but new programmes of action will need to be resourced, which may mean reviewing and deciding on where business as usual activity can be reprioritised and capacity redeployed, or assessing and identifying where there are additional resource requirements.

- 7.16. The change and transformation projects and programmes that are currently corporately supported by the PMO are being reviewed, along with consideration of new projects and programmes being proposed as part of the budget for 2026/27. This will inform a refreshed and realigned portfolio that will be the priority for corporate support given their importance in delivering the organisational improvement and financial stability required. This portfolio of programmes and projects will be overseen by the Portfolio Boards and Leadership Board (Transformation and Change) referenced earlier in this report (paragraph 7.7).
- 7.17. A focus of the communications, engagement and involvement activity referenced in paragraph 7.6 is to harness capacity across the organisation and align it to the Plan's priority programmes. This includes utilising the Senior Leadership Forum (SLF) and ensuring senior officers from across the Council are included in project steering groups and boards. The Responsible Delivery Lead for each programme will be supported by a member(s) of the SLF, including the officer with functional responsibility for the areas being improved. A cohort of further SLF members are aligned to each programme to provide additional leadership and advisory capacity.
- 7.18. Additional senior manager capacity will be facilitated through a number of projects being identified as opportunities for personal and professional development. In addition, consideration is being given to opportunities that can be offered to officers pursuing level 4 apprenticeship levy funded training.

8. Conclusion

- 8.1. Arrangements including communications and engagement, governance and assurance, and regular reporting of delivery and impact, have been put in place to make sure the Council's Improvement Plan is delivered. Delivery of the Plan will help achieve the aims of Shropshire Council being financially stable and sustainable, having clear priorities and purpose, and supporting and enabling its workforce to excel.

List of Background Papers:

- Report to Transformation & Improvement Overview and Scrutiny Committee (01/12/25), Cabinet (03/12/25) and Full Council (14/12/25): [Shropshire Council Improvement Plan](#)

Appendices:

Appendix 1: Improvement Plan governance and assurance – principles and arrangements

APPENDIX 1: IMPROVEMENT PLAN GOVERNANCE AND ASSURANCE – PRINCIPLES AND ARRANGEMENTS

Principle	Arrangements
Accountability and responsibility for delivery	<p>Senior Accountable Officer (SAO): Each Improvement Plan Aim has an SAO, accountable for ensuring the outcomes of the programmes within their aim are achieved. This will include effective and timely engagement with stakeholders such as elected members. The SAO will chair a Portfolio Board for the Aim they are accountable for.</p> <p>Responsible Delivery Lead (RDL): Responsibility for ensuring day-to-day delivery of programmes and projects. RDL activities might include ensuring the setting up of project teams, steering groups, arrangements and processes to progress delivery, and escalating key risks and blockages not resolved in the project. Supported by Senior Leadership Forum (SLF) Leads and the Programme Management Office (PMO)</p>
Seeking external challenge and learning	We are committed to seeking external challenge and learning from other councils, organisations and experts to contribute to the development and delivery of the improvement plan. An externally chaired Improvement Board is a significant component of this principle, where the Board will provide challenge and ideas, and the Council will be sharing evidence of assurance and progress.
Governance structures	<p>The Council's existing governance structures maintain a core role in the governance for the improvement plan</p> <ul style="list-style-type: none"> • Member-led Governance - Council and Cabinet provide the political decision making, and Overview and Scrutiny Committees and the Audit and Governance Committee provide the oversight and assurance. • Officer-led governance – the Leadership Board has a role in direction setting, operating as a <u>Transformation and Change Board</u>, holding SAOs and RDLs to account and being a forum for escalation, receiving significant change requests, resource allocation, and oversight of interdependencies between programmes and projects.
Monitoring and assurance	Impact and progress assurance reporting will be carried out each month (initially) to ensure a timely, consistent and accurate view of delivery against the Plan. It will be important to ensure a clear picture of each programme and project is maintained, as appropriate. A deeper dive review will be completed periodically on delivery to help confirm the scope, resourcing and timeframe of each programme/project. This will also provide the evidence to stop, change or continue.
Transparency	There will be one view of progress and impact through the progress assurance reporting. This will provide assurance on the progress being made. Monthly reporting will be through the Corporate PMO to the Transformation and Change Board [Leadership Board] and to the Improvement Board.
Member scrutiny	Executive members will provide oversight and challenge on the programmes and projects aligned to their portfolios. Group leaders are members of the Improvement Board and Portfolio Holders (or their deputies) will be invited to attend as required. The Overview and Scrutiny Committees will take a view of the progress and impact of delivering the improvement plan in their remits and the Audit and Governance Committee will maintain their role looking at improvement plan risk management and controls.



Audit Committee
Thursday 5th February
2026

Item

Public



Supply Contracts Management Update

Responsible Officer:	Laura Tyler		
email:	Laura.tyler@shropshire.gov.uk	Tel:	01743 25
Cabinet Member (Portfolio Holder):	Cllr Roger Evans		

1. Synopsis

1.1 This report is to update as requested by the audit committee on the current work underway across the procurement and contracts area of the council on supply contracts management.

2. Executive Summary

2.1 An internal briefing paper for Supply contracts management briefing paper completed on the 27th October 2025 and was presented to the audit committee in November 2025. It was agreed that an audit review would be undertaken in 2026/27 due to the current work already acknowledged across this area and that a plan is in place for improvements across the procurement and contract management. Audit committee acknowledged the change in timescale to audit the Supply contracts management but wanted assurance and a briefing to update on the work being done to ensure progress. In addition, the councils improvement plan for Shropshire also includes specific actions for procurement and commissioning, recognising the challenges and resources needed to deliver the improvements required which has been included in this report. Whilst resources continue to be challenging, actions are progressing forward with key actions and milestones identified.

3. Recommendations

3.1. Audit committee notes the updates in this report and the improvement plan in appendix 1.

Report

4. Risk Assessment and Opportunities Appraisal

4.1. Risk table

<i>Risk</i>	<i>Mitigation</i>
Resources need to make the improvements required	New structure agreed and recruitment process commenced in December.
Ensuring the right skills to ensure we are compliant with new legislation duties	Interim support to assist with current activity and improvements required pending team recruitment.
Not having up to date data and contract information to support the organisations to inform decision making.	Contract register updated with named individuals. Development of a dashboard to look at third party spend.
Late information on procurement activity resulting on challenging procurement timelines	New contract system to be purchased which will ensure timely prompts. Governance process in place with new pipeline of activity and forward plan in development.
Inconsistent contract management across the organisation.	Baseline survey to identify gaps on high-cost contracts and will inform new contract resource framework.
Lack of understanding of commissioning, procurement and contract management.	Communications, awareness raising and training package to be developed.
Missed opportunity across lower level spend.	Picked up from spend control boards and new role to co-ordinate is picked up within new structure.

5. Financial Implications

5.1. Shropshire Council continues to manage unprecedented financial demands and a financial emergency was declared by Cabinet on 10 September 2025. The overall financial position of the Council is set out in the monitoring position presented to Cabinet on a monthly basis. Significant management action has been instigated at all levels of the Council reducing spend to ensure the Council's financial survival. While all reports to Members provide the financial implications of decisions being taken, this may change as officers and/or Portfolio Holders review the overall financial situation and make decisions aligned to financial survivability. All non-essential spend will be stopped and all essential spend challenged. These actions may involve (this is not exhaustive):

- scaling down initiatives,
- changing the scope of activities,
- delaying implementation of agreed plans, or
- extending delivery timescales.

5.2. Over £422m was paid to external organisations in 2024/25 with the total likely to be higher for 2025/26.

5.3. Third party spend through recommissioning, procurement and contract management activity will be integral to supporting the council's wider budget pressures to ensure efficient and effective use of resources and evidencing value for money.

5.4. A high proportion of the council's savings to date have been in reducing third party spend.

5.5. Contract management is essential for good governance across the organisation.

6. Climate Change Appraisal

6.1. Commissioning and procurement will support the council to improve energy and fuel consumption, reduce carbon emissions, and renewable energy through setting clear expectations and targets.

7. Background

7.1. Previous audit reports have highlighted risks around market supply and contract management with the following actions and update:

7.2 An audit was included in the 2025/26 audit plan to review the arrangements for Key Supply Contracts. The previous audit was completed in December 2019 and received a limited assurance rating and included the following recommendations:

7.3 All officers should be reminded of their obligations under Contract procedure rules and the potential disciplinary action for failing to follow the rules set out. Responsible Officers should ensure that contracts are signed for all contracts in accordance with Contract Procedure Rules. Outcome: Significant

7.4 Update: all Officers across the council have been reminded of their responsibilities as part of the Chief Executives weekly messages to all staff.

7.5 To change the approach to contract management, improve the culture and ensure compliance with Contract Procedure Rules, the Council should establish a system that at a corporate level identifies the position of all contracts for the purposes of overview and scrutiny. The contract position should be monitored so that appropriate action can be taken to escalate issues to Service Managers and Directors in a timely manner to ensure that the Council has signed contracts or Letters of Intent for all contracts. Fundamental Update: A baseline of contract management will be done this quarter to support the development of training and contract resource toolkit.

7.6 Contract Monitoring Officers should be reminded of the need to ensure that contractors hold both current and required levels of insurance on a periodic basis. Significant Update: the new contract team will ensure that all documentation is updated, and the right information is asked for at procurement stage.

7.7 Contract Monitoring Officers should be reminded of the need for periodic financial checks to be made and provided with further guidance as to when such checks are required. It is recommended that as minimum annual accounts are obtained in respect of all contractors holding major contracts.


7.8 Requires Attention Update: the toolkit will set out the expectations on how this is embedded in contract management, this is already practice across social care practices.

7.9 It must be recognised that the council does monitor many of its contracts and the recent audit on the Waste Management contract which is the largest contract in the organisation was previously 'limited' assurance is now 'good' assurance across the board.

7.10 In addition a benchmark activity will look at contract management on contracts this will inform areas where we can make improvements quickly whilst we develop the contract framework and resource toolkit.

7.11 Key improvement actions have also been captured within the council's improvement plan as part of strengthening financial management practice and policy.

7.12



Aim: A Council that is financially stable and sustainable

Programme 3

Senior Accountable Officer (SAO)	Executive Director (S151 Officer)	
Responsible Delivery Lead (RDL):	Strategic Director - Commissioning	
Executive Member:	Finance Portfolio Holder	

Strengthening financial management practice and policy		
The programme will ensure there is improved financial compliance across the organisation by strengthening policy, practice and approaches to budget monitoring, controls and forecasting, income and debt collection, procurement practices and contract management		
Activity:	Start	End
Develop and deliver an action plan to strengthen the Internal Control Environment in response to the Limited Assurance opinion of the Chief Audit Executive <ul style="list-style-type: none"> Develop and agree the action plan Deliver the action plan 	Oct 2025 April 2026	March 2026 June 2027
Consider and agree further responses to External Auditor Annual Report and statutory recommendation (as directed by Audit & Governance Committee and Council)	Nov 2025	Jan 2026
Financial literacy training to create strong financial literacy skills across the organisation to develop skills and discipline - including: <ul style="list-style-type: none"> Develop clear training plans for budget holders Deliver training and set a clear expectation for all budget holders to be fully accountable for delivery within agreed budgets 	Nov 2025 Feb 2026	Feb 2026 Jun 2026
Improve financial management practices - including: <ul style="list-style-type: none"> Simplify budget lines/codes and cost centres Improved controls and processes for moving budgets/savings/funds between codes (e.g. internal transfers) Better communications around year-end adjustments An accountability framework – with clear budget holder responsibilities 	Feb 2026	Jul 2026
Improve procurement and contract management function and practice – including: <ul style="list-style-type: none"> Implement new structure for procurement and contracts team Look at income for efficiencies Commission new contracts and procurement system A review of Third party spend Development and roll out of a Contracts Resource Toolkit 	Oct 2025 Oct 2025 Jun 2025 Oct 2025 Jan 2026	May 2026 Mar 2026 Mar 2026 Apr 2026/ongoing Sept 2026
Development of new strategy: <ul style="list-style-type: none"> Procurement Commissioning 	Nov 2025 Dec 2025	May 2026 May 2026
Continue to embed new governance for commissioning, contract management and procurement (e.g. commercial and commissioning delivery group, joint commissioning delivery group, commissioning, procurement and contracts performance board)	Aug 2025	Dec 2026/ongoing
Review and refresh the approach to income collection and debt recovery to improve collection performance	Jun 2026	Dec 2026

7.13 A key action will be the implementation of a new contract management; the IT team are currently reviewing the options and operability of functions for the council. It is envisaged that this will be implemented in the next few months with all contracts uploaded to the new system and clear policies and procedures will be developed to support its implementation.

7.14 In the Supply contracts briefing update to November's audit the following audit action was updated. A procurement strategy is in draft and is awaiting the new corporate plan to align to the council's key objectives.

INTERNAL AUDIT RECOMMENDATIONS FOR KEY SUPPLY CONTRACTS				APPENDIX 1
Fundamental	Significant	Requires Attention	Best Practice	
Immediate action required to address a major control weakness which, if not addressed, could lead to material loss.	A recommendation to address a significant control weakness where the system may be working but errors may go undetected.	A recommendation aimed at improving the existing control environment.	Suggested action which aims to improve best value, quality or efficiency.	
Rec No.	Recommendation	Implications/Risks	Rec Rating	Agreed Management Action
1.	<p>Ensure the Procurement Strategy is formally approved and the action plan to implement improvements to contract management and procurement is implemented ensuring the following controls are implemented as part of the improved framework:</p> <ul style="list-style-type: none"> Ensure improved culture and compliance with Contract Procedure Rules Monitoring arrangements for ensuring compliance that key contract compliance controls are in place and operating effectively (e.g. signed agreements in place between parties) Ensuring officers are aware of and reminded of their responsibilities under the Contract Procedure Rules with potential disciplinary action for failing to adhere to Council rules. 	<p>The Council is exposed to third party risk as a result of ineffective monitoring arrangements covering key requirements such as performance delivery and validation of critical requirements (e.g. insurance)</p> <p>Contract Management arrangements are not defined by a risk-based contract management framework leading to inconsistency in approach and lack of oversight on ensuring critical/high value contracts are managed in line with corporate expectations leading to potential overspend, under delivery and lack of value for money</p> <p>Contracts are not properly reviewed to ensure suppliers are able to deliver continuity leading to loss of provision and invoking of continuity arrangements at short notice.</p>	Fundamental	<p>Action: Procurement strategy and training for staff is developed with clear processes and roles and responsibilities identified that also align to the new corporate plan currently being developed</p> <p>Responsible Officer: Marc Klonowski</p> <p>Target Implementation Date: May 2026</p>

7.15 Clear governance and oversight of new procurement and commissioning activity is now in place; a key question is around resources around contract management in order to highlight potential gaps but more so ensuring accountability of the service.

8. Additional Information

8.1. Recruitment of the new Procurement and Contract team has now commenced with each area being phased. The previous Service Manager left in November 2025; a new Service Manager will start in quarter 1 of the new financial year.

8.2. Consideration for market supplements maybe required for the recruitment of experienced officers where we know the market is very competitive with the private sector.

9. Conclusions

9.1 It is important to note to committee that the improvement work for procurement and contract management will be a long-term process. The recruitment and development of a new team will realistically take two years to get posts filled before we start seeing long term sustainable improvements. In the meantime, setting the foundations for improvement will need and are happening at pace with current resources.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Local Member: A//

Consultation with Local Member – Please consider the Local Member Protocol (see page E60 onwards of part 5 of the Constitution) and determine whether it is necessary to consult with the local member over the proposal set out in this report. This may not always be applicable (eg where the proposal affects all of Shropshire) but it should always be a consideration and in some cases a necessity so as to comply with the spirit of the Protocol.

Appendices [Please list the titles of Appendices]

Appendix 1: Improvement plan

Procurement and contract Transformational Programme

Executive Summary:

The Third Party Spend (TPS) Programme has been created to deliver a comprehensive, cross-council transformation on all processes involving external spending. The programme has a strong focus on achieving financial savings and enhancing value for money, as well as implementing robust contract management and procurement practices. As well as meeting the requirements of the Improvement programme, this programme builds on previous TPS activity completed in 2024/25 and responds to both internal savings targets and external regulatory changes, it also identifies risk across the organisation and moves to mitigate against it.

This document introduces Workflow Packages designed to support the TPS Programme with transformation. Each workflow package outlines a specific area of transformation including delivering improved procurement practice, improving contract performance, identifying and resolving gaps in process and adopting digital tools.

Improvement plan

The corporate improvement plan includes key areas of improvement across commissioning and procurement. The TPS transformation programme includes and addresses planning on these as follows:

Improve procurement and contract management function and practice – including:

- Implement new structure for procurement and contracts team
- Commission new contracts and procurement system
- A review of Third party spend
- Development and roll out of a Contracts Resource Toolkit
- Development of new strategy:
 - Procurement
 - Commissioning
- Continue to embed new governance for commissioning, contract management and procurement (e.g. commercial and commissioning delivery group, joint commissioning delivery group, commissioning, procurement and contracts performance board)

Strengthening financial management practice and policy

The programme will ensure there is improved financial compliance across the organisation by strengthening policy, practice and approaches to budget monitoring, controls and forecasting, income and debt collection, procurement practices and contract management

Senior Accountable Officer
(SAO)

Executive Director (S151 Officer)

Responsible Delivery Lead
(RDL):

Strategic Director - Commissioning

Executive Member:

Finance Portfolio Holder

Activity:
Start
End

Develop and deliver an action plan to strengthen the Internal Control Environment in response to the Limited Assurance opinion of the Chief Audit Executive

- Develop and agree the action plan
- Deliver the action plan

Oct 2025
April 2026

March 2026
June 2027

Consider and agree further responses to External Auditor Annual Report and statutory recommendation (as directed by Audit & Governance Committee and Council)

Nov 2025

Jan 2026

Financial literacy training to create strong financial literacy skills across the organisation to develop skills and discipline - including:

- Develop clear training plans for budget holders
- Deliver training and set a clear expectation for all budget holders to be fully accountable for delivery within agreed budgets

Nov 2025
Feb 2026

Feb 2026
Jun 2026

Improve financial management practices - including:

- Simplify budget lines/codes and cost centres
- Improved controls and processes for moving budgets/savings/funds between codes (e.g. internal transfers)
- Better communications around year-end adjustments
- An accountability framework – with clear budget holder responsibilities

Feb 2026

Jul 2026

Improve procurement and contract management function and practice – including:

- Implement new structure for procurement and contracts team
- Look at income for efficiencies
- Commission new contracts and procurement system
- A review of Third party spend
- Development and roll out of a Contracts Resource Toolkit

Oct 2025
Oct 2025
Jun 2025
Oct 2025
Jan 2026

May 2026
Mar 2026
Mar 2026
Apr 2026/ongoing
Sept 2026

Development of new strategy:

- Procurement
- Commissioning

Nov 2025
Dec 2025

May 2026
May 2026

Continue to embed new governance for commissioning, contract management and procurement (e.g. commercial and commissioning delivery group, joint commissioning delivery group, commissioning, procurement and contracts performance board)

Aug 2025

Dec 2026/ongoing

Review and refresh the approach to income collection and debt recovery to improve collection performance

Jun 2026

Dec 2026

Introducing the Workflow Packages

This outlines suggested Workflow Packages for the transformation programme, summarising structure and high-level expectations. The packages are modular, allowing for incremental or parallel implementation based on council priorities and resource capacity.

Defined Workflow Packages are critical for the success of a transformation programme in procurement and contract management for several compelling reasons:

1. Structured Approach to Complex Change
2. Clear Objectives and Deliverables
3. Targeted and Focussed Activity
4. Manageable Incremental Progress
5. Risk Mitigation
6. Enhanced Stakeholder Engagement
7. Measurable Success
8. Facilitates Change Management

In essence, the Workflow Packages transform an ambitious vision into a series of actionable, interconnected projects. They provide the necessary structure, clarity, and control to navigate the complexities of organisational change, ultimately leading to a more efficient, effective, and value-driven procurement and commissioning function within the Local Authority.

The Workflow Packages have been defined as follows:

- 1. Oversee Third Party Spend Savings Initiatives**
- 2. Strategic oversight: Procurement, Contract Management and Commercial commissioning**
- 3. Sourcing & Category Management Implementation**
- 4. Contract Management & Performance Monitoring Enhancement**
- 5. TPS Systems Innovation & Automation**

WP1 continues ongoing activities supporting Third Party Spent savings targets and is the immediate priority for the council. The remaining packages set out activities for the longer term: WFP 2 & 3 focus largely on benchmarking status and implementing overarching governance, strategy and process improvements, whilst WFP4 onwards largely target delivery of specific improvement and innovation objectives. It is important to

acknowledge that, as activity around Third Party Spend is already in progress, several actions that have been identified within the Workflow Packages are already underway. This document therefore seeks to extend the programme beyond works already being delivered and expand on action plans already being progressed. This also formalises the expected outcomes of the programme for programme sponsors and the delivery team. This provides clear visibility, alignment, and accountability as the programme continues to evolve and deliver benefits.

The workflow Packages are defined in this document at a high level of the objective and key aspects of delivery. A clearly defined action plan for each workflow package shall be defined here: [TPS Action Plan.xlsx](#),

WP1: Oversee Third Party Spend Savings Initiatives

Objective: To provide oversight and escalation route on projects supporting Third Party Spent savings targets

Key activities:	Description:	Inputs / Outputs
Project Identification:	<p>Savings Activity Identification: Identification of current and upcoming activity across the council that aim to deliver third party cost savings</p> <p>There are many third party spend and savings initiatives identified by finance and commissioning research that require central reporting on savings delivery and progress.</p>	<p>Inputs:</p> <ul style="list-style-type: none"> Project “PIDs” from services that have identified savings opportunities <p>Outputs:</p> <ul style="list-style-type: none"> Governance and oversight of priority savings projects.
Governance Assessment	<p>Governance Assessment: Review and determine which savings activities should be reported on, and to which level</p> <ul style="list-style-type: none"> Confirm activities that should remain under BAU control and reporting Identify high profile savings projects/opportunities where additional governance or support would be recommended or where additional reporting on progress is desired by leadership 	
Progress Monitoring	<p>Monitor progress and reporting: Track the advancement of higher-profile savings initiatives through monthly reporting. Act as forum for issue escalation where existing forums do not readily exist. This requires a clear methodology and robust system support so that confidence in savings figures is improved.</p> <p>Ongoing Suitability Review – Review monitoring and delivery effectiveness - if more structured governance activity and support is required for individual projects - review need for wraparound support or creating of standalone workflow.</p>	<p>Success Metrics:</p> <ul style="list-style-type: none"> Timely reporting of project updates Cost savings reported without any duplication Non-duplication of effort with other reporting forums

WP2: Strategic oversight: Procurement, Contract Management and Commercial commissioning

Objective: A strategic review of Commercial commissioning, Procurement, and Contract Management practices to standardise policies, streamline processes, and optimise resource allocation.

Key activities:	Description:	Inputs / Outputs
<div>Page 36</div> Current State Assessment:	<p>Plan response to As/Is' Benchmarking: Respond to the recommendations from CCIAF benchmarking and review recommendations from audits, and PwC reviews.</p> <p>Current State Mapping:</p> <ul style="list-style-type: none"> • Governance: Document current policies and procedures • Staff Resource Mapping: Map resources dedicated to commercial commissioning, procurement, and contract management across departments (FTEs, roles, skill sets, time allocation). • Technology Resource Mapping: Identify all existing software, systems, and tools supporting procurement, and contract management (e.g., specific departmental databases, spreadsheets, niche software). Assess their current utilisation and effectiveness. • Knowledge Resource Mapping: Identify key knowledge holders, best practice repositories (formal & informal), and siloed knowledge areas. • Contract information: Identify all active contracts in the organisation. 	<p>Inputs:</p> <ul style="list-style-type: none"> • Feedback to date (CCIAF, PwC, Audits) • Existing governance policies and procedures • Departmental staffing plans and structure charts. • Register of procurement/commissioning software • Technology inventory (software, systems, tools) • Staff skills matrices or training records. • Current Contract Information <p>Outputs:</p> <ul style="list-style-type: none"> • New strategies and governance structures for Commercial Commissioning, Procurement, and Contract Management. Defined structures, processes, training, systems, and reporting. • Effective and correct contract register (interim) • Structure map report of org-wide procurement posts • Report on Technology Resource Utilisation • Skill Gap Analysis Report. • Recommendations for redeployment or upskilling. • Training plan with resource allocation, transition and awareness materials.
Policy & Process Redesign:	<p>Legislation and Policy - Strategic Alignment: Establish CCIAF as the standard assessment framework aligning all strategies, processes, and governance to its principles. Align practice with the New Procurement Act 2023, ensure compliance with contract rules and PA23 notices, and review social value, sustainability, and carbon net zero implications. Training and certification initiatives to support compliance.</p>	<p>Success Metrics:</p>

	<p>Organisational Restructuring and Resource Planning: Actions focus on assessing current structures, proposing new organisation charts, mapping resources, creating job descriptions, running recruitment, and developing business cases for restructuring. This includes job evaluation, costings, phased implementation plans, and appointing internal champions to support change</p> <p>Process Optimisation: Create processes that minimise manual work and use automation and technology to allow more time for strategic tasks like category management and contract negotiation.</p> <p>Skill Gap Analysis & Planning: Identify required new skills or upskilling needs.</p>	<ul style="list-style-type: none"> • Improved CCIAF commercial maturity rating • Procurement Act Compliance • Correct procurement and commercial commissioning capacity for the organisation to meet its requirements • Number of staff trained/certified under new policies • Improved utilisation rates of existing procurement technologies.
<p>Communication & Training Plans:</p> <p>Page 37</p>	<p>Resource Allocation: Plan and allocate sufficient staff and financial resources for comprehensive communications and training on new systems and processes, ensuring skill maximisation. Using internal champions to support change.</p> <p>Stakeholder Engagement and Communication: Deliverables emphasise facilitating consultations, communicating with internal and external stakeholders, providing guidance and awareness communications, and engaging with suppliers and partner organisations to ensure smooth transitions and shared understanding</p>	

Note: A significant portion of the above activities are already completed in relation to future structure - business case presented and approved. Lead time for implementation currently unknown due to spend restrictions.

WP3: Sourcing & Category Management Implementation

Objective: To embed strategic sourcing and category management principles, maximising value from supplier resources and internal expertise.

Key activities:	Description:	Inputs / Outputs
Spend Analysis	Analysis of current spending to identify opportunities for cost savings and efficiency.	Inputs: <ul style="list-style-type: none"> Supplier capability databases Market intelligence reports. Internal expert directories. Outputs: <ul style="list-style-type: none"> Category Strategies detailing how external and internal resources will be leveraged. SME engagement plan. Comprehensive stakeholder management strategy
Category Strategy Development:	<p>Categorise Spend: Section spend into logical categories based on Pro Class categorisation. Create action strategy for each category. Engage internal SMEs in this process if appropriate.</p> <p>Market Resource Mapping: Identify not just current suppliers, but the broader market capabilities, innovation potential, and social value offerings from diverse suppliers (SMEs, VCSEs). Understanding the market landscape, available suppliers, and how best to implement procurement for each category.</p> <p>Resource Leverage Planning: For each category, explicitly plan how to leverage supplier innovation, sustainable practices, and social value contributions as key resources, not just cost.</p> <p>Internal Resource Allocation: Define who will lead and support each category.</p>	
Supplier Relationship Management (SRM) Framework Development:	<p>Supplier as Resource: Develop the SRM framework with a view to optimising suppliers as strategic resources, fostering collaboration, and joint problem-solving to extract maximum value beyond just contract delivery.</p> <p>Resource Investment in SRM: Allocate specific resources (e.g., dedicated supplier relationship managers for critical suppliers) and technological resources (e.g., SRM module in a system) to effectively manage strategic supplier relationships.</p>	
Upcoming Commissioning Review	Validate Requirements: Based on output of Workflow 2 (on new processes and contract identification), implement new processes requiring business justification	Success Metrics: <ul style="list-style-type: none"> Timely completion of activities with assurance of data capture. Implementation of Commissioning Review process – prevention of non-essential spend. <p>Further success metrics for this shall be longer term</p> <ul style="list-style-type: none"> Number of innovation initiatives co-developed with suppliers. Value of social and environmental outcomes delivered through supplier partnerships. Improved internal collaboration scores between procurement/commissioning and service areas on category projects.

	for all upcoming commissioning activity. Challenging current commissioning aiming to reduce or stopping non-essential spend.	
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WP4: Contract Management & Performance Monitoring Enhancement

Objective: To establish robust contract management practices, ensuring maximisation of contract value and effective use of allocated resources.

Key activities:	Description:	Inputs / Outputs
Contract Management – Current State Maturity Assessment:	<p>Current Contract Management Maturity Assessment: Implement WP2&3 recommendation improvements on contract management processes.</p> <p>Resource Utilisation Review: Identify and assess how effectively current contract management staff and systems are utilised. Is too much time spent on low-value contracts? Are critical contracts under-resourced?</p> <p>Contract Register: Review and update existing manual Contracts Register. All tender information for next 18 months collated. This is presently being coordinated manually however will be taken forwards via Pipeline tool.</p>	<p>Inputs:</p> <ul style="list-style-type: none"> Contract risk assessments. Workload analysis of contract management staff. <p>Outputs:</p> <ul style="list-style-type: none"> Updated contract register Resource Allocation Model for Contract Management. New Contract Management Toolkit Automated alerts and reporting from the contract management system that optimise human oversight.
Contract Management Framework Development & Delivery:	<p>Risk-Based Resource Allocation: Design the framework to allocate contract management resources (human and technological) based on contract risk, value, and strategic importance, ensuring higher-impact contracts receive proportionate attention and progressed to achieve proposed outcomes.</p> <p>Standardised Resource Tools: Develop standardised tools (e.g., digital performance dashboards, automated alerts for key dates) that maximise the efficiency of contract managers.</p>	
Performance Monitoring & Reporting System Development:	<p>Data as a Resource: Design the data infrastructure to treat performance data as a valuable resource for decision-making, identifying trends, and proactively addressing issues, thereby optimising contract opportunities and delivering on the proposed financial and non-financial outcomes.</p>	
SRM Framework - Initiation of Supplier Engagement:	<p>Priority Supplier Engagement: Prioritise and commence engagement with suppliers. Focus on strengthening collaborative relationships, identifying opportunities for cost savings and/or leveraging supplier innovation, and proactively addressing issues. Identify opportunities for negotiation.</p>	
		<p>Success Metrics:</p> <ul style="list-style-type: none"> Reduction in contract leakage (unrealised savings or missed benefits). Improved utilisation rate of contract management staff. Proportion of high-risk/high-value contracts with dedicated contract managers.

	Continuous Improvement: Use performance data to identify where supplier resources (e.g., innovation, service improvements) can be leveraged, or where internal resources are needed to enhance delivery.	
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Note: A significant portion of the above activities are already completed in relation to CCIAF assessment – plans developed to take recommendations forward having resource (and system functionality) in place to support.

WP5: TPS Systems Innovation & Automation

Objective: To leverage digital technologies to automate, streamline, and improve efficiency, directly leading to maximisation of human and financial resources.

Key activities:	Description:	Inputs / Outputs
Current IT Landscape Assessment: Requirements Gathering & System Selection:	Review Contract Management system: Review contract management system and replace if required. Options paper in development. Investment vs. Return Analysis: Evaluate the return on investment (ROI) of other existing systems in use and identify areas where technology resources are underutilised or siloed. Review potential for integrating or consolidating data systems for improved reporting and operational efficiency. <i>[Note: Working Group Reviewing ERP contract database already in place].</i> Resource Constraint Identification: Pinpoint where current technology limits staff effectiveness (e.g., fragmented systems & manual data entry).	Inputs: <ul style="list-style-type: none"> Detailed business process maps (identifying manual touchpoints). ROI assessments for current and proposed IT investments. Outputs: <ul style="list-style-type: none"> Options Paper for Contract Management System Business Case for digital investment explicitly detailing human resource savings and re-deployment opportunities. Integrated system architecture designed for maximum automation and data flow. Review on latest status of Cabinet Office consultation on further reforms to public procurement and any potential impact on council.
	Resource Optimisation Focus: Prioritise features that directly lead to automation, reduced manual effort, and improved data-driven decision-making, thus maximising human resource capacity. Total Cost of Ownership (TCO) & Resource Implications: Evaluate potential systems not just on purchase price but on full TCO, including ongoing maintenance, training, and what internal IT/staff resource support is needed.	
System Implementation & Integration:	Data Management, Reporting, and Performance Tracking: Developing dashboards, savings trackers, and workplans; consolidating and integrating data for reporting; utilising analytics tools; and ensuring regular reporting on spend, supplier performance, and KPIs to support informed decision-making. Phased Resource Rollout: Plan rollout in phases that align with available resources, allowing for smoother transitions and preventing burnout. Leveraging Vendor Resources: Maximise support and training from software vendors as a valuable external resource during implementation.	Success Metrics: <ul style="list-style-type: none"> Compliance with Procurement Act 2023, preparedness for future requirements pending ongoing Cabinet Office consultation. Reduction in time spent on manual administrative tasks (quantifying human resource savings). Increased data accuracy and accessibility, leading to better resource allocation decisions.

User Training & Change Management:	Resource for Training: Ensure adequate human resources (trainers, support staff) and financial resources are dedicated to training to maximise user adoption and competence with the new tools. This ensures the digital investment translates into human efficiency.	<ul style="list-style-type: none"> • Cost savings from rationalising redundant software licenses.
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Benefits

Overall Financial Benefits

The implementation of these workflow packages can yield significant financial benefits. These benefits extend beyond simple cost savings to encompass value creation, risk reduction, and improved financial efficiency across the organisation.

Overall financial benefits include:

- **Direct Cost Savings:** Achieved through strategic sourcing, supplier engagement, potential negotiation, and process efficiencies.
- **Cost Avoidance:** Mitigating risks, preventing non-compliance fines, and avoiding unplanned expenditures.
- **Value Enhancement:** Extracting more value from contracts, improved service outcomes, and leveraging supplier innovation for long-term benefits.
- **Long Term: Operational Efficiency Gains:** Reducing manual effort, cycle times, and administrative overheads, freeing up staff for strategic work.
- **Risk Reduction:** Mitigating financial exposure to legal issues, supply chain disruptions, and poor supplier performance.
- **Long-term Financial Sustainability:** By making smarter purchasing decisions, investing in local communities, and leveraging technology, the Local Authority builds a more resilient and financially robust operational model.

Financial Benefits by Workflow Package:

The following provides a breakdown of the potential financial benefits for each workflow package, and some overarching benefits:

WP1: Oversee Third Party Spend Savings Initiatives

- **Improved visibility** of all savings initiatives enables better prioritisation and resource allocation.
- **Avoidance of duplication** across departments reduces wasted effort and overlapping initiatives.
- **Faster issue resolution** through structured escalation routes minimises delays in savings delivery.
- **Early risk identification** helps protect forecasted savings from slippage or failure.

WP2: Strategic oversight: Procurement, Contract Management and Commercial commissioning

- **Improved Compliance, Reduced Fines/Penalties:** Consistent adherence to regulations (e.g., Procurement Act 2023) significantly reduces the risk of legal challenges, fines, or costly re-tendering due to non-compliance.
- **Better Data for Decision-Making:** Standardised data collection (e.g., spend categories, contract terms) leads to higher quality data, which is a prerequisite for identifying larger savings opportunities later.

WP3: Strategic Sourcing & Category Management Implementation

- **Optimised Spend & Reduced Waste:** Detailed spend analysis identifies wasteful spending, duplicate purchases, and opportunities to rationalise the supplier base. This leads to a more efficient use of budget.
- **Improved Value for Money (VFM):** Considering "most advantageous tender" (rather than "lowest price") enables contracts to deliver better quality, innovation, and long-term value, which can reduce whole-life costs or lead to more effective service delivery that saves money elsewhere. Engaging strategically with suppliers can lead to innovative solutions that reduce costs.
- **Reduced Risk in Supply Chain:** Better understanding and management of supplier markets can mitigate risks of supply disruption, price volatility, or poor performance, all of which can have significant financial consequences.
- **Direct Cost Savings:** By aggregating demand, leveraging higher volumes, negotiating better terms, and increasing competition, Local Authorities can achieve price reductions on goods, services, and works. *However, this opportunity may be limited as there is a greater requirement to consider Lotting, making tenders more accessible to SMEs meaning there may in fact be disaggregation in order to support local suppliers e.g. Multiple "best in class" contracts.*

WP4: Contract Management & Performance Monitoring Enhancement

- **Realisation of Contracted Savings:** Robust contract management ensures that the savings or value negotiated at the tender stage are actually delivered throughout the life of the contract. Without it, value can leak away.
- **Avoidance of "Creep" Costs:** Proactive management of contract variations and scope change prevents uncontrolled increases or services provided outside of agreed terms.

- **Improved Supplier Performance, Reduced Rework/Failures:** Effective monitoring drives suppliers to meet SLAs and KPIs. Poor performance can lead to service failures, rework, or the need for expensive workarounds, all of which incur financial costs. Proactive identification and resolution of issues reduce the likelihood and cost of formal disputes or legal action with suppliers.
- **Optimised Contract Extensions/Renewals:** Better data on supplier performance allows for informed decisions on whether to extend/renew contracts or go back to market, ensuring continued value. Avoids costly auto-renewals on unfavourable terms.

WP5: TPS Systems Innovation & Automation

- **Administrative Cost Reductions:** Automation of transactional processes (e-tendering, e-invoicing, purchase order processing) reduces manual effort, paper, printing, and postage costs. Frees up human resources for more strategic work.
- **Faster Processing Times:** Digital workflows accelerate approval processes, tender cycles, and invoice payments, reducing administrative bottlenecks.
- **Improved Data Quality & Visibility:** Centralised digital systems provide real-time, accurate data on spend, contracts, and supplier performance, enabling faster and better financial decisions.
- **Supplier Onboarding & Catalogue Efficiency:** Greater automation reduces administrative burden for both the Authority and suppliers,

Non-Financial Benefits:

Implementing the identified workflows can deliver several non-financial benefits, including:

- **Standardisation and optimisation of policies** processes across commissioning, procurement, and contract management. Reducing fragmentation and improving organisational coherence.
- **Reduced Administrative Burden:** Streamlined, standardised processes mean less time spent on redundant tasks and fewer errors
- **Increasing Organisational Maturity & Capability** through skill gap analysis and training plans, supporting workforce upskilling and professional development.
- **Improved Governance:** reintroducing structured oversight and escalation mechanisms, enhancing transparency and accountability.

- **Reduced Operational Risk:** Standardised processes, better contract oversight, and digital audit trails reduce exposure to compliance, legal, and reputational risks
- **Improved Data Quality and Visibility** by standardising and digitising data, enabling better analysis, forecasting, and strategic planning.

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Committee and Date

Audit and Governance Committee

5th February 2026

10:00am

Item 11

Public



Internal Audit Risk Management Report 2025/26

Responsible Officer:	Katie Williams		
email:	katie.williams@shropshire.gov.uk	Tel:	07584 217067
Cabinet Member (Portfolio Holder):	Heather Kidd, Leader of the Council Duncan Kerr, Chairman of the Audit and Governance Committee Roger Evans, Portfolio Holder – Finance		

1. Synopsis

Following a recent Internal Audit review of the Risk Management system, the overall control environment is assessed as **Limited**, with evidence of non-compliance with some key controls identified.

2. Recommendations

- 2.1. The Committee is asked to consider and endorse, with appropriate comment the findings from the review of Risk Management by Internal Audit.

Report

3. Risk Assessment and Opportunities Appraisal

- 3.1. The management of risk is a key process which underpins successful achievement of the Council's objectives and priorities. It forms part of the Annual Governance Statement and an annual audit is undertaken to ensure that the processes and protocols are established and embedded facilitating effective decision making.

- 3.2. The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998. There are no direct environmental, equalities or climate change consequences arising from this report.

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.
- 4.2. Shropshire Council continues to manage unprecedented financial demands and a financial emergency was declared by Cabinet on 10 September 2025. The overall financial position of the Council is set out in the monitoring position presented to Cabinet monthly. Significant management action has been instigated at all levels of the Council reducing spend to ensure the Council's financial survival. While all reports to Members provide the financial implications of decisions being taken, this may change as officers review the overall financial situation and make decisions aligned to financial survivability. All non-essential spend will be stopped and all essential spend challenged. These actions may involve (this is not exhaustive):
- scaling down initiatives,
 - changing the scope of activities,
 - delaying implementation of agreed plans, or
 - extending delivery timescales.

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

6. Background

- 6.1. As part of the Global Internal Audit Standards (GIAS) and the UK Public Sector Application Note Internal Audit is required to prepare an overall conclusion encompassing governance, risk management and control. Information gathered during audit reviews provides an understanding of the Council's risk management processes and their effectiveness. Internal Audit evaluates the Council's risks relating to governance, operations and information systems. It does this in respect of:
- the achievement of the strategic objectives,
 - reliability and integrity of financial and operational information,
 - efficiency and effectiveness of operations and programmes,
 - safeguarding of assets and,
 - compliance with laws, regulations, policies, procedures and contracts.
- 6.2. To support the GIAS, the Audit and Governance Committee's Terms of Reference include a requirement to review annually the adequacy of the Council's Risk Management arrangements. The last such review was undertaken in 2024/25 and the Internal Audit resulted in a 'Reasonable' opinion.

- 6.3. The Internal Audit for 2025/26 again included the processes for reviewing and updating operational risk registers, the capture and monitoring of project risks and the reporting of risks to Senior Management on a regular basis in line with the Opportunity Risk Management Strategy. Strategic risks continue to be reviewed on a bi-annual basis, with the outcome of each review reported to Leadership Board and an update provided to the Audit and Governance Committee. In addition, the operational risk position is presented to Leadership Board following each bi-annual review. There are no formal reporting points for project risks, these are allocated to the appropriate project board for management and review. The Risk Management Team offer advice and guidance on project risks when contacted by project managers, where resources allow.
- 6.4. The Risk and Business Continuity Team currently comprises two full time equivalents, following the departure of the Risk and Business Continuity Manager through the Voluntary Redundancy Scheme in autumn 2024. A request for growth of the team has been included in the MTFS and budget setting for 2026/27 onwards. Management of the function now sits with the Strategy and Scrutiny Manager, after several management changes as part of restructuring over the last 12 months. Reliance is placed on Managers across the Council to complete operational risk reviews with oversight from Service Managers and Directors.
- 6.5. Plans to implement a Council-wide Risk Assurance Model for the review of operational risks from January 2025 were not progressed due to organisational restructuring, capacity limitations and resource constraints. The proposed model is now misaligned with the current structure. Consequently, the existing process of bi-annual operational risk register reviews has continued.
- 6.6. The Opportunity Risk Management Strategy is reviewed and updated on an annual basis; however, it has not been fully redrafted since 2022. A full redraft is due to be undertaken in summer 2026 in alignment with the publication of the new Council Plans. There is an online training module available for all staff and members, which is in the process of being mandated. Face-to-face operational review training sessions for managers have not taken place since the departure of the Risk and Business Continuity Manager due to the reduction in resource available, however if additional capacity is realised, this may allow for these sessions to be restarted.

Internal Audit Risk Management Report – Executive Summary

- 6.7. Audit findings are evaluated to provide a level of assurance on the effectiveness of the system of internal control. These evaluations are defined as ‘Good,’ ‘Reasonable,’ ‘Limited’ and ‘Unsatisfactory.’ Based on the audit work undertaken, the overall control environment the Risk Management system has been assessed as **Limited**. Whilst there is basically a sound system of control in place, the system contains weaknesses which leave some risks unaddressed and there is evidence of non-compliance with some key controls.

Control Objective: Conclusion and Summary of Findings

- 6.8. The following table shows the audit opinion against each of the four control objectives.

	AUDIT OBJECTIVE	CONCLUSION AND SUMMARY OF FINDINGS
1.	To confirm there is a robust system in place for the identification, assessment, recording and control and monitoring of operational risk.	<p>This control objective is not achieved.</p> <p>An Opportunity Risk Management Strategy (ORMS) is in place, signed off by the Interim Chief Executive in October 2025, which sets out roles and responsibilities for risk management across the Council. However, it has been acknowledged that a full re-draft of the Strategy is required to align with the new Council plans following their publication in 2026 and to incorporate process changes recommended in this audit report. This constitutes the first significant recommendation, with a further five also identified, as summarised below.</p> <p>The two scheduled review periods for operational risk registers in 2025 resulted in poor compliance, with fewer than 40% updated in May and under 30% in November. The review process requires a comprehensive overhaul to improve both the timeliness and accuracy of risk register updates.</p> <p>Project Control is the designated system for reporting project risks as stipulated in the ORMS; however, not all risks are currently recorded within it, leading to incomplete risk reporting. A recommendation to address this gap has also been included in the Programme Management Office (PMO) audit report.</p> <p>Leadership Board has not received project risk reports since establishment in early 2025, hindering their ability to fulfil their responsibility for risk management across the Council.</p> <p>The recommendations raised in the Corporate Peer Challenge (CPC) have not yet been reflected in the strategic risk register. There are plans to hold a workshop with Leadership Board to address this.</p> <p>A report has been prepared to request approval from Leadership Board for mandating the risk management training module for all managers/risk owners. In addition, if further resource is secured within the Risk and Business Continuity team, there is the potential to resume in-person training sessions.</p> <p>A further four requires attention recommendations have been made under this control objective including the risk of not achieving MTFS savings targets being reflected in operational risk registers, a risk management training package to be produced and delivered to all members, consideration given to appointing a member risk champion, the recording of opportunities as well as risks and ensuring links to strategic risks are recognised and recorded on operational risk registers.</p>
2.	Risk mitigation activities are designed to reduce, or otherwise manage, risk at levels determined to be	<p>This control objective is achieved.</p> <p>No recommendations have been raised under this control objective as risk registers were found to be populated in sufficient detail.</p>

	AUDIT OBJECTIVE	CONCLUSION AND SUMMARY OF FINDINGS
	acceptable to management and the board.	
3.	Ongoing monitoring activities are conducted to periodically reassess risk and the effectiveness of controls to manage risk.	This control objective is achieved. Overall, this control objective was assessed as satisfactory, with one exception leading to a 'requires attention' recommendation. The proposed improvement focuses on amendments to strengthen the layout, functionality, and controls within the risk register format.
4.	The Board and management receive periodic reports of the results of the risk management process.	This control objective is not achieved. The significant recommendation regarding the reporting of project risks to Leadership Board included under the first control objective resulted in this control objective being assessed as not achieved. It was noted that a comprehensive risk management timetable is in place for 2025 and 2026, and that a clear process exists for the reporting of incidents and near misses to the Risk and Business Continuity Team via the Health and Safety team.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Risk Internal Audit Review

Local Member: N/A

Appendices

None

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Committee and Date

Audit and Governance Committee

5th February 2026

10:00am

Item 13

Public



Internal Audit Performance 2025/26

Responsible Officer:	Barry Hanson		
email:	barry.hanson@shropshire.gov.uk	Tel:	07990 086409
Cabinet Member (Portfolio Holder):	Heather Kidd, Leader of the Council Duncan Kerr, Chairman of the Audit and Governance Committee Roger Evans, Portfolio Holder – Finance		

1. Synopsis

This report summarises Internal Audit's 2025/26 work to date. Lower audit assurances are highlighted, providing members with an opportunity to challenge.

2. Executive Summary

- 2.1. This report provides members with an update of work undertaken by Internal Audit in the two months since the November Committee.
- 2.2. Two good, five reasonable, four limited and one unsatisfactory assurance opinions have been issued. The 12 final reports contained 75 recommendations, one of which was fundamental.
- 2.3. This report proposes revisions in the coverage of planned activity for Shropshire Council, with a decrease of nine days from 1,311 days as reported in November 2025 to 1,302 days. The reduction in available audit days is due to an additional days leave awarded to all staff. Revisions to the plan are targeted to provide enough activity to inform an end of year opinion. There is the need to remain agile to respond to emerging financial emergency and any assurance work required as a result.

- 2.4. Internal Audit continues to add value to the Council in its delivery of bespoke pieces of work, including sharing best practice and providing advice on system developments. Internal Audit resources are directed in response to the financial emergency declared on 10th September 2025 and in support of the corporate peer review action plan. Any adjustments to planned activity are documented within this report. An Improvement Plan was approved by Council on 11th December 2025 and forms a central component of the Council's response to the financial emergency and Corporate Peer Challenge report. Whilst the implementation of the plan is still in its infancy this has been considered as part of the plan adjustments and will be fully considered as part of the 2026/27 Internal Audit Plan.

3. Decisions

- 3.1. The Committee is asked to consider and endorse, with appropriate comment:
- a) the performance of Internal Audit against the 2025/26 Audit Plan.
 - b) Identify any action(s) it wishes to take in response to any low assurance levels and fundamental recommendations, brought to Members' attention, especially where they are repeated.

Report

4. Risk Assessment and Opportunities Appraisal

- 4.1. 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 (delivery risks) changes. In delivering the plan, the adequacy of control environments is examined, evaluated and reported on independently and objectively by Internal Audit. This contributes to the proper, economic, efficient and effective use of resources. It provides assurances on the internal control systems, by identifying potential weaknesses and areas for improvement, and engaging with management to address these in respect of current systems and during system design. Without this, failure to maintain robust internal control, risk and governance procedures creates an environment where poor performance, fraud, irregularity and inefficiency can go undetected, leading to financial loss and reputational damage.
- 4.2. Provision of the Internal Audit Annual Plan satisfies the Accounts and Audit Regulations 2015, part 2, section 5(1) in relation to internal audit. These state that:
- 'A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.
- 4.3. 'Proper practices' can be demonstrated through compliance with the Global Internal Audit Standards (GIAS) as applied in the UK Public Sector.

- 4.4. The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998 and there are no direct environmental or equalities consequences of this proposal.

5. Financial Implications

- 5.1. The Internal Audit plan is delivered within approved budgets. The work of Internal Audit contributes to improving the efficiency, effectiveness and economic management of the wider Council and its associated budgets. As part of the 2025/26 budget Internal Audit had an identified savings target of £78,720 which was originally anticipated to be met through the capitalisation of any audit time relating to providing assurance on transformation. Internal Audit were identified for review in phase one of the restructuring programme, this has resulted in one post being removed from the structure and a saving of £46,180 being delivered. The remaining £32,540 savings target cannot be delivered on a permanent basis. Although this may be delivered on a one off basis in 2025/26 due to the previous vacancies in the team.
- 5.2. Shropshire Council continues to manage unprecedented financial demands and a financial emergency was declared by Cabinet on 10 September 2025. The overall financial position of the Council is set out in the monitoring position presented to Cabinet on a monthly basis. Significant management action has been instigated at all levels of the Council reducing spend to ensure the Council's financial survival. While all reports to Members provide the financial implications of decisions being taken, this may change as officers review the overall financial situation and make decisions aligned to financial survivability. All non-essential spend will be stopped and all essential spend challenged. These actions may involve (this is not exhaustive):
- scaling down initiatives,
 - changing the scope of activities,
 - delaying implementation of agreed plans, or
 - extending delivery timescales.

6. Climate Change Appraisal

- 6.1. This report does not directly make decisions on energy and fuel consumption; renewable energy generation; carbon offsetting or mitigation; or on climate change adaption. However, the work of the Committee will look at these aspects relevant to the governance, risk management and control environment.

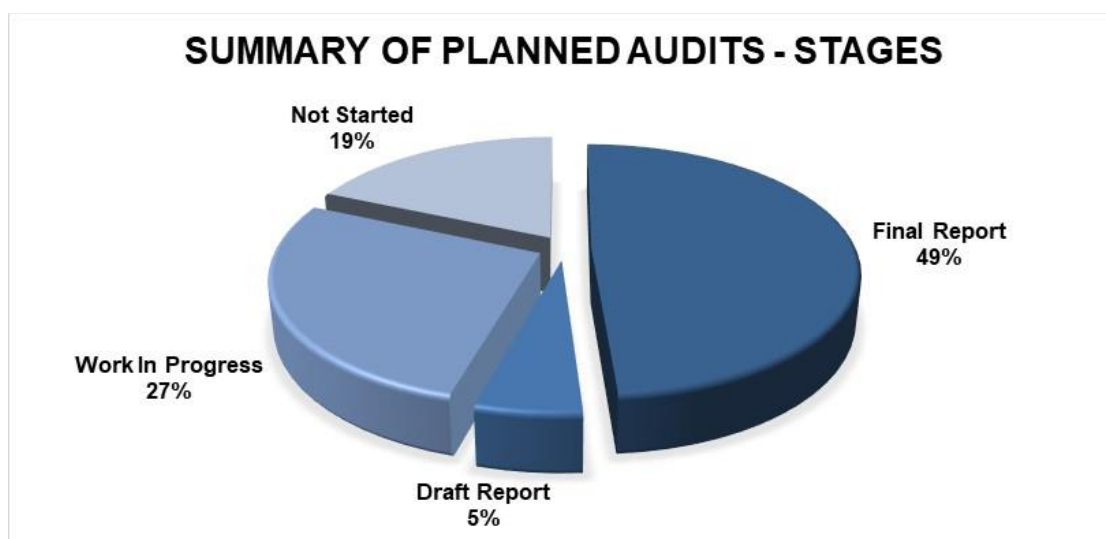
7. Background

- 7.1. Management is responsible for the system of internal control and should set in place policies and procedures to help ensure that the system is functioning correctly. Internal Audit reviews appraises and reports on the efficiency, effectiveness and economy of financial, governance, risk and other management controls. The Audit and Governance Committee is the governing body with delegated authority under the Constitution to monitor progress on the work of Internal Audit.

- 7.2. The 2025/26 Internal Audit Plan was presented to, and approved by the Audit and Governance Committee at the 16th July 2025 meeting with adjustments being approved in September and November. This report provides an update on progress made against the plan up to 11th January 2026 and includes revisions to the plan.

8. Performance Against the Plan 2025/26

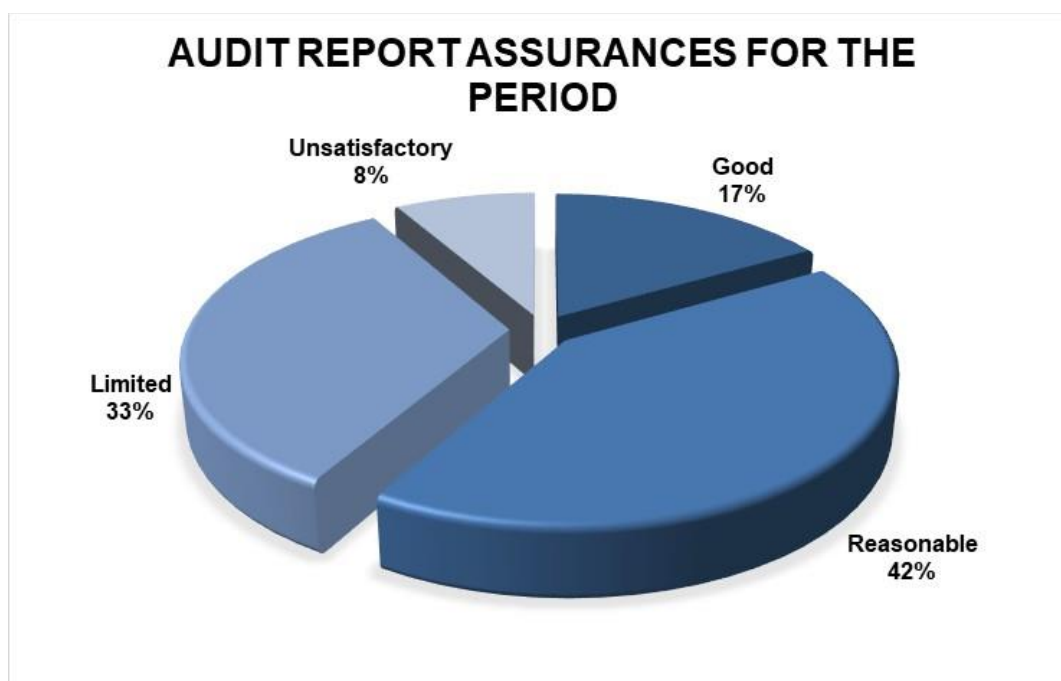
- 8.1. Revisions to the 2025/26 plan provide for a total of 1,302 audit days, a decrease of nine days from those approved by the Committee in November 2025. The reduction in available audit days is due to an additional days leave awarded to all staff. Revisions to the plan are targeted to provide enough activity to inform an end of year opinion. Internal Audit resources are directed in response to the financial emergency declared on 10th September 2025 and in support of the corporate peer review action plan. Any adjustments to planned activity are documented within this report. An Improvement Plan was approved by Council on 11th December 2025 and forms a central component of the Council's response to the financial emergency and Corporate Peer Challenge report. Whilst the implementation of the plan is still in its infancy this has been considered as part of the plan adjustments and will be fully considered as part of the 2026/27 Internal Audit Plan.
- 8.2. Results of all audit work undertaken will be reported to the Audit and Governance Committee following completion and will contribute directly to the CAE year end opinion.
- 8.3. In total, 12 final reports have been issued in the period from 3rd November 2025 to 11th January 2026, all are listed with their assurance rating and broken down by service area at paragraph 8.4. The following chart shows performance against the approved Internal Audit Plan for 2025/26:



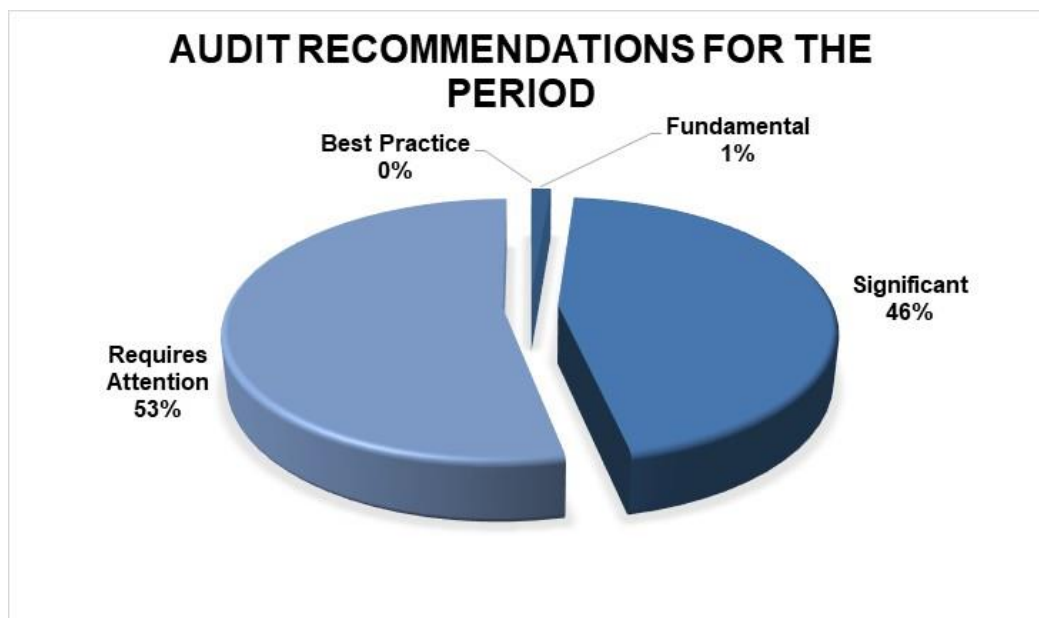
- 8.4. The following audits have been completed in the period:

	Audit Opinion				Recommendations				Direction of Travel
	Good	Reasonable	Limited	Unsatisfactory	Fundamental	Significant	Requires Attention	Best Practice	
Audit Name									
Virtual School	1						1		N/A
Much Wenlock Sports Centre- Joint Use Follow Up		1				2	2		↑
Waste Contract Follow Up – Strategy and Reporting Oversight Arrangements	1						1		↑
Management and Control of CCTV Operations Follow Up		1				2	6		↑
Corporate Governance 2024/25		1				2	3		↔
Budget Monitoring				1	1	5	4		↓
ICT Restructure		1					3		N/A
Network Switch Management		1					5		N/A
Travel and Subsistence Follow Up			1			2	2		↔
Purchasing Card Spend Review						4			N/A
WhatsApp Follow Up						4			↔
Coroners and Mortuary Service			1			3	5		N/A
PMO Project Management			1			4	3		N/A
Risk Management			1			6	5		↓
Total	2	5	4	1	1	34	40	0	
Percentage	17%	42%	33%	8%	1%	45%	54%	0%	

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



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



- 8.7. In the period up to the 11th January 2026, seven reports have been issued providing good or reasonable assurances and accounting for 59% of the opinions delivered. This is comparable to 60% in the same reporting period for 2024/25 and the previous year outturn of 58%. Limited and unsatisfactory assurances are currently 41% for the period compared to 40% in the same period for 2024/25 and the previous year outturn of 42%.
- 8.8. Following the declaration of financial emergency in September 2025 it is noted that senior resources have been deployed across the Council in response to this. An Improvement Plan was approved by Council on 11th December 2025 and forms a central component of the Council's response to the financial emergency and Corporate Peer Challenge report. As the Council attempts to implement significant change at pace it is key that the Committee it is key that the Committee maintain oversight of this programme of work to ensure that improvement actions are delivered, embedded and are effective.
- 8.9. Details of control objectives evaluated and not found to be in place as part of the planned audit reviews that resulted in limited and unsatisfactory assurances, appear in **Appendix A, Table 1**. The appendix also includes descriptions of the levels of assurance used in assessing the control environment and the classification of recommendations, **Tables 2 and 3** and provides a glossary of common terms, **Table 4**.

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

- 8.10. Five draft reports are awaiting management responses, which will be included in the next performance report. Work has also been completed for external clients in addition to the certification of two grant claims for Shropshire Council.

8.11. A total of 75 recommendations have been made in the 12 final audit reports issued during this period; the breakdown of these by audit and recommendation rating are shown at paragraph 8.4. One fundamental recommendation has been made which is detailed below:

Audit Name: Budget Monitoring

Recommendation: Finance should review the budget setting process and timetable to ensure:

- All budgets are as accurate as possible at the start of the financial year. Assumptions made at the beginning of the budget setting process should include written clear rationale why they have been included and reviewed against actuals to identify significant differences or include a review of outturn to inform zero based budgeting.
- The budget setting process is simplified where possible and clearly communicated to all Council staff especially budget holders
- They have an effective process to engage with service areas at all levels and improve communication with budget holders to improve relationships. Lessons learnt from the previous budget setting process should be taken into consideration and formalised early reviews undertaken in the new financial year to confirm predications were accurate. Any identified adjustments should be made and recorded as appropriate.
- Finance Business Partners have reviewed those budgets they have responsibility for to ensure they reflect current income and expenditure, known budget issues and consideration should be given to using a zero-based budget approach where required.
- Clear parameters and roles and responsibilities are identified so there is a clear understanding who will do what.
- Procedures or process notes are in place to document the budget setting process including the BOSS meetings. This should include any discrepancies, how these will be monitored and solutions identified if the budget becomes overspent.
- Service Directors must ensure they have met with their teams and budget holders to confirm proposed budgets are accurate and realistic. Where significant differences are identified these should be discussed with Finance and the budget reviewed to determine a budget that can be achieved or look for alternative options to balance the budget.

Risk: Failure to have accurate budgets at the beginning of the financial year will lead to inaccurate forecasting and monitoring of budgets throughout the year resulting in over or underspends impacting the Councils overall financial position. This risk has materialised.

Management Response: Action –

1. Budget Overview and Scrutiny Sessions (BOSS) meetings were held in October between Finance and Service managers and Service Directors for all areas of the Council to discuss proposed changes to the budget for the following year. This process ensured that service managers were aware of all amendments and could comments and challenge if further amendments needed to be made. This was followed up by a second BOSS meeting with Service Directors and Service Managers (where appropriate) in December highlighting any amendments made following the October MTFS.

2. Meanwhile, Finance Business Partners have also been meeting with budget holders to discuss the budget for the coming year and ensure all amendments are reflected appropriately.
3. The budget setting process will be reviewed for the 2027/28 financial year, including Zero based budgeting, although this will need to be resourced appropriately before this can be carried out.
4. Finance Business Partners are in the process of producing procedure notes for key processes undertaken in the budget setting process.

Actions 1 and 2 have already been implemented and will continue for future budget setting cycles.

Action 3 will be undertaken during the 2027/28 budget setting cycle so will be complete by February 2027.

Action 4 will be complete by October 2026.

Target Implementation Date: February 2027

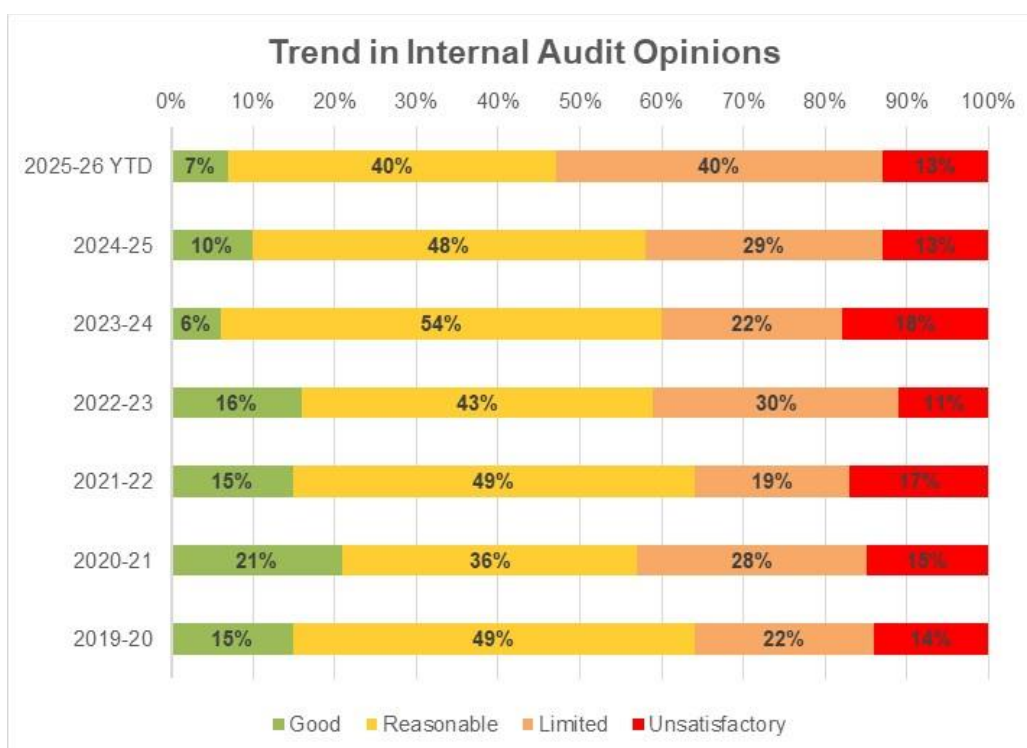
Question 2: Do Members wish to receive an update from the service area in relation to the fundamental recommendation?

- 8.12. It is the identified manager's responsibility to ensure accepted audit recommendations are implemented within an agreed timescale. **Appendix A, Table 5** sets out the approach adopted to following up recommendations highlighting Audit and Governance Committee's involvement.
- 8.13. The following demonstrates areas where internal audit have added value with unplanned, project or advisory work, not included in the original plan.
 - **Payroll Data Analytics** – Analysis of payroll data was undertaken to identify data quality improvements and exception reporting on key areas within the payroll system. In addition, the analysis considered anomalies within the data that could result in incorrect payments. This information was shared with the HR/Payroll Manager to enable the HR Business Partners to support those not using the system correctly. This supports the Internal Audit Service counter fraud work and is directly linked to the financial strategic risks.
 - **Recommendation Follow Up** – As reported to the November Committee the Internal Audit Manager has been reviewing all overdue significant and fundamental recommendations alongside Service Directors. This has been reported to the Statutory Officers group and has seen an increase in the number of recommendations managers are reporting as implemented. A number of recommendations have also seen the agreed implementation date extended.
 - **Strategy and Change Working Group** – A Principal Auditor is attending the working group in an assurance/advisory capacity.

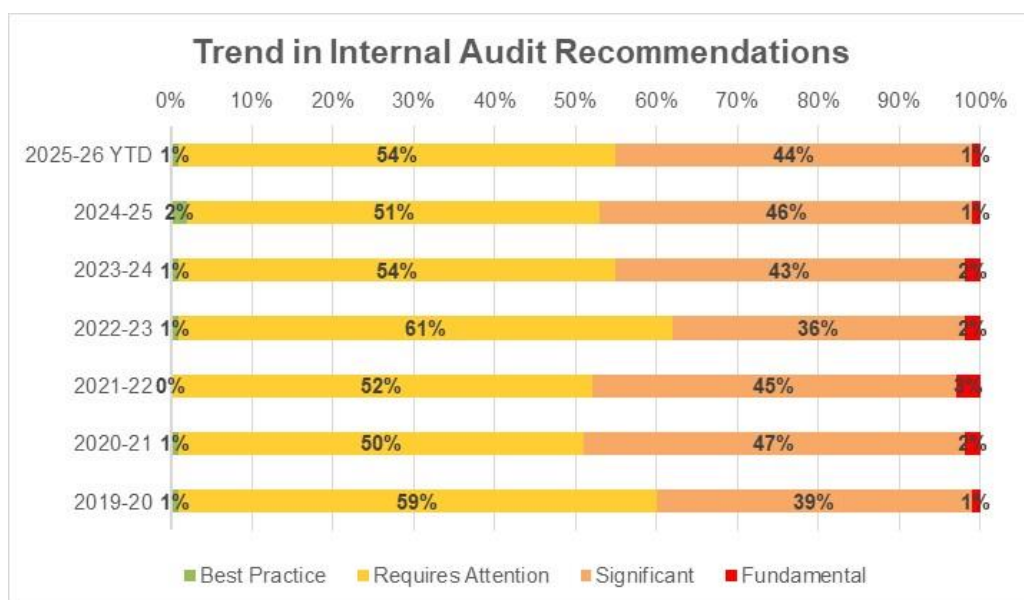
Direction of travel

- 8.14. 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):



Comparison of recommendation by categorisation:



8.15. The number of lower-level assurances to date, 53%, is higher than the outturn for 2024/25 of 42%. As reported in the November 2025 meeting, the higher proportion of lower assurances delivered continues to be a concern. As the Council is already operating within a declared financial emergency and delivering substantial organisational change these persistent lower assurances may indicate that the systems and processes are under strain or that agreed improvement actions are not being embedded as intended. Lower levels of assurance highlight areas where controls are not operating effectively, where non-compliance is recurring or where increased oversight is required.

8.16. Full details of the audits completed and their assurance opinions can be found at paragraph 8.4.

Performance Measures

8.17. All Internal Audit work has been completed in accordance with agreed plans and the outcomes of final reports have been reported to the Audit and Governance 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 2025/26 – Audit and Governance Committee 27th November 2025

Internal Audit Performance and Revised Annual Audit Plan 2025/26 – Audit and Governance Committee 26th September 2025

Draft Internal Audit Risk Based Plan 2025/26 - Audit Committee 16th July 2025

Global Internal Audit Standards (GIAS)

CIPFA Application Note: GIAS in the UK Public Sector

Audit Management system

Accounts and Audit Regulations 2015, 2018 and Accounts and Audit (Coronavirus) (Amendment) Regulations 2020, Amendment Regulations 2022

Local Member: All

Appendices

Appendix A

Table 1: Unsatisfactory and limited assurance opinions in the period 3rd November 2025 to 11th January 2026

Table 2: Audit assurance opinions

Table 3: Audit recommendation categories

Table 4: Glossary of terms

Table 5: Recommendation follow up process (risk based)

Appendix B - Audit plan by service 1st April to 11th January 2026

APPENDIX A

Table 1: Unsatisfactory and limited assurance opinions issued in the period from 3rd November 2025 to 11th January 2026¹

Unsatisfactory assurance

Enabling– Budget Monitoring (Reasonable 2022/23)

- The budgets are set in accordance with pre-determined approved policy objectives.
- All budgets are properly controlled by effective periodic monitoring of financial out-turns against detailed budgets.
- All budget holders have a clear understanding of their roles and responsibilities for completing their monthly budget monitoring reports.
- Budget holders are trained to complete their monthly budget monitoring reports.
- Significant variances are promptly identified, reported and acted upon.
- Savings are identified, monitored and recorded on the savings tracker.
- Strategic and Operational risks are recorded on the relevant risk registers and are monitored, reviewed and updated as per the Councils Risk Management Strategy.

Limited assurance

Legal and Governance – Coroners and Mortuary Service

- Appropriate controls are in place within the Coroners Service to ensure compliance with statutory requirements.
- Management information is produced on a regular basis and is subject to independent review in a timely manner.

Enabling – Travel and Subsistence Follow Up (Limited 2024/25 and 2022/23)

- The recommendations made in the previous audit have been implemented.
- Travel and subsistence payments are appropriately controlled and actioned in an accurate and timely manner.

Strategy – PMO Project Management

- The Project Management Office (PMO) is appropriately structured, has clear purpose, is adequately resourced and delivers an efficient service.
- Governance and oversight of projects is adequate and in line with requirements.
- Risk management is robust and effective for all projects.
- Project budgets are realistic, monitored and reported.

Strategy – Risk Management (Reasonable 2042/25)

- To confirm there is a robust system in place for the identification, assessment, recording and control and monitoring of operational risk.
- The board and management received periodic reports of the results of the risk management process.

Table 2: Audit assurance opinions: awarded on completion of audit reviews reflecting the efficiency and effectiveness of the controls in place, opinions are graded as follows

¹ 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.

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

Table 3: Audit recommendation categories: an indicator of the effectiveness of the Council's internal control environment and are rated according to their priority

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

Table 4: 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).

Table 5: 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 Officer be reported to Audit Committee for consideration.

AUDIT PLAN BY SERVICE –PERFORMANCE REPORT FROM 1st APRIL TO 11th JANUARY 2026

Strategic Risk	Audit Name	Original Plan Days	August Revision	November Revision	January Revision	Revised Plan Days	11 th January 2026 Actual	Date Final Report Issued	Audit Opinion	Fundamental	Significant	Requires Attention	Best Practice	Direction of Travel
CYB	Back-up arrangements Follow Up 2024/25	0				0	0.4	Complete	Briefing Note					N/A
BBS/GOV	CIPFA Financial Resilience Review 2024/25	0				0	1.0	Complete	Briefing Note					N/A
CYB	Data Centres and Infrastructure 2024/25	0				0	0.0	Complete	Briefing Note					N/A
CYB	IDOX Cloud Regulatory Services IT Application 2024/25	0				0	0.7	Complete	Briefing Note					N/A
GOV	IT Contract Management 2024/25	0				0	0.7	Complete	Reasonable		1	2		↑
CYB	Microsoft Co-Pilot / Ai 2024/25	0				0	0.7	Complete	Reasonable		1	4		N/A
BBS/GOV	Shrewsbury Shopping Centre Follow Up 2024/25	0				0	0.6	Complete	Reasonable		2	2		↑
GOV/SKI	Workforce Planning – Impact of Voluntary Redundancy on Key Skills and Delegated Responsibilities 2024/25	0				0	0.3	Complete	Limited		2	4		N/A
CYB	IT Monitoring Use of Facilities 2024/25	0				0	1.1	Complete	Limited		2	5		↔
BBS	Economic Growth Strategy/Big Plan 2024/25	0				0	0.8	Complete	Reasonable		3	5		↑
GOV	Feedback and Insight 2024/25	0				0	0.4	Complete	Limited		10	5		N/A
BBS	Section 17 Payments Follow Up 2024/25	0				0	0.5	Complete	Limited		3	4		↔
BBS	Supporting Families Grant - March 2025 Claim 2024/25	0				0	0.0	Complete	N/A					N/A
BBS/GOV	North West Relief Road (NWRR) Follow Up 2024/25	0				0	0.7	Complete	Reasonable		3	1		↑
GOV	Bishops Castle Community College	10	-8			2	1.5	Complete	Briefing Note					N/A
SGC	Children's Residential Care Contract Management	4				4	4.4	Complete	Reasonable		3	3		↑
SGC	Short Breaks Follow up	4				4	3.8	Complete	Unsatisfactory	1	1			↔
BBS	External Catering Contracts	2				2	2.4	Complete	Reasonable		1			↔
SGC	Foster Care	5	2			7	6.9	Complete	Reasonable		2	5		↑
GOV	SFVS - Schools Financial Value Statement	2				2	2.9	Complete	N/A					N/A
SGC	Virtual School	10				10	9.0	Complete	Good			1		N/A
CCS	Garden Waste Collection	8				8	8.4	Complete	Limited		4	2		N/A
BBS	Key Supply Contracts	10		-7		3	2.5	Complete	Briefing Note	1				N/A
GOV	Much Wenlock Sports Centre - Joint Use	5		7	1	13	13.4	Complete	Reasonable		2	2		↑
BBS	Deferred Payments 2024/25	0	8			8	7.6	Complete	Unsatisfactory		9	10		↓
CCS	Waste - Veolia Contract	8				8	7.1	Complete	Good			1		↑
BBS	Community Equipment Contract Medequip - PPM Follow Up	3	8			11	10.7	Complete	Reasonable		1	2		↑
GOV	Empty Homes 2024/25	0	9			9	9.3	Complete	Briefing Note					N/A
GOV	Library Management System - Application Review	8		4		12	11.7	Complete	Reasonable		4	11		↑
BBS	Housing Options / Homelessness	12	12			24	23.8	Complete	Limited		5	8		↓
GOV	Management & Control of CCTV Operations	6		5	1	12	12.6	Complete	Reasonable		2	6		↑
GOV	The Lantern Follow Up	5	-2			3	1.7	Complete	Unsatisfactory					↔
GOV	Corporate Governance 24/25	0				0	2.4	Complete	Reasonable		2	3		↔
GOV	Recommendation Follow Up	0			8	8	7.4	Complete	Briefing Note					N/A

Strategic Risk	Audit Name	Original Plan Days	August Revision	November Revision	January Revision	Revised Plan Days	11 th January 2026 Actual	Date Final Report Issued	Audit Opinion	Fundamental	Significant	Requires Attention	Best Practice	Direction of Travel
BBS	Adult Social Care Outturn	0		21		21	20.7	Complete	Briefing Note	1	4	1		N/A
BBS	Budget Monitoring	8	10	4		22	22.0	Complete	Unsatisfactory	1	5	4		↓
GOV	Digital Mail Room 2024/25	0	4			4	3.6	Complete	Unsatisfactory		5	2		↓
GOV	Equality Diversity and Inclusion Arrangements Follow Up 2024/25	0	5			5	5.4	Complete	Limited		2	2		↔
GOV/B BS	Holiday Pay 2024/25	0	10			10	10.1	Complete	Limited		2	2		N/A
GOV	IT Code of Practice / Acceptable Use	8				8	7.6	Complete	Good			3	2	↑
GOV	ICT Restructure	5				5	4.8	Complete	Reasonable			3		N/A
CYB	Network Switch Management	10			-2	8	7.7	Complete	Reasonable			5		N/A
CYB	Pay360 Income Application 2024/25	0	2			2	2.6	Complete	Reasonable		1	7		N/A
GOV	Payroll Data Analytics (IDEA) 24/25 Q4	1				1	1.9	Complete	N/A					N/A
GOV	Payroll Data Analytics (IDEA) Q1	1				1	0.3	Complete	N/A					N/A
GOV	Payroll Data Analytics (IDEA) Q2	1				1	0.6	Complete	N/A					N/A
GOV	Payroll Data Analytics (IDEA) Q3	1				1	0.3	Complete	N/A					N/A
BBS	Purchasing Card Spend Review	0		8	2	10	10.5	Complete	Briefing Note		4			N/A
GOV	Security of Council Buildings Follow Up	5				5	5.5	Complete	Limited		2	1		↔
EGS	Shirehall Disposal	7		2		9	8.7	Complete	Limited		3			N/A
EGS	Shirehall Decant 2024/25	0	2			2	1.7	Complete	Reasonable		3	3		N/A
CYB/G OV	SNOW IT Asset Management 2024/25	0	9			9	9.2	Complete	Limited		2	6		↓
GOV	Telecommunications - Contracts, Procurement and Monitoring 2024/25	0	17			17	17.3	Complete	Unsatisfactory		7	3		↓
BBS	Travel and Subsistence	4		10	1	15	15.3	Complete	Limited		2	2		↔
GOV	VAT	5				5	4.2	Complete	Limited		4	2		↔
CYB	WhatsApp Follow Up	3		-2		1	1.1	Complete	Briefing Note		4			↔
BBS	BSOG Grant Bus Subsidy	2				2	1.9	Complete	N/A					N/A
GOV	TOG (Transport Operations Group)	10	-8			2	1.3	Complete	Briefing Note					N/A
GOV/B BS	WSP Contract 2024/25	0	5			5	5.0	Complete	Limited		5	8		↔
GOV	Coroners and Mortuary Service	0	10			10	10.3	Complete	Limited		3	5		N/A
BBS	Home Upgrade Grant (HUG) Phase 2			15		15	21.5	Complete	Grant					N/A
BBS	DfT Incentive Element Grant					0	1.1	Complete	N/A					N/A
GOV	NFI September 2025 Update					0	0.3	Complete	N/A					N/A
GOV / BBS	New Operating Model (NOM) Pilot	10		1		11	11.3	Complete	Limited		3	6		N/A
GOV	PMO Project Management	0	12	1		13	12.9	Complete	Limited		4	3		N/A
GOV	IT Project Management	0	8	1		9	8.8	Complete	Reasonable		1	4		↔
GOV	Risk Management	10			5	15	14.9	Complete	Limited		6	5		↓
CYB	Liquid Logic Application (Adults & Childrens) / Controcc	15			5	20	19.9	Draft						
BBS	Care Act - Market Shaping	10		2	2	14	12.9	Draft						
CYB	Active Directory Analytics	10			2	12	11.3	Draft						

Strategic Risk	Audit Name	Original Plan Days	August Revision	November Revision	January Revision	Revised Plan Days	11 th January 2026 Actual	Date Final Report Issued	Audit Opinion	Fundamental	Significant	Requires Attention	Best Practice	Direction of Travel
BBS	Debt Recovery	15		9		24	24.1	Draft						
CYB	Solar Winds Network Monitoring	10				10	9.2	Draft						
GOV	Counter Fraud Work - Fighting Fraud and Corruption Locally Assessment				7	7	6.6	Draft						
GOV	Members Development Training	0		8	9	17	16.5	Draft						
GOV	Assistive Technologies including BOTS	10				10	4.0	In Progress						
BBS / PAR	Continuing Health Care (CHC) Funding	8				8	2.0	In Progress						
SGC / BBS	Children's Social Care Budget Management	5				5	4.5	In Progress						
SGC	Direct Payments Children	10				10	4.7	In Progress						
SGC	Magic Notes AI	7				7	4.9	In Progress						
GOV	Schools Self Assessments (Audit Provided)	8			2	10	8.0	In Progress						
BBS	Section 17 Payments Follow Up	0			5	5	0.7	In Progress						
GOV	Financial Evaluations	30		-10		20	11.5	In Progress						
BBS	Personal Budgets / Direct Payments Finance Team- Adults	10			2	12	10.6	In Progress						
CYB	Amazon Web Services (AWS) Platform	10				10	2.4	In Progress						
CCCS	Emergency Planning	8				8	3.4	In Progress						
GOV	The Lantern	0	5			5	1.0	In Progress						
GOV	Ethics / Culture	10				10	0.9	In Progress						
BBS	Agency Workers & Consultants Follow Up	5				5	3.6	In Progress						
GOV	BluPrint - Print Unit Operations	6			2	8	4.6	In Progress						
MHW	Health & Safety	8			7	15	12.4	In Progress						
BBS	ICT Project Financing and Recharges	5				5	1.9	In Progress						
CYB	Mobile Device Management - Intune	5				5	0.6	In Progress						
CYB	Northgate - Revenues & Benefits Application	10			2	12	8.5	In Progress						
SKI	Organisational Workforce Resilience	0	15			15	12.6	In Progress						
GOV	Payroll System	25			5	30	11.6	In Progress						
GOV	VAT Follow Up	0			4	4	0.2	In Progress						
GOV	Chipside Parking System Application Review	10				10	1.2	In Progress						
CYB	IDOX Planning, Building Control & Gazetteer Management System	10				10	1.0	In Progress						
GOV	TOG (Transport Operations Group)	0	10			10	1.5	In Progress						
GOV	Counter Fraud Work - NFI Duplicate Payments Review	15			-7	8	1.8	In Progress						
GOV	Counter Fraud, Policies and Training - Fraud Risk Assessment	2				2	0.9	In Progress						
BBS	Finance - Final Grant Claims	8				8		In Progress						
GOV	National Fraud Initiative (NFI)	20				20	9.8	In Progress						
GOV	Annual Governance Statement (AGS)	1				1	0.3	In Progress						
GOV	Performance Management & PIs	8				8	6.0	In Progress						
GOV	Bishops Castle Community College	0	8			8		Delayed						
SGC	Adoption Process including allowances	10				10		Not Started						

Strategic Risk	Audit Name	Original Plan Days	August Revision	November Revision	January Revision	Revised Plan Days	11 th January 2026 Actual	Date Final Report Issued	Audit Opinion	Fundamental	Significant	Requires Attention	Best Practice	Direction of Travel
SGC / BBS	SEND Commissioning	10				10	0.5	Not Started						
CCS	Garden Waste Collection Follow Up	0			4	4	0.1	Not Started						
GOV	Procurement Strategy	8			-6	2		Not Started						
GOV	Housing Client Side	5				5		Not Started						
BBS	Housing Options / Homelessness Follow Up	0			4	4		Not Started						
GOV	Corporate Governance	8				8		Not Started						
BBS	ASC Outturn Follow Up	0			4	4		Not Started						
CYB	Business Continuity Planning	10				10		Not Started						
CYB	Database Access / Admin / Management	8				8		Not Started						
CYB	Disaster Recovery	5				5	0.5	Not Started						
GOV	Equality Diversity and Inclusion Arrangements Follow Up	0			2	2		Not Started						
GOV/B BS	Holiday Pay Follow Up	0			2	2		Not Started						
SKI	Human Resources / Workforce Planning	10			-8	2		Not Started						
SKI	Impact of Voluntary Redundancy on Key Skills and Delegated Responsibilities	0			4	4		Not Started						
CYB	Nutanix Data Centre Solution	10				10		Not Started						
CYB	PSN (public sector network) Accreditation	5				5		Not Started						
CYB	Remote Support	5				5		Not Started						
GOV / BBS	Big Town Plan / Shrewsbury Riverside Development	10				10		Not Started						
GOV	Highways Maintenance - Term Maintenance -Kier	15				15	0.1	Not Started						
GOV	Highways Other Major Contracts	2				2		Not Started						
GOV	Feedback and Insight Follow Up	0			4	4		Not Started						
GOV / BBS	New Operating Model (NOM) Pilot Follow Up	0			4	4		Not Started						
GOV/B BS	Spend Control and Workforce Board Review	0			8	8		Not Started						
GOV/B BS	Payroll Leaver and Sickness Verification	0			8	8		Not Started						
GOV / BBS	Shropshire Plan Delivery	5			-3	2	0.1	Not Started						
GOV	Education Health and Care Plan (EHCP) AI	7			-7	0		Cut						
CYB	Conditional Access	7			-7	0		Cut						
CYB	Corporate Networking - Active Directory	10			-10	0		Cut						
CYB	Decommissioning Shirehall Data Centre Project	10			-10	0		Cut						
GOV	Power BI Reporting and Development	7			-7	0		Cut						
MHW / SKI	Recruitment / Retention / Redeployment arrangements	6			-5	1	1.1	Cut						
CYB	Unified Communications	7			-7	0		Cut						
GOV	CONFIRM-Highways Management System	10			-10	0		Cut						
GOV	Partnerships	8			-8	0		Cut						

Strategic Risk	Audit Name	Original Plan Days	August Revision	November Revision	January Revision	Revised Plan Days	11 th January 2026 Actual	Date Final Report Issued	Audit Opinion	Fundamental	Significant	Requires Attention	Best Practice	Direction of Travel
GOV	Section 38 Road Adoption	4			-4	0	0.1	Cut						
	Total Shropshire Council Planned Work	709	153	79	15	956	640							
	CONTINGENCIES													
	Advisory Contingency	20	0	0	0	20	12.5							
	Fraud Contingency	150	-50	-56	-24	20	4.1							
	Unplanned Audit Contingency	50	-42	0	0	8	0.4							
	Other non audit Chargeable Work	120	3	14	0	137	113.2							
	CONTINGENCIES	340	-89	-42	-24	185	138.1							
	Total for Shropshire	1,049	64	37	-9	1,141	778.1							
	EXTERNAL CLIENTS	159	0	2	0	161	133.0							
	Total Chargeable	1,208	64	39	-9	1,302	911.1							



Committee and Date

Audit and Governance Committee

5th February 2026

10:00am

Item 14

Public



Draft Internal Audit Annual Plan 2026/27

Responsible Officer:	Barry Hanson		
email:	barry.hanson@shropshire.gov.uk	Tel:	07990 086409
Cabinet Member (Portfolio Holder):	Heather Kidd, Leader of the Council Duncan Kerr, Chairman of the Audit and Governance Committee Roger Evans, Portfolio Holder – Finance		

1. Synopsis

The risk based Internal Audit Plan, 2026/27 is presented to the Audit and Governance Committee for approval. It will evaluate the effectiveness of the Council's risk management, internal control and governance processes across all Directorates.

2. Executive Summary

- 2.1. This report provides Members with the proposed risk based Internal Audit Plan for 2026/27. The annual plan will provide coverage across the high-risk areas of the Council and delivers internal audit services to a range of external organisations. It takes account of issues identified by the clients' risk management frameworks, including the risk appetite levels set by management for the different activities or parts of the organisations audited. The proposed plan considers the requirement to produce an annual internal audit opinion and assurance framework.
- 2.2. Given the need to respond flexibly to both the Council's demands and the available resources in the team at different times throughout the year, the plan is

designed to ensure that all external contracts are completed and for Shropshire Council, must do areas of work are delivered alongside an element of high-risk audits. If there is further recruitment within the year allocations will be made on risk priority matched to auditor skill sets from high-risk areas within the Council not covered in the planned element. The draft 2026/27 Internal Audit plan is set out in **Appendix A** and the call off list of in **Appendix B**. Delivery outcomes will continue to be reported to Audit and Governance Committee through the standard performance reports presented throughout the financial year.

3. Recommendations

- 3.1. The Committee is asked to consider and endorse, with appropriate comment, the approach taken to create the proposed Internal Audit Plan for 2026/27 and approve its adoption.

Report

4. Risk Assessment and Opportunities Appraisal

- 4.1. Under the Audit and Governance Committee's terms of reference, reviewing the risk-based audit plan, including internal audit resource requirements, the approach to using other sources of assurance and any other work upon which reliance is placed, is an important responsibility. In considering this plan Members should be assured that it is linked to the Council's key risks and provides enough coverage to ensure a reasonable opportunity to identify any weaknesses in the internal control environment. Risks identified as being critical to the Council's operations will be reported and rectified where possible and viable.
- 4.2. Areas to be audited within the plan have been considered using risk register information both at an operational and strategic level in addition to liaison with key members and officers.
- 4.3. The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998. There are no direct environmental, equalities, consultation or climate change consequences of this proposal.
- 4.4. The Internal Audit Annual Plan satisfies the Global Internal Audit Standards (GIAS), CIPFA's Application Note on the GIAS and the Accounts and Audit Regulations 2015 part 2. The latter sets out the requirements on all relevant authorities in relation to internal control, including requirements in respect of accounting records, internal audit and review of the system of internal control. Specifically:

'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.'

5. Financial Implications

- 5.1. The Internal Audit service is provided within the approved budget.
- 5.2. Shropshire Council continues to manage unprecedented financial demands and a financial emergency was declared by Cabinet on 10 September 2025. The overall financial position of the Council is set out in the monitoring position presented to Cabinet on a monthly basis. Significant management action has been instigated at all levels of the Council reducing spend to ensure the Council's financial survival. While all reports to Members provide the financial implications of decisions being taken, this may change as officers review the overall financial situation and make decisions aligned to financial survivability. All non-essential spend will be stopped and all essential spend challenged. These actions may involve (this is not exhaustive):
- scaling down initiatives,
 - changing the scope of activities,
 - delaying implementation of agreed plans, or
 - extending delivery timescales.

6. Climate Change Appraisal

- 6.1. This report does not directly make decisions on energy and fuel consumption; renewable energy generation; carbon offsetting or mitigation; or on climate change adaption. However, the work of the Audit Team will look at these aspects relevant to the governance, risk management and control environment of the Council. The majority of audit work will continue to be carried out remotely thereby reducing fuel consumption.

7. Background

- 7.1. The provision of a risk based Internal Audit Plan consistent with the Council's goals is an essential part of ensuring probity and soundness of the Council's internal controls, risk exposure and governance framework. The plan has been devised to ensure that it delivers against the GIAS and the requirement to produce an annual Chief Audit Executive opinion and assurance framework. In so doing it can be confirmed that the plan covers the following activities:
- Governance processes
 - Ethics
 - Information technology governance
 - Risk management and
 - Fraud management.
- 7.2. The Council continues to operate within an exceptionally challenging environment, shaped by extreme financial pressures and the declaration of a financial emergency by Cabinet in September 2025. These pressures have required the organisation to reduce all non-essential spend, scale down initiatives, challenge essential expenditure, and in some cases delay or re-scope agreed plans. Simultaneously, the impact of the voluntary redundancy programme, ongoing recruitment difficulties, and the removal of key posts have

created constraints on workforce capacity across services. Against this backdrop of reduced resources, increased demand, and organisational transformation, the Internal Audit Plan must remain agile and responsive to emerging risks, ensuring sufficient coverage of high-risk areas while enabling the Chief Audit Executive to provide an annual opinion on the effectiveness of the Council's governance, risk management and control environment.

- 7.3. These pressures also coincide with a period of significant structural and operational change, including a change in Chief Executive, the implementation of the new operating model, large-scale capital programmes, reliance on digital systems, and heightened exposure to cyber threats. Transformation activity, new delivery models, and the redesign of key services present both opportunities and risks, particularly where governance arrangements, data quality, and project oversight require strengthening.
- 7.4. The Council is also navigating complex external factors such as increasing demand for social care, SEND and the broader national challenges facing local government. In this context, the Internal Audit Plan provides a critical mechanism to maintain oversight, target limited audit resources where they add most value, and support the organisation in safeguarding public funds, improving resilience, and ensuring that statutory and regulatory obligations continue to be met.
- 7.5. The audit risk assessment is reviewed annually with the Chief Executive (currently interim), Executive Directors including the s151 Officer and Service Directors to ensure that it remains robust and relevant to the needs and risk profile of the Council. All Executive Directors were consulted with the exception of the s151 Officer who was unavailable due to sickness. The process also recognises that the Council is embarking on a significant period of change through the implementation of the improvement plan, continuing to use innovative approaches in providing services.
- 7.6. The recommendations in the 2024/25 annual External Auditors report including the statutory recommendation emphasise the need for the Council to strengthen the consistency, transparency and effectiveness of its governance, financial management and performance oversight arrangements in light of the significant pressures it currently faces. Their findings underline the importance of improving the timeliness and quality of financial reporting, ensuring that savings plans are realistic and deliverable, and enhancing the robustness of risk management—particularly in areas affected by workforce capacity constraints, transformation activity and ongoing financial emergency measures. They also highlight the need for clearer accountability, stronger project and contract management disciplines, and better use of data and intelligence to support informed decision-making. In addition, the corporate peer challenge made recommendations which feed into the improvement plan. Collectively, these recommendations reinforce the necessity of the risk-based Internal Audit Plan as a critical tool to provide assurance, support organisational improvement and restore financial and operational resilience.
- 7.7. In accordance with the GIAS there is a requirement that Internal Audit must create a risk based internal audit plan that supports the achievement of the

organisation's objectives. The risk-based planning process is summarised in the diagram below:



7.8. When considering the risks affecting audit areas, account has been taken of:

- changes to services / transformation;
- the new Council operating model, transformation programmes, refined principles and service plans;
- the recommendations made by the Council's External Auditors;
- the Shropshire Improvement Plan;
- Workforce pressures following the voluntary redundancy programme;
- budget pressures and saving commitments;
- previous audit findings;
- opening and closure of establishments;
- comments from the external auditors on scope and coverage to ensure the work of Internal Audit does not duplicate that of the external auditor;
- Audit and Governance Committee terms of reference;
- increased partnership working or different delivery models for future service delivery;
- risks identified by the risk management process;
- school budget deficits and self-assessments;
- large contracts likely to be undertaken; and
- assurances from services, internal governance and external parties.

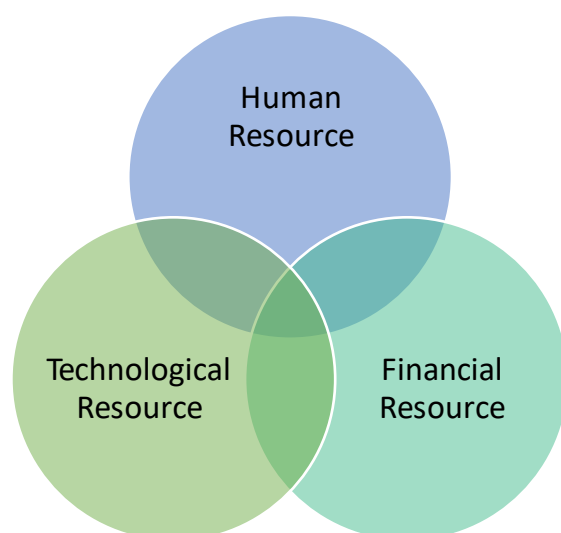
7.9. The Council's strategic risks reflect significant pressures across financial sustainability, governance, workforce resilience, and service delivery. The highest-rated risks include failure to prevent or respond to a major cyber-attack, inability to contain expenditure or set a balanced budget, and failures in governance

and workforce wellbeing, recruitment, retention and succession planning. Additional high-impact risks relate to extreme pressures on key partners in health, social care and criminal justice, the need to respond and adapt to climate change, rising waiting lists in key statutory services, and maintaining effective safeguarding arrangements for children. Collectively, these risks illustrate the Council's exposure to financial strain, operational capacity challenges, heightened demand, and external system pressures, all of which influence the audit planning and assurance requirements.

- 7.10. Demand for services, particularly in children's and adults' social care continues to rise in both volume and complexity, increasing safeguarding responsibilities and stretching already limited resources. Alongside this, councils must also respond to environmental, social and governance expectations, strengthen cyber security and digital service resilience, and address difficulties in attracting and retaining staff with the skills and capacity needed to manage risks effectively and prevent waste, losses or inefficiencies. All of these risks have been carefully considered in the development of the audit plan.
- 7.11. The impact of the voluntary redundancy programme is still ongoing with some key posts removed as part of this process and is therefore not yet reflected in the internal control environment. There are a significant number of lower assurance levels and fundamental recommendations made. Follow up of these areas is a must do in respect of unsatisfactory audits, with only a proportion of limited assurance audits being revisited within current resources.
- 7.12. **Appendix A** provides the summarised Internal Audit plan and identifies a planned day requirement of 1,446 days for Shropshire Council audit work and 158 days of work for external clients.

Resources

- 7.13. The team comprises 9.2 full-time equivalent filled posts and one full-time vacant post bringing together a broad mix of skills across finance, information technology, contract management, governance, establishments, systems, counter fraud, investigations and project management. The team are highly qualified chartered accountants (CIPFA, ACCA), internal auditors (IIA CMIIA, CIA).
- 7.14. During 2025/26 following successful recruitment only one post vacancy now remains. Work continues to strengthen capability across the wider team, and where recruitment is not possible, available vacancy funding may be used where required to commission external contractors to ensure the delivery of key audit activity. Given the current spending restrictions and council motion relating to the creation of a dedicated counter fraud team, the vacant post will be held at this time pending further decisions made in this regard.
- 7.15. The GIAS specifically refer to resource requirements, broadly these can be broken down into the following:



Resource Area	GIAS Requirement	Current position
Human Resource	The Internal Audit service needs to have an appropriate range of knowledge, skills, qualifications and experience to deliver the audit plan. Internal Auditors should also have support from management to perform their duties effectively.	The Head of Policy and Governance is a Chartered Internal Auditor (CMIA) and qualified IT Auditor. The Internal Audit Manager is a CIPFA qualified accountant, both lead officers have over 20 years experience in assurance delivery. The wider team comprises: <ul style="list-style-type: none"> • CIPFA accountants • Chartered Internal Auditors (CMIA) • ACCA qualified accountants • Accredited CIPFA counter fraud technician • Qualified specialist IT Auditor who also holds a masters in audit management and consultancy.
Financial Resource	The Internal Audit service should have access to the necessary resources to deliver the internal audit strategy and audit plan.	The Internal Audit team budget is set by finance and approved by members as part of the main Council budget. Given the current financial position there are spending control gateways for recruitment and purchasing across the Council and Internal Audit are subject to these.
Technological Resource	Internal Auditors should have access to the necessary resources, including information technology to support the delivery of audit work and pursue opportunities to improve efficiency and effectiveness.	An audit management system (Pentana) is in place and analytics tools are available through the Microsoft 365 environment and specialist audit software such as IDEA analytics tool. There is a need to further develop analytics within the team to drive efficiencies in audit testing. A resources and training strategy is being developed to ensure that this is addressed.

- 7.16. The Audit Plan for 2026/27 has been prepared to ensure maximum benefit to the Council with available resources. Based on a risk analysis approximately 4,293 days are required to review all high-risk areas. With current resources it would take almost three years to cover all high-risk areas. Resources available after deducting allowances for non-chargeable time (leave, management meetings, administration, etc.); and chargeable time (attendance at corporate officer and member meetings, responding to legislation, s151 officer work requests, training etc.) amount to 1,604 days, of which 158 are to be used on providing services to customers other than Shropshire Council leaving a balance of 1,446 days.
- 7.17. Allocations of planned work will be made on risk priority matched to auditor skill sets from high-risk areas within the Council not covered in the planned element. The call off list of audit areas is prioritised based on risk and will ensure high risks are focused on; it removes the need to spend time replanning as new resources become available and work can be assigned almost immediately by any Principal Auditor. **Appendix A** provides details of the areas that Audit will review during 2024/25 and **Appendix B**, the call off list for currently unplanned work that will be prioritised. A Transformation and Improvement contingency has been included within the plan to provide assurance on the Improvement Plan and individual workstreams within it. The governance arrangements for the workstreams and plans of work are still being developed and therefore it is too early to define what work will be completed. Including this contingency will enable the team to respond flexibly as the plans develop over the course of the year.
- 7.18. Members are reminded that where Internal Audit cannot provide independent assurance, the Committee can at any time, request Managers for any of the areas identified to provide assurances directly to them; this should be considered by Members especially for items listed in **Appendix B** that are not guaranteed an audit in the next twelve months.
- 7.19. Contingencies for fraud and advice, if not required in 2026/27, can be re-allocated and higher priority reviews brought back into the plan.
- 7.20. In considering the plan for 2026/27 the key items to note are:
- Included in the plan are several key fundamental systems which are of a high material value to the Council's operations and require regular review.
 - A separate risk-based analysis of the IT audit areas has been conducted in consultation with the Head of Automation and Technology and assessments of applications, projects, developmental changes, new technology, changes to guidance and follow ups in areas requiring improvements are planned. IT continues to form a significant part of the internal audit plan reflecting the Council's reliance on technology and digital transformation requirements as services are redesigned and the threat of cyber risks grows. This work underpins the Council's principle to make digital the preferred way to work and transact.
 - The counter fraud contingency has been maintained at 150 days to accommodate investigation work.
 - Internal Audit will continue to request schools to complete a self-assessment process on a three-year basis. The Headteachers will be asked to share the

self-assessment with both the Chair of Finance and Governors and seek their sign off to it. This approach will enable provision of a more rounded assessment of processes to support the s151 Officer's wider assurance of the school environment.

- Consultation with the Interim Chief Executive, Executive Directors and Service Directors have identified areas where they would like assurances, most of these are high risk and as such included in the plan.
- The plan provides continual professional development and training for auditors during the year. This helps to retain staff, future proof the skills of team members and build skills in areas where updated knowledge is required for the benefit of the Council, external clients and the auditors. To reflect the number of Auditors new to the Council and in some cases Audit, the plan continues to allow for inclusion of review areas to support professional training courses that based on risk alone would not be covered in the plan.
- Decisions based on current data and intelligence is another of the Council's principles and the increased use of data analytics within Audit will support both testing and focus, as well as providing information on where controls can be improved alongside quality of the systems used.
- Resources are allocated to provide internal audit services to external clients and various honorary, voluntary and grant funds. In addition, audit time is allocated to review areas of significant risk which are being considered for transfer to other delivery models.

GIAS Topical Requirements

7.21. The Institute of Internal Auditors' Topical Requirements are a mandatory extension of the International Professional Practices Framework (IPPF), introduced alongside the Global Internal Audit Standards (GIAS). These requirements establish mandatory guidance for internal audit engagements in specific high-risk areas helping to ensure consistency and quality across audits. They include clear criteria, application guidance, and user resources to help auditors apply professional judgment and a risk-based approach when planning, scoping, and testing. Compliance with these requirements strengthens internal audit's ability to address emerging risks and deliver reliable assurance aligned with objectives and regulatory obligations. The Institute has currently issued three topical requirements:

- Cybersecurity Topical Requirement, effective from 5th February 2026.
- Third-party Topical Requirement, effective from 15th September 2026.
- Organisational Behaviour Topical Requirement, effective from 15th December 2026.

7.22. The Cybersecurity Topical Requirement Provides guidance on evaluating cybersecurity related controls and established a framework for assessing:

- governance structures, ensuring that cybersecurity strategies, policies, and roles are clearly defined and actively overseen;
- assessing risk management processes, including threat identification, mitigation, monitoring, and incident response capabilities; and
- technical and procedural controls including encryption, access management, vulnerability monitoring, patching, and configuration.

- 7.23. The Third-party Topical Requirement provides a framework to assess the risks associated with vendors, suppliers, and other external partners. Guidance is provided on the evaluation of governance structures and oversight mechanisms for third-party relationships, ensuring that roles, responsibilities, and accountability are clearly defined. The requirement emphasises assessing risk management processes, including due diligence, contract compliance, performance monitoring, and incident response.
- 7.24. The Organisational Behaviour Topical Requirement provides guidance on assess the behavioural and cultural factors influencing organisational risk and performance. It reframes culture into observable actions and decisions, to support the evaluation of governance structures, accountability mechanisms, and incentives that shape employee and leadership behaviour.
- 7.25. These topical requirements have been considered during the audit planning process and used to shape relevant risk-based work. The requirements will also be used to scope the work and develop the elevation work programme for each assignment.
- 7.26. A copy of the draft plan for Shropshire Council and those of our external clients will be forwarded to the appropriate external auditors inviting their comments on coverage and to maximise any shared learning from each other's work.
- 7.27. Every effort has been made to include all key audit areas required in the plan. If other items are identified from discussions with colleagues from External Audit, or as knowledge becomes available from other sources, these will be agreed with the Section 151 Officer and reported to a future Audit and Governance Committee.

8. Conclusions

- 8.1. The audit plan has been designed to provide appropriate coverage in line with the Global Internal Audit Standards (GIAS), while retaining the flexibility needed to respond to changes that will inevitably arise during the year. Although every effort is made to deliver the plan as set out, emerging risks and shifting organisational priorities may require adjustments. As such, the audit plan should be viewed as a statement of intent, with regular engagement between Internal Audit and senior management ensuring it remains current, responsive, and is brought back to the Audit and Governance Committee for approval of any amendments.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Audit universe and resources analysis
 Global Internal Audit Standards
 CIPFA Application Note: Global Internal Audit Standards in the UK Public Sector
 CIPFA Audit Committees, Practical Guidance for Local Authorities and Police, 2022 edition
 Accounts and Audit Regulations 2015

Risk in Focus – Hot topics for Internal Auditors ECIIA 2026

Local Member: N/A

Appendices

Appendix A: 2026/27 Draft Internal Audit Plan

Appendix B: 2026/27 Call Off List

Appendix C: Strategic Risk Key

APPENDIX A**2026/27 DRAFT INTERNAL AUDIT PLAN**

It should be noted that the audit titles and high-level scopes included below are only indicative at this stage. At the start of each audit, an initial discussion will be held to agree the specific objective and scope of the review.

Audit Area	Days Required	Strategic Risk	Scope Description
Assurance Audits			
CQC Continuous Improvement Plan	12	GOV	To review the arrangements in place to monitor and deliver the Continuous Improvement Plan following the CQC inspection in 2024, to ensure they align to the expected timings of the next inspection.
DOLS Deprivation of Liberty Safeguards	10	WLI	To provide assurance that the Council as Supervisory Body is meeting its requirements of the Mental Capacity Act in relation to the Deprivation of Liberty Safeguards.
ContrOCC Application	15	CYB	An IT application audit of the ContrOCC system, which is used to manage the payment of care packages. The audit aims to ensure the system continues to be well governed, secure and is administered effectively in line with best practice.
Shropshire Carers Support Team	10	GOV	To provide assurance that the operational processes are in place following the service being brought back into the Council.
Adults with Learning Disabilities Day Services	10	BBS	To provide assurance on the adequacy of the day services provided for adults with learning disabilities to ensure they meet customer requirements, current demand and provide value for money. The audit will review strategies, demand and financial viability.
Care Leaver Allowances	10	SGC	To provide assurance on the allowances and support provided to care leavers. The audit aims to ensure allowances are used effectively to support young people transitioning out of the care system and into independent living.
Early Help	10	SGC	To provide assurance on the effectiveness of the Council's Early Help provision to assess whether targeted support is delivered to prevent issues escalating to statutory intervention and help reduce poor outcomes for families whilst safeguarding vulnerable individuals.
Foster Care Project	10	BBS / SGC	To provide assurance on the management arrangements in place to ensure the program to recruit foster carers is achieving its intended outcomes to reduce the number of Children placed in residential care. The audit will review the project arrangements to ensure the savings identified are monitored on a regular basis and corrective action taken if these are not to be met and alternative savings identified.
Purchase Cards - Children's Homes	8	SGC/BBS	To review the management arrangements in place for Purchase Cards in Children's homes to assess the robustness and effectiveness of processes in place and safety following the removal of petty cash. The audit will consider the arrangements for ensuring compliance with the Councils Financial Rules and value for money.

Audit Area	Days Required	Strategic Risk	Scope Description
Stepping Stones	12	SGC/BBS	To provide assurance on the management arrangements to ensure the program is achieving its intended outcomes to prevent children from entering care and stepping them down from residential care. The audit will include all stepping down of residential placements and will review the savings identified are monitored on a regular basis and corrective action taken if these are not to be met and alternative savings identified.
Elective Home Education	10	SGC	To provide assurance that the Council is meeting its roles and responsibilities for the education of Elective Home Educated Children. The audit aims to ensure that there are appropriate arrangements in place focusing on statutory duties and guidance, governance, safeguarding and escalation, and policy implementation considering national case reviews.
Home to School Transport and SEND Transport	15	BBS	To provide assurance on the Council's approach and arrangements for home to school transport, transport (including Special Educational Needs and Disabilities (SEND) transport) are effective, compliant, safe, and economical, and whether risks are being identified, managed, and reported appropriately, focusing on policy versus practice, procurement and commissioning processes, with potential overlap between education and children's social care. The audit aims to ensure the contracts are administered in a manner that achieves value for money, delivers intended outcomes and complies with statutory and regulatory requirements.
Monitoring of Schools Deficit/Surplus Budgets	8	BBS	To provide assurance that deficit budgets for maintained schools are lawful, justified and properly authorised. The audit will also review if the financial management and monitoring arrangements are robust and effective and that deficit recovery plans are realistic, monitored and achievable.
Supported Living - Perthyn Contract	8	GOV	To ensure there are appropriate contract management arrangements in place to commission support for adults with learning disabilities to live as independently as possible within the community.
Contracts Register	8	GOV	To review the processes, governance and management of the contract register to ensure that it serves as an accurate, comprehensive and effective tool for monitoring contracts. The audit aims to ensure that the Council is complying with legal and regulatory requirements whilst safeguarding public resources and promoting accountability and transparency.
Procurement Strategy	10	GOV	To review the Council's approach to managing procurement activity to achieve value for money, promote efficiency, sustainability and social value. The audit aims to ensure that the procurement strategy supports the Council's objectives whilst complying with legal and regulatory requirements demonstrating the effective use of public funds. The audit will consider the arrangements for ensuring compliance with the Procurement Act 2023 which came into force in February 2025. This audit was delayed from 2025/26.
Private Renters Bill	10	GOV	To assess whether the Council has effective arrangements in place to ensure compliance with the Renters' Rights Bill/Act 2026, including the strengthened enforcement powers, abolition of Section 21 evictions, introduction of open-ended tenancies, new data and reporting requirements, and enhanced duties relating to property standards and tenant protections.

Audit Area	Days Required	Strategic Risk	Scope Description
Regulator for Social Housing Compliance	10	GOV	To assess whether the Council, as the registered provider and statutory duty-holder, has adequate governance, assurance, and oversight arrangements to ensure full and demonstrable compliance with the Regulator of Social Housing's Consumer Standards (Safety & Quality; Tenancy; Neighbourhood & Community; Transparency, Influence & Accountability), including where day-to-day landlord services are delivered by the ALMO; and that the Council can effectively lead, evidence, and respond to any Regulator investigation or enforcement action. This will include ensuring there is appropriate oversight of compliance at a Council level including at relevant committees.
Community Covenant	10	GOV	To provide independent assurance on whether the Community Covenant Pilot's governance, decision-making, and delivery arrangements effectively enable lawful, transparent, inclusive, and value-for-money collaboration between local residents and the Council at neighbourhood level so that power-sharing and co-produced decisions are well-controlled, risks are managed, and intended community outcomes are achieved.
Food Standards and Hygiene	10	GOV/SKI	To provide assurance on whether the food standards and hygiene control arrangements are adequately designed and operating effectively to meet statutory duties and the requirements of the FSA improvement plan, including oversight arrangements and reporting.
Parking - Enforcement and Issue of NPOs & Fixed Penalty Notices	10	BBS	To provide assurance on the management arrangements in place for parking and parking enforcement. The audit will include consideration of the management proposal to bring them together in the future to ensure strategies are aligned and there are joined up working relationships between the two areas.
Code of Practice for Statutory Officers	8	GOV	To assess whether the Council has established and operates effective governance arrangements that enable the Head of Paid Service, Chief Finance Officer and Monitoring Officer to collectively fulfil their statutory responsibilities in line with the Code of Practice on Good Governance for Local Authority Statutory Officers, including the seven standards of the "Golden Triangle," thereby supporting lawful, ethical, informed, and resilient decision-making.
Corporate Governance	8	GOV	Review of the effectiveness of the governance framework and processes to ensure the Council operates in a transparent, accountable and ethical manner aligning with statutory obligations and best practice. This is a key audit to feed into the Chief Audit Executive's (CAE) year end opinion and support the assurances required by the Audit Committee and sets out the Local Code of Governance to demonstrate compliance with the CIPFA SOLACE framework.
Improvement and Assurance Framework for Local Governance	8	GOV	To provide independent assurance on whether the Council's Improvement and Assurance Framework is appropriately designed and operating effectively to deliver continuous improvement, meet statutory and Best Value duties, and give timely, reliable assurance to Members and senior leadership enabling informed decision-making, robust oversight, and demonstrable improvement in outcomes and value for money.
Improvement Plan	15	BBS/GOV	To provide assurance that the Council has established effective governance, oversight, and delivery arrangements to support the successful implementation of its Improvement Plan, ensuring that actions are

Audit Area	Days Required	Strategic Risk	Scope Description
			clearly defined, appropriately resourced, risk-managed, monitored, and reported in a transparent and timely manner to enable the Council to achieve its intended improvement outcomes.
Capital - Management and Monitoring	8	BBS	To provide assurance the Capital Programme is planned, governed, monitored and delivered effectively ensuring compliance with statutory requirements, sound financial control and effective management of risk.
CIPFA Financial Management Self-Assessment	10	GOV/BBS	Review of the financial management practices and controls across the Council to ensure they align to CIPFA's framework for Local Authorities. The audit aims to ensure there is compliance with the code to demonstrate the Council is managing public finances responsibly, efficiently and in a transparent manner to strengthen financial resilience.
Income Collection	8	BBS	To provide assurance that all income due to the Council is collected, recorded and reconciled ensuring that income is safeguarded against loss, error or fraud.
Sales Ledger	15	BBS	Fundamental audit of the Council's Sales Ledger system to ensure the system is accurate, well-controlled and supports effective income collection, financial reporting and good governance.
Savings Delivery	12	BBS/GOV	To assess whether the Council has effective governance, processes, and controls in place to identify, evaluate, approve, monitor, and report savings plans in a manner that supports financial sustainability, ensures the achievability of savings, and provides accurate and timely information for decision-making.
Treasury Management	8	BBS	Fundamental audit of the operations of the borrowing and investing activities within Treasury Management.
Apprenticeship Levy	10		To provide assurance that the Council's Apprenticeship Levy arrangements are well controlled, compliant with legislation and used to support workforce development and value for money.
HR Casework and Employee Relations	15	MHW / SKI /GOV	To review the effectiveness of managing HR cases relating to employee performance, discipline, grievances, capability and other HR-related issues. The audit aims to ensure that cases are handled fairly, consistently and in compliance with legal and organisational policies to safeguard the Council from legal risks and maintain an efficient working environment.
Human Resources - Leavers Process	8	MHW / SKI	To review the procedures and practices followed when an employee leaves the Council, whether through resignation, retirement, redundancy or dismissal. The audit aims to ensure that processes are efficient, compliant with relevant legislation and identify any potential risks relating to employee exits such as data security, business continuity, outstanding pay or benefits and the management of knowledge transfer and legal challenges.
Human Resources / Workforce Planning	10	SKI	To review the process used to ensure the Council has the right number of skilled employees with the right mix of capabilities and the right time to meet current and future service delivery needs to ensure productivity is maximised. The audit aims to ensure there are effective processes for workforce planning strategies which align to the council's strategic objectives, budgetary constraints and workforce diversity objectives. This will include a follow up of the recommendations made as part of the 2024/25 Limited assurance audit reviewing the impact of the voluntary redundancy process.

Audit Area	Days Required	Strategic Risk	Scope Description
Organisational Workforce Resilience	15	SKI	To provide assurance that the workforce is resilient and productivity is maximised. The audit will review components of the employee experience to identify how resilient the organisation is and what actions are being taken to address potential weaknesses. Areas included in the review will be absence trends, exit interviews, vacancy management and staff satisfaction surveys.
Back-up arrangements	5	CYB	To ensure there are appropriate and robust arrangements in place for back-up and recovery of critical infrastructure and application systems to maintain service continuity and data integrity in the event of a system failure, cyber incident or other form of disruption.
Business Continuity Planning (Guildhall)	10	CYB	To provide assurance that the Council is effectively managing the risks to critical services, data, staff and infrastructure throughout the relocation to the Guildhall. The audit aims to ensure there are appropriate arrangements in place to maintain essential services, safeguard resources and meet statutory duties.
Conditional Access	8	CYB	To evaluate the effectiveness, security and governance of the arrangements that control access to Council systems and data based on conditions such as user identify, device status, location and risk level.
Cyber Threat / Incident Response Plan	10	CYB	To provide assurance that cyber threats and incidents are identified and that timely and appropriate action is taken to mitigate identified risks. The audit aims to ensure that the integrity of the Council's IT network and data is maintained in a secure and efficient manner. This will include following up the recommendations made as part of the 2024/25 IT Monitoring Use of Facilities limited assurance audit report.
Cyber Security Contract Management (NormCyber / WAN / Data Centre)	10	CYB	To provide assurance that key IT contracts with vendors and service providers are properly managed, compliant, and aligned with Council goals and requirements. The audit will focus on verifying that contracts include clear terms for service levels, security obligations, data protection, and performance metrics. Key contracts to include the Wide Area Network (WAN), the Nuneaton primary data centre and the Norm cyber security operations centre.
Decommission Shirehall Data Centre Project	10	CYB	To review the project management of the arrangements for the closure of the Shirehall datacentre. The audit aims to ensure that the integrity of the Council's IT network and data is maintained in a secure and efficient manner. This audit has been carried forward from 2025/26.
Digital Transformation Plan	10	CYB	To provide assurance over the development, management and delivery of the digital transformation plan. The audit will include the development of the digital and cyber strategies.
Digital Transformation Board	5	CYB	To provide assurance over the governance arrangements established to ensure accountability and alignment of digital resources and projects with statutory obligations and best practice.
Disaster Recovery	5	CYB	Review of the disaster recovery plans for the Councils ICT systems to assess the preparedness, resilience and governance of the Council's IT systems in the event of a disruptive incident such as a cyber attack or hardware failure.

Audit Area	Days Required	Strategic Risk	Scope Description
Microsoft Azure (Office 365)	10	CYB	To provide assurance that the configuration, security and operation of the Azure Platform is aligned with the Council's policies and best practices. The audit will focus on verifying robust identity and access management and confirm that monitoring and logging are appropriately enabled.
Nutanix Data Centre Solution	10	CYB	To provide assurance on the security, reliability and governance of the Council's Nutanix platform used to manage virtualised IT environments, storage and cloud services.
Microsoft Power Apps Development and Management	10	CYB	To review the arrangements for the development and management of canvas and model-driven Microsoft power applications. The audit will evaluate the governance arrangements, the application lifecycle management and the security and controls that have been established to protect information.
Power BI Reporting and Development	7	GOV	To provide assurance on the administration, governance, accuracy, security and effectiveness of the use of Power BI for data analytics and decision making. This audit has been carried forward from 2024/25.
Remote Access, Citrix & VPN	8	CYB	To provide assurance that Virtual Private Networks (VPNs) and remote access is secure, controlled, and complies with Council policy. The audit will focus on verifying that VPN configurations enforce strong encryption and security and that remote access is only granted to authorised users and devices, with robust logging and monitoring in place.
Robotic Process Automation (RPA)	5	CYB	To review the development of Robotic Process Automation (RPA). The audit aims to provide assurance that appropriate arrangements are in place for the development of software robots (bots) and that bots are secure and their operation is monitored and reviewed.
Service Accounts	10	CYB	To provide assurance that service accounts are properly managed, secure, and compliant with policies. Including verifying that all service accounts have a legitimate business purpose, are documented, are assigned to an accountable owner and are secure.
Unified Communications	7	CYB	To provide assurance that integrated communication services tools are being managed securely, effectively and in line with strategic, operational and legal requirements.
ResourceLink- HR Application Review	8	GOV	An IT application audit of the ResourceLink system, which is used to support recruitment and the payment of external payrolls. The audit aims to ensure the system continues to be well governed, secure and is administered effectively in line with best practice.
Property Sales and Acquisitions	10	GOV/BBS	To assess whether the Council's asset disposal arrangements are designed and operating effectively to ensure that disposals are conducted lawfully, transparently, and in a manner that secures value for money, protects public assets, and complies with relevant policies, procedures, and statutory requirements.
Business Rates / Non-Domestic Rates (NDR)	20	BBS	Fundamental audit of the operations and collection of Business Rates including raising liability, billing, reliefs, discounts, collection and recovery.
Revenues and Benefits Service Delivery	8	GOV / SKI	To provide assurance that actions arising from the recent external review are appropriately prioritised, resourced, and progressing to address identified gaps; and the audit will also identify practical opportunities to maximise productivity and throughput (e.g., workflow optimisation, demand management, digital/automation, and targeted performance measures).

Audit Area	Days Required	Strategic Risk	Scope Description
Highways Development Control	10	CCS	To ensure that there are effective arrangements in place to manage and control the highways impacts of new developments so that they do not negatively impact the highways network and that they provide safe, suitable access and infrastructure.
Economic Growth Projects	10		To provide assurance that economic growth initiatives are properly governed, managed effectively and deliver the intended outcomes.
Project Management	12	GOV/BBS	To provide assurance that the Council's partnerships arrangements for major infrastructure projects are effectively governed to deliver value for money and ensure accountability and transparency whilst supporting the Council's aims and objectives. This will include a review of lessons learned from recent projects.
Street Scene	10	GOV	To provide assurance that there are appropriate arrangements in place to deliver street scene functions and that these are delivered safely and efficiently in line with statutory duties.
Grey Fleet	8	GOV	To ensure that there are appropriate arrangements in place for the use of privately own vehicles for Council business ensuring that health and safety obligations are met and the risks to the Council are appropriately managed.
Complaint Handling Code	10	GOV	To assess whether the Council has designed, implemented, and is operating effective arrangements to adopt and comply with the Local Government and Social Care Ombudsman's (LGSCO) Complaint Handling Code ahead of April 2026—so that non-statutory complaints are handled accessibly, fairly and within defined timescales; learning from complaints drives measurable service improvement; governance and performance reporting (including self-assessment and the annual complaints performance and improvement report) provide robust oversight; and, where relevant, processes are aligned with the Housing Ombudsman's statutory Complaint Handling Code.
Freedom of Information (FOI) and Subject Access Requests (SAR)	10	GOV	To provide assurance on the Council's management of FOI requests and SARs. The audit will review the robustness of second line controls to oversee compliance when FOIs and SARs are handled across the organisation, this will include Environmental Information Regulation (EIR) requests. This audit will provide assurance on the processes to ensure the quality, accuracy and completeness of responses including reviewing whether they are legally compliant and whether exemptions have been correctly applied.
Information Classification / Handling / Data Loss	10	CYB	To provide assurance that appropriate arrangements have been made to implement the agreed information sensitivity classifications, supporting data handling procedures and data loss prevention controls. The audit will evaluate the effectiveness of the controls that have been implemented and provide assurance on their effectiveness in protecting the Council's information.
Committee Reporting and Management	10	GOV	To assess whether the Council's arrangements for Members' reporting and decision-making are robust, transparent, and compliant with statutory and constitutional requirements—specifically evaluating the effectiveness of the processes concerning: <ul style="list-style-type: none"> • Officers preparing reports and supporting papers that are accurate, balanced, timely, and aligned to the

Audit Area	Days Required	Strategic Risk	Scope Description
			<p>Council's governance framework;</p> <ul style="list-style-type: none"> • Appropriate review, quality assurance, and sign-off processes are consistently applied before reports are submitted for Member consideration; • the role of Committee Services in effectively coordinating the democratic process, including scheduling, agenda management, distribution of papers, • the management of forward plans (e.g., the statutory Forward Plan of Key Decisions) ensuring they are complete, up to date, and managed in accordance with legislative requirements and members and officers are informed of their requirements
Members Allowances and Expenses	8	GOV	To review the Council's approach to Contract Exemptions including governance and controls. This audit aims to ensure exemptions are compliant in relation to the use of contract exemptions under the authority's procurement rules and review the root causes to inform gaps across the organisation and increase awareness of the contract process.
Planning Service Review	12	GOV/SKI	To provide assurance that the Planning Service has effective internal control arrangements in place to ensure the delivery of statutory planning functions, including development management and spatial planning, in compliance with relevant legislation, regulations, and internal policies. The audit will assess whether key controls support transparent decision-making, appropriate monitoring of statutory performance indicators, efficient case management and service quality.
Performance Data	12	GOV	To provide assurance that there are effective arrangements in place to develop staff skills, manage performance, and utilise reporting tools, such as Power BI, in a manner that supports informed decision making, efficient service delivery, and compliance with organisational and statutory requirements whilst maintaining data quality.
Data Quality Strategy	5	GOV	Review the recently developed data quality strategy and provide assurance over the arrangements that have been established to drive implementation and monitor the effectiveness of outcomes.
Risk Management	10	GOV	Annual audit required as part of the Audit Committee Terms of Reference and ensure compliance with Global Internal Audit Standards (previously Public Sector Internal Audit Standards). This will include a review of the procedures in place to compile, report and monitor, operational, project and strategic risks against the requirements of the Risk Management Strategy to ensure risks are appropriately identified, assessed, managed and monitored to support the achievement of the Council's strategic and operational objectives. This will include following up the recommendations made as part of the 2025/26 limited assurance audit report.
PMO Project Management	12	GOV/BBS	To review the adequacy, effectiveness and consistency of project management across the organisation, including governance structures, risk and resource management, and performance monitoring, to ensure that projects are delivered on time, within budget, and in alignment with the Council's strategic objectives. The audit will consider projects that are managed both within and outside of the Project Management Office

Audit Area	Days Required	Strategic Risk	Scope Description
			(PMO). This will include following up recommendations made as part of the 2025/26 Limited assurance audit.
New Operating Model	10	GOV/BBS	Review of the Council's operating model against statutory deliverables, compliance with legislation and corporate plans (The Shropshire Plan). The audit aims to ensure there is appropriate governance and oversight to ensure the Council's new operating model is fit for purpose and supports the delivery of financial sustainability and value for money. This will include a follow up of the recommendations made as part of the 2025/26 limited assurance audit report on the HR pilot for the new operating model.
Follow Up Audit Assurance			
Aquamira Comforts Fund	3		To review the financial and administrative procedures in relation to the Comforts Fund and to prepare a Statement of Account for the period. This audit will include following up the recommendations made as part of the 2022/23 Unsatisfactory audit.
Direct Payments Children	5	SGC	Review of Children's Direct Payments processed and monitored by Social Care to ensure that client spend is in line with their agreed Support Plan and to ensure client contributions are made where required and overpayments or large unspent balances are identified and recovered where appropriate. The audit will review compliance against the statutory elements of the Care Act 2014 whilst identifying risks, promoting value for money and the safeguarding of public funds. This will include a follow up of the recommendations made as part of the 2020/21 Limited assurance audit.
Domiciliary & Respite Services (Short Breaks)	8	SGC	To provide assurance that the Council is delivering its legal, financial and safeguarding responsibilities in relation to a short breaks service for disabled children and their families in line with the Children's Act 1989 and the Breaks for Carers of Disabled Children Regulations 2011. The audit will follow up the recommendations made as part of the 2025/26 and 2023/24 unsatisfactory audit assurance reports which both included a fundamental recommendation. This will include reviewing the tendering process recently undertaken.
Bishops Castle Community College	10	GOV	To provide assurance that the school is managing its financial, governance and operational responsibilities effectively in compliance with statutory requirements and the Council's Financial Rules. This will include a follow up of the recommendations made in the 2023/24 unsatisfactory assurance audit which included two fundamental recommendations. The school had previously been assessed as limited in 2021/22 and unsatisfactory in 2019/20 and a briefing note was issued in 205/26 as management assurance was provided that the recommendations had not been implemented.
Personal Budgets - Deferred Payments	10	BBS	To provide assurance on the Council's administration of Deferred Payment Agreements (DPAs) in line with the requirements of the Care Act 2014 where individuals who require residential care defer the payment of care costs by using their property as security. The audit aims to ensure the scheme is administered fairly, transparently and in accordance with statutory regulations whilst safeguarding public funds and minimising

Audit Area	Days Required	Strategic Risk	Scope Description
			financial risks. This will include a follow up of the recommendations made as part of the 2024/25 Unsatisfactory assurance audit. This area was also rated as limited in 2021/22.
Key Supply Contracts	10	BBS	To provide assurance on the adequacy of the contract management arrangements for Supply Contracts by examining a sample of the arrangements for mid-term contracts that are not reviewed separately as part of the audit plan. This will include following up the recommendations made as part of the 2019/20 limited assurance audit and the weaknesses identified in the 25/26 briefing note which included a fundamental recommendation.
Ethics / Culture	10	GOV	Review of the Council's arrangements to implement a robust ethical framework and supportive culture to ensure it serves the public effectively and responsibly. The audit aims to ensure the Council promotes accountability and transparency whilst ensuring compliance with legal and regulatory requirements such as the Nolan Principles of Public Life. This will also include following up the recommendations made as part of the 2024/25 Limited assurance audit which included a fundamental recommendation. This audit has been carried forward from 2025/26.
Partnerships	12	GOV	To provide assurance that the Council's partnerships arrangements are effectively governed to deliver value for money and ensure accountability and transparency whilst supporting the Council's aims and objectives. The audit aims to ensure the partnerships are administered in a manner that achieves value for money, delivers intended outcomes and complies with statutory and regulatory requirements. This will also include following up the recommendations made as part of the 2023/24 limited assurance audit. This area was previously assessed as limited in 2019/20.
Debt Recovery	15	BBS	To provide assurance that the Council's debt recovery arrangements are effective, efficient, compliant with legislation and internal policy to support the Council's financial sustainability and good governance. This will include a follow up of the recommendations made as part of the 2025/26 Limited assurance audit.
Purchase Ledger P2P	26	BBS	Fundamental audit of the Council's Purchase Ledger system to ensure the system is accurate, complete, appropriately controlled and provides a reliable record of the Council's liabilities. This will include a follow up of the recommendations made as part of the 2024/25 Limited assurance audit. This area was also rated as limited in 2018/19, 2019/20, 2020/21 and 2021/22.
Diversity Arrangements	4	GOV	To provide assurance that the Council are managing Equality, Diversity and Inclusion arrangements for staff and residents in line with legislation and internal policies. This audit will follow up the recommendations made as part of the 2024/25 Limited internal audit report. This area was also rated as Limited in 2022/23.
Recruitment / Retention / Redeployment arrangements	6	MHW / SKI	To review the arrangements in place for recruiting staff. The audit aims to ensure that recruitment is undertaken in a fair and transparent way in compliance with relevant legislation ensuring relevant pre-employment checks have been undertaken. This will include a follow up of the recommendations made in

Audit Area	Days Required	Strategic Risk	Scope Description
			the 2024/25 Limited assurance audit. This area was previously assessed as limited in 2023/24, 2022/23 and 2017/18. This audit has been carried forward from 2025/26.
Travel and Subsistence	8	BBS	To review the arrangements for reimbursing employees who have incurred business related expenditure whilst doing their job to ensure compliance with the Council policy. This will include following up recommendations made as part of the 2025/26 Limited assurance audit. This area was previously assessed as limited in 2024/25 and 2022/23.
BluPrint - Print Unit Operations	6	Gov	To provide assurance that the service is efficient, well-managed, cost effective and aligned to the Council's objectives. This will include following up the recommendations made as part of the 2017/18 limited assurance audit.
Corporate Networking - Active Directory	10	CYB	To provide assurance that the Council's identity and access management systems, centrally managed through Active Directory are secure, well-managed, compliant and support the Council's cybersecurity and operational objectives and in line with the corporate information security policy / best practice. This will include following up the recommendations made as part of the 2017/18 limited assurance audit report. This audit has been carried forward from 2025/26.
Digital Mailroom	8	CYB	To provide assurance that post is scanned accurately, completely and efficiently, and provided securely to the correct Officers in the correct service areas in a timely manner. This will include following up recommendations made as part of the 2024/25 Unsatisfactory assurance audit. This audit has been carried forward from 2025/26.
Out of County IT Equipment Delivery	5	GOV	To provide assurance that appropriate arrangements are in place for the management and control of Out of County IT equipment and are operating effectively in line with corporate policies and procedures. This will include a follow up of the recommendations made in the 2023/24 limited assurance audit report.
Privileged Account Management	5	CYB	To provide assurance on the management, use and security of privilege user accounts. The audit will follow up the recommendations made as part of the 2023/24 limited assurance audit report.
IT Asset Management	8	GOV	To review the arrangements for the management of IT asset (hardware and software). The objective of the audit is to provide assurance that assets are appropriately and securely managed through their lifecycle, that software is used in accordance with its licence agreement. The audit will also follow-up on the made as part of the 2024/25 limited assurance audit report.
Telecommunications - Contracts, Procurement and Monitoring	10	BBS	To ensure that fixed line and mobile communications are operated in a secure and controlled manner, in line with internal policy and external legislation, and meet the requirements of the Council. This will include following up recommendations made as part of the 2024/25 Unsatisfactory assurance audit. This area was previously rated as Limited in 2021/22 and 2020/21.
WhatsApp	3	CYB	To ensure that the use of WhatsApp as a communication tool is aligned to the Council's policies and complies with legal and regulatory requirements and is used in an effective and secure manner. Given the increasing role in informal communication it is critical to ensure that WhatsApp usage is appropriately

Audit Area	Days Required	Strategic Risk	Scope Description
			managed to safeguard the Council's operations and reputation. This will include following up the recommendations made as part of the 2024/25 unsatisfactory audit assurance report and briefing note issued in 2025/26. This area was previously rated as unsatisfactory in 2023/24. This audit has been carried forward from 2025/26.
Security of Council Buildings Health & Safety	10	GOV	To provide assurance that appropriate security measures are in place and in line with Council Policy to protect all Council Buildings. To ensure that the new Building Security and CCTV policies have been effectively implemented. This will include a follow up of the recommendations made in the 2025/26 limited audit assurance report. This follows previous limited assurance audits in 2019/20, 2023/24 and 2024/25.
Shirehall Disposal	7	GOV	To provide assurance that there is transparency, accountability and compliance with regulations with regards to the arrangements for the disposal and the ongoing interim maintenance of Shirehall. The audit will follow up the recommendations made as part of the 2025/26 Limited audit assurance report.
CONFIRM-Highways Management System	10	GOV	An IT application audit of the highways management system software. The audit aims to ensure the software is well governed, secure and is administered effectively in line with best practice. This will include a follow up of the recommendations made as part of the 2022/23 limited assurance audit report. This area was also rated as limited in 2018/19 and 2017/18. This audit has been carried forward from 2025/26.
WSP Contract	6	GOV/BBS	To review the contract management arrangements for highways engineering consultancy services provided externally by WSP under the Built Environment Consultancy Contract (BECC). The audit aims to ensure that the Council is safeguarding public resources and delivering value for money through its contractual arrangements. This will include a follow up of the recommendations made as part of the 2024/25 Limited assurance audit report. This area was previously rated as limited in 2021/22 and 2019/20. This follow up audit was delayed from 2025/26.
Coroners and Mortuary Service	5	GOV	To provide assurance on the adequacy and effectiveness of the controls in place within the Coroners Service to ensure compliance with statutory requirements. This will include a follow up of the recommendations made as part of the 2025/26 Limited assurance audit.
Section 38 Road Adoption	6	GOV	To provide assurance that appropriate governance processes are in place to ensure that Section 38 agreements are overseen in accordance with the Highways Act 1980. This will include following up the recommendations made as part of the 2024/25 unsatisfactory audit. The service was previously rated as limited in 2018/19. This audit has been carried forward from 2025/26.
Social Media	10		To provide assurance that the organisation has appropriate guidance and governance arrangements in place to reduce the risks of the use of social media and to ensure compliance with policies and legislation. This will also include a follow up of the recommendations made as part of the 2024/25 Unsatisfactory assurance audit.
Shropshire Plan Delivery	12	GOV/BBS	To provide assurance that the Shropshire Plan is embedded into operational delivery and appropriate governance arrangements are in place to ensure it delivers its objectives. This is a follow up of the

Audit Area	Days Required	Strategic Risk	Scope Description
			recommendations made as part of the 2024/25 unsatisfactory audit assurance report which included a fundamental recommendation. This audit has been carried forward from 2025/26.
Other Audit Work			
Schools Self Assessments (Audit Provided)	8	GOV	To review a sample of schools controls evaluation self-assessments. Results are used to inform the annual programme of work targeting higher risk areas and providing feedback to schools where weaknesses are identified.
SFVS - Schools Financial Value Statement	2	GOV	To review the results of SFVS returns completed by schools. This review informs the annual programme of work for schools, highlighting areas of non-compliance or risk. This work also provides assurance to the S151 Officer to support the sign off the SFVS CFO Assurance Statement.
Financial Evaluations	30	GOV	Financial Evaluations are required as part of Financial Rules for major contracts (those valued at over £170,000). Financial sustainability checks may also be completed part way through delivery of a contract where there is a risk of financial failure of a service provider. This work helps mitigate financial risks to the Council.
Finance - Final Grant Claims	8	BBS	Audits of grants requiring Chief Audit Executive approval prior to submission to the administering body. These audits ensure compliance with the grant terms and conditions providing assurance that the Council is managing public funds effectively and maximising grant expenditure where possible.
Payroll Data Analytics (IDEA)	4	GOV	To provide quarterly data to the Payroll Manager to improve the accuracy, reliability, consistency and integrity of the data within the payroll system. The aim of this work is to ensure that data within the payroll system is of a high quality to reduce the risk of fraud or error.
BSOG Grant Bus Subsidy	2	N/A	To provide assurance over the compliant and effective use of the Bus Services Operators Grant (BSOG) to support bus services that might otherwise be unprofitable and to help operators keep fares down.
Advisory Contingency	20	N/A	To provide ad hoc advice to all areas of the Council.
Counter Fraud Work	20	GOV	Proactive counter fraud work including awareness, training, fraud risk assessment, self-assessment against Fighting Fraud and Corruption Locally (FFCL) 2020s and high risk fraud areas on a rolling programme.
Counter Fraud, Policies and Training	4	GOV	Review of policies and procedures in order to keep up to date with emerging fraud risks, regulation and case law.
Fraud Contingency	150	GOV	Reactive work on fraud investigations.
Transformation and Improvement Contingency	150	GOV	Contingency held for assurance on the Improvement Programme
National Fraud Initiative (NFI)	20	GOV	Co-ordination of NFI exercise mandated by the Cabinet Office. This work aims to ensure that the Council is using the initiative effectively to prevent fraud and safeguard public funds.
Unplanned Audit Contingency	60	N/A	The contingency allows for responding to emerging issues and ad hoc pieces of work not foreseen at the annual planning stage and completion of prior year work in progress at year end.

Audit Area	Days Required	Strategic Risk	Scope Description
Annual Governance Statement (AGS)	1	GOV	Contributing to the compilation of the Annual Governance Statement (AGS) and Director Assurance Statements. The AGS is a key part of the Council's governance framework and accompanies the Council's audited Financial Statements.
External Clients	158		Delivery of work for external and honorary and voluntary clients.
Total Days	1,604		

Appendix B

Call off Audit List 2026/27

Audit Area	Days Required	Strategic Risk	Scope Description
Approved Mental Health Professionals (AMHPs)	8	SKI	To provide assurance on the management arrangements are in place for the recruitment and retention of Approved Mental Health Professionals (AMHPs). The audit will address potential risks in this area and will include reviewing national pay, retention policies, roles and responsibilities and impact of an aging workforce.
Housing Revenue Account (HRA)	5	BBS	To provide assurance on the financial management arrangements for the HRA. The audit aims to ensure that the Council is complying with legal and regulatory requirements and resources are used to the benefit of tenants.
Temporary Accommodation	8	BBS	To review the arrangements in place for cost-effective temporary accommodation to help prevent homelessness.
PCI Compliance	5	GOV / BBS	To review compliance with Payment Card Industry Data Security Standards (PCI DSS) designed to protect cardholder data. The audit aims to ensure that payment card data is processed, stored and transmitted securely to protect sensitive payment card information and to reduce the risk of data breaches or fraud.
IR35 Compliance	5	GOV/BBS	To review the arrangements in place to ensure compliance with the IR35 tax legislation when employing agency staff. The audit aims to ensure that the Council is correctly determining if individuals should be classified as employees or contractors for tax purposes and that any associated tax liabilities are appropriately managed to avoid financial penalties or risks linked to misclassification.
Temporary Staff	5	GOV/BBS	To provide assurance that all necessary pre-employment checks and onboarding requirements have been undertaken for temporary staff.
Microsoft Dynamics CRM 365	10	CYB	To provide assurance that the platform is configured, managed, and used in a secure way that is in line with Council policies. The audit will focus on ensuring that integrations, workflows, and customisations are implemented securely and documented, while monitoring and logging are enabled for accountability.
Mobile Devices - Acceptable Use	8	GOV/CYB	To provide assurance that the Council has effective arrangements in place for the governance and use of corporate mobile phones, including the establishment of clear acceptable-use expectations, the completion and retention of user agreements by staff, and robust processes for monitoring compliance with policy requirements.
Patch Management	8	CYB	To review patch management and the use of the new Adaptiva solution and provide assurance that endpoints receive timely and tested patches through a controlled process, reducing the risk of exploitation. These measures help mitigate risks such as malware infections, data breaches, and operational disruptions caused by unpatched systems.

Audit Area	Days Required	Strategic Risk	Scope Description
Role of the Proper Officer	8	GOV	To provide assurance that the statutory and delegated responsibilities assigned to designated officers are being discharged lawfully, transparently and effectively.
Planning Enforcement	10	GOV	Review of the Council's response to breaches of planning control and enforcement action.
Prevent Duties	5	GOV	To review the arrangements for compliance with the Counterterrorism and Security Act 2015 to prevent individuals being drawn into terrorism. The audit aims to ensure the Council is fulfilling its statutory responsibilities.
Digital Delivery Unit (DDU)	15	GOV/BBS	Review of overarching project controls and management arrangements including links to the Shropshire Plan. The audit aims to ensure that the DDU have appropriate arrangements in place to deliver value for money and support the Council's strategic objectives.

Total Days 100

Appendix C

Strategic Risk Key

Strategic Risk	Abbreviation	Likelihood	Impact	Status
Failure to protect from and manage the impact of a targeted cyber-attack on ICT Systems used by the Authority	CYB	5	5	25
Inability to contain overall committed expenditure within the current available resources within this financial year	BBS	5	5	25
Inability to set a balanced budget for a given year within the MTFS.	BBS	5	5	25
Failure of Officers and Members to adhere to Governance arrangements.	GOV	5	4	20
Health & Wellbeing of The Workforce	MHW	5	4	20
Critical Skills shortage impacting on Recruitment, Retention & Succession Planning	SKI	5	4	20
Impact of extreme pressures upon partners (social care, health, and criminal justice)	PAR	5	4	20
Responding and Adapting to Climate Change	CCS	4	4	16
Impact of increased waiting lists in relation to DoLs, OT and SI	WLI	4	4	16
Safeguarding children	SGC	3	4	12



Committee and Date

Audit and Governance Committee

5th February 2026

10:00am

Item 15

Public



Review of the Audit and Governance Committee's Annual Work Plan and Future Learning and Development Requirements 2026/27

Responsible Officer:	Barry Hanson		
email:	barry.hanson@shropshire.gov.uk	Tel:	07990 086409
Cabinet Member (Portfolio Holder):	Heather Kidd, Leader of the Council Duncan Kerr, Chairman of the Audit and Governance Committee Roger Evans, Portfolio Holder – Finance		

1. Synopsis

Audit and Governance Committee Members agree annually, a plan of work and appropriate learning and development to undertake their duties effectively and deliver them to a high standard therefore ensuring the integrity of the financial reporting and governance of the Council.

2. Executive Summary

2.1. It is important that Audit and Governance Committee Members have an agreed plan of work for the year ahead and receive appropriate learning and development to deliver their responsibilities effectively. This report provides a proposed work plan and seeks discussion and agreement around a learning and development plan for Members to ensure that they are well informed and appropriately skilled to fulfil their role.

3. Recommendations

3.1. The Committee is asked to consider and approve, with appropriate comment:

- The Audit and Governance Committee work plan for 2026/27, **Appendix A**;
- A learning and development plan for Members of the committee taking in to account information in **Appendices A and B**.

Report

4. Risk Assessment and Opportunities Appraisal

4.1. By identifying the key topics to be considered at the Audit and Governance Committee meetings and receiving appropriate learning and development sessions in respect of their roles and responsibilities, Members can undertake their duties effectively and deliver them to a high standard, thereby adding to:

- the robustness of the risk management framework;
- the adequacy of the internal control environment and
- the integrity of the financial reporting and annual governance of the Council.

4.2. The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998. There are no direct environmental, equalities or climate change requirements or consequences of this proposal.

5. Financial Implications

5.1. The Audit and Governance Committee work plan and learning and development sessions for members will be met from within approved budgets.

5.2. Shropshire Council continues to manage unprecedented financial demands and a financial emergency was declared by Cabinet on 10 September 2025. The overall financial position of the Council is set out in the monitoring position presented to Cabinet on a monthly basis. Significant management action has been instigated at all levels of the Council reducing spend to ensure the Council's financial survival. While all reports to Members provide the financial implications of decisions being taken, this may change as officers review the overall financial situation and make decisions aligned to financial survivability. All non-essential spend will be stopped and all essential spend challenged. These actions may involve (this is not exhaustive):

- scaling down initiatives,
- changing the scope of activities,
- delaying implementation of agreed plans, or
- extending delivery timescales.

6. Climate Change Appraisal

- 6.1. This report does not directly make decisions on energy and fuel consumption; renewable energy generation; carbon offsetting or mitigation nor climate change adaption. However, the work of the Committee will look at these aspects relevant to the governance, risk management and control environment.

7. Background

- 7.1. The Chartered Institute of Public Finance and Accountancy (CIPFA) identifies the purpose of an Audit Committee, in its Practical Guidance for Local Authorities and Police 2022 Edition, as providing those charged with governance, independent and high-level focus on the adequacy of governance, risk and control arrangements. In local authorities, audit committees are necessary to satisfy the wider requirements for sound financial and internal control. Accounts and Audit (England) Regulations 2015 state 'the relevant authority must ensure that it has a sound system of internal control which; facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective; and includes effective arrangements for the management of risk'. With a known work plan, and appropriate and timely learning and development for Members, the committee will be well prepared and members will gain the knowledge and experience needed to carry out their role effectively.

Work Plan

- 7.2. The work plan in **Appendix A** continues to be presented in a format which demonstrates how reports to the Audit and Governance Committee contribute to the delivery of the Committee's Terms of Reference and what assurances they provide. This forms the core work of the Committee, however, throughout the year additional reports may be requested e.g. management updates on limited or unsatisfactory assurance areas. These requests will be considered as part of the action log review at the end of each meeting.
- 7.3. In addition to the Committee's Annual Work Plan the Chair and Deputy Chair of the Audit and Governance Committee have regular meetings with the Chief Audit Executive and Internal Audit Manager to consider relevant issues in between meetings.

Learning and Development

- 7.4. CIPFA identify a key characteristic of an effective Audit Committee as having a membership that is balanced, objective, independent of mind, knowledgeable and properly trained to fulfil their role. There is a range of knowledge and experience that audit committee members can bring to the committee which will enable it to perform effectively. No one committee member is expected to be an expert in all areas. There are however some core areas of knowledge which committee members need to acquire in addition to the need for regular briefings and training.
- 7.5. Following Local Elections in May 2025 there has been considerable change to the membership of the Committee. A full induction programme was delivered for all Members and more specific sessions for the Audit and Governance Committee Members. A self-assessment of skills has been completed and reported to the

Audit and Governance Committee in November 2025 which has been used to determine future training needs.

- 7.6. Members need to consider annually their learning and development plan to support them in delivery of their roles. During 2025/26 Members have received training covering several topics in detail; i.e.
- Interpreting Internal Audit Performance Reports
 - Interpreting the Financial Statements
 - Audit Committee Self-Assessment of Effectiveness
 - Audit Committee review against knowledge and skills framework
 - Role of the Audit Committee (delivered by the LGA)
 - Understanding Risk Management
 - Understanding Treasury Management
- 7.7. It is proposed that training is again provided in three half day sessions over the next twelve months. Sessions are proposed for the 11th June 2026, the 11th September 2026 and the 21st January 2027.
- 7.8. **Appendix B** identifies training topics for Audit and Governance Committee Members to consider. Topics are identified as core areas of knowledge that all Audit and Governance Committee Members should seek to acquire plus specialisms that can add value to the committee. Members may also want to hear from key officers of the Council where new or changing activities and risks are emerging and can request this as part of their training.
- 7.9. Whilst members are asked to endorse the initial sessions for learning and development, this will not prevent any additional items being added during the year or changes being made if these are felt to be of value.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Previous training session records

CIPFA's Audit Committees Practical Guidance for Local Authorities and Police 2022 Edition

Accounts and Audit Regulations 2015

Local Member: N/A

Appendices

Appendix A – Audit and Governance Committee Work Plan 2026/27 and Summary

Appendix B – Audit and Governance Committee Members development topics

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
Core business 25 June 2026		
Chief Executive: Improvement Plan Update	<p>To provide assurance on the progress made delivering the Council's Improvement Plan.</p> <p>Ensure there is a robust plan in place that is subject to scrutiny and challenge.</p> <p>Ensure that clear performance measures are in place and are reported on regularly.</p> <p>Ensure that appropriate mechanisms are in place to identify, manage or mitigate risks associated with delivery of the Improvement Plan.</p>	The Committee can require relevant officers, members and agencies to attend at any meeting where such attendance would be expedient to the work of the Committee.
Internal Audit: Performance Report and Revised Annual Audit Plan	<p>Understand the level of assurances being given based on audit work and the impact on the Council's governance, risk and control environment.</p> <p>Ensure management action is taken to improve controls / manage risks identified.</p> <p>Encouraging ownership of the internal control framework by appropriate managers.</p> <p>Confirm appropriate progress being made on the delivery of the audit plan and performance targets.</p>	<p>To consider reports from the Chief Audit Executive on Internal Audit's performance during the year. These will include updates on the work of Internal Audit including key findings, issues of concern and action in hand as a result of Internal Audit work.</p> <p>To consider summaries of specific internal audit reports as requested.</p> <p>To receive reports outlining the action taken where the Chief Audit Executive has concluded that management has accepted a level of risk that may be unacceptable to the Council or there are</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
	Understand any resourcing issues because of changes to the plan.	<p>concerns about progress with the implementation of agreed actions.</p> <p>To approve significant interim changes to the risk based internal audit plan and resource requirements, including approval of significant additional consulting services as advised by the Chief Audit Executive and agreed by the Section 151 Officer.</p> <p>To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.</p> <p>To monitor progress in addressing risk-related issues reported to the committee; Seek assurances that action is taken by management in risk related issues identified by auditors and inspectors; Resolve any outstanding differences between internal and external auditors and management when action or major recommendations have not been agreed.</p>
Internal Audit: Annual Opinion Report.	<p>Chief Audit Executive's overall opinion on the Council's internal control environment.</p> <p>Performance against the revised internal audit plan.</p>	<p>To consider the Chief Audit Executive's annual report, specifically:</p> <p>a) The statement of the level of conformance with the Global Internal Audit Standards and Local</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
	Provides a review of the effectiveness of the systems of internal control.	Government Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement – these will indicate the reliability of the conclusions of Internal Audit. b) The opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the Annual Governance Statement.
Section 151 Officer: Annual review of Internal Audit: Quality Assurance and Improvement Programme (QAIP).	That Internal Audit complies with the Global Internal Audit Standards and UK Local Government Application Note and is effective in doing so. That there is an improvement programme in place to ensure that any identified gaps are addressed.	To consider reports from the Chief Audit Executive on Internal Audit's performance during the year, these will include reports on: <ul style="list-style-type: none"> the results of the Quality Assurance and Improvement Programme; and instances where the Internal Audit function does not conform to the Global Internal Audit Standards and Local Government Application Note, considering whether the non-conformance should be included in the Annual Governance Statement. <p>To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of Internal Audit that takes place at least once every five years.</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
		<p>To consider and review a report on the Internal Audit system and ongoing Quality Assurance and Improvement Programme.</p> <p>To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of Internal Auditing of the Chief Audit Executive. To approve and periodically review safeguards to limit such impairments.</p>
Internal Audit: Annual Assurance Report of the Audit and Governance Committee to Council.	<p>Provide assurance that the Committee has adequately discharged its terms of reference and has positively contributed to how well the Council is run.</p> <p>Provides Council with an independent assurance report that the Council has in place adequate and effective risk management and internal control systems that can be relied upon and which contribute to the high corporate governance standards that this Council expects and has consistently maintained.</p>	<p>To publish an annual report on the work of the Committee by reporting annually to Full Council on the Committee's findings, conclusions and recommendations; providing its opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control frameworks; internal and external audit functions and financial reporting arrangements.</p> <p>To report to Council where the Audit and Governance Committee wish to raise concerns within their remit, have added value, improved or promoted the control environment and performance in relation to the Terms of Reference and the effectiveness of the Committee in meeting its purpose and functions.</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
Service Director Enabling: Annual Whistleblowing Report.	Provide assurance that the Council's whistleblowing arrangements are effective, trusted and compliant and that concerns about wrongdoing are being handled appropriately.	To review the assessment of fraud risks and potential harm to the Council from fraud, bribery and corruption.
Section 151 Officer: Annual Treasury Report.	Provide assurance on the treasury activities for the Council, including the investment performance of the team. Provides assurance on adherence to the CIPFA Treasury Management Code of Practice, a framework that sets out how public bodies should manage their borrowing, investments, and cash flows, ensuring effective risk control, transparency, and good governance in all treasury activities.	To receive regular reports on activities, issues and trends to support the Committee's understanding of treasury management activities. The Committee is not responsible for the regular monitoring of treasury management activity. To review the treasury risk profile and adequacy of treasury risk management procedures and assurances on treasury management in accordance with best practice. To consider, review and, as necessary approve the mid-year Treasury Strategy Report and Annual Treasury Report before submission to Full Council.
Internal Audit: Fraud, Special Investigations and RIPA update.	Provide assurances and an update on current fraud and investigations undertaken by Internal Audit and the impact these have on the internal control environment together with an update on activity under the Regulation of Investigatory Powers Act (RIPA).	To review the assessment of fraud risks and potential harm to the Council from fraud, bribery and corruption. To monitor the counter-fraud, bribery and corruption strategy, actions and resources.

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
		To consider and review reports on Internal Audit investigations including frauds and consideration of recommendations for strengthening internal controls.
Monitoring Officer: Contract Rules Exemptions Update	To provide assurance that any departure from the Council's Contract Procedure rules is lawful, justified and appropriately controlled in line with the delegations to Officers.	To consider the Council's arrangements for securing value for money, supporting standards and ethics and review assurances and assessments on the effectiveness of these arrangements.
External Audit: Shropshire Council Audit Plan 2025/26.	Evidence that the External Auditor understands the Council's business, risk, challenges and opportunities it is facing. Explanation of its audit approach and the scope of its plans.	<p>To support the quality and effectiveness of the external audit process and to comment on the scope and depth of external audit work to ensure it gives value for money and complies with ethical standards.</p> <p>To consider, review and, as appropriate, approve the External Auditor's work plan, including comments on the scope and depth of external audit work to ensure it gives value for money.</p>
Other assurance		
External Audit: Pension Fund Audit Plan 2025/26	Evidence that the External Auditor understands the Pension Fund's business, risk, challenges and opportunities it is facing. Explanation of its audit	To consider specific reports as agreed with the External Auditor and other inspection agencies.

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
	approach and the scope of its plans for the Pension Fund.	To consider, review and, as appropriate, approve the External Auditor's work plan, including comments on the scope and depth of external audit work to ensure it gives value for money.
Core business 15 July 2026		
Section 151 Officer: Financial Outturn report.	<p>Provides the financial outturn of the Council's revenue budget for the year and therefore considers the effect that any over/underspend has on the Council's balances.</p> <p>Provides details of the potential risks affecting the balances and financial health of the Council.</p> <p>Provides the financial outturn of the Council's capital budget for the year and therefore considers the impact that slippage within the programme will have on the financing of the capital programme in the future, including any future revenue implications.</p>	<p>To review and if necessary, approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.</p> <p>When required, to approve the Annual Statement of Accounts or before submission to Full Council for such approval.</p> <p>To consider the Council's arrangements for securing value for money and review assurances and assessments on the effectiveness of these arrangements.</p>
Section 151 Officer: 2025/26 Statement of Accounts.	Ensure that the narrative report to the accounts help the public understand the Council's financial management of public funds.	To review and if necessary, approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
	Where a meeting is held before the 31 st July, to agree that the Executive Director (s151 Officer) be authorised to make any minor adjustments to the Statement of Accounts prior to the 31st July.	from the financial statements or from the audit that need to be brought to the attention of the Council. When required, to approve the Annual Statement of Accounts or before submission to Full Council for such approval.
Section 151 Officer: Annual Governance Statement (AGS) and Code of Corporate Governance.	<p>Confirm that the final Annual Governance Statement accurately reflects the Committee's understanding of how the Council is run.</p> <p>Gain assurance that management have progressed the agreed actions associated with the significant issues / key risks identified in the Annual Governance Statement.</p> <p>That the Council has very strong compliance with the Code of Corporate Governance which is part of the overall internal control framework and contributes to the Council's strong governance arrangements.</p>	<p>To consider, review and, as appropriate, approve the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, considering Internal Audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control and assurances on how effectively the Seven Principles of Public Life are supported.</p> <p>To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.</p> <p>To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
		To consider and review a report on the adequacy of the Council's corporate governance arrangements.
Strategy and Scrutiny Manager: Risk Management Annual report	<p>To understand the current strategic risk exposure together with recent modifications and planned changes to strategic risk management within the Council.</p> <p>Gain assurance that the Council is effectively managing its key risks – has good risk management systems / processes in place that enable decision makers to understand the level of risk being taken and the Council is prepared to accept.</p> <p>Gain assurance that both operational and project risks are managed in accordance with the corporate opportunity risk management strategy.</p>	<p>To monitor the effective development and operation of risk management in the Council.</p> <p>To consider, review and, as appropriate, approve a report on the strategic risks of the Council and a review of the adequacy of the Council's risk management arrangements.</p>
Other assurance		
None planned		
Core business 25 September 2026		
Chief Executive: Improvement Plan Update	<p>To provide assurance on the progress made delivering the Council's Improvement Plan.</p> <p>Ensure there is a robust plan in place that is subject to scrutiny and challenge.</p>	The Committee can require relevant officers, members and agencies to attend at any meeting where such attendance would be expedient to the work of the Committee.

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
	<p>Ensure that clear performance measures are in place and are reported on regularly.</p> <p>Ensure that appropriate mechanisms are in place to identify, manage or mitigate risks associated with delivery of the Improvement Plan.</p>	
Strategy and Scrutiny Manager: Strategic Risks Update.	<p>Assurances that the management of strategic risks which is a key process that underpins the successful achievement of the Council's priorities and outcomes is robust. Strategic risks are a key aspect of the Annual Governance Statement.</p> <p>Provide information to confirm to the Audit and Governance Committee that they are receiving assurances on the key risk areas within the Council and how these are being managed through the internal controls and governance processes.</p>	<p>To monitor the effective development and operation of risk management in the Council.</p> <p>To consider, review and, as appropriate, approve a report on the strategic risks of the Council and a review of the adequacy of the Council's risk management arrangements.</p>
Internal Audit: Performance report and revised Annual Audit Plan.	<p>Understand the level of assurances being given based on audit work and the impact on the Council's governance, risk and control environment.</p> <p>Ensure management action is taken to improve controls / manage risks identified.</p>	<p>To consider reports from the Chief Audit Executive on Internal Audit's performance during the year. These will include updates on the work of Internal Audit including key findings, issues of concern and action in hand as a result of Internal Audit work.</p> <p>To consider summaries of specific internal audit reports as requested.</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
	<p>Encouraging ownership of the internal control framework by appropriate managers.</p> <p>Confirm appropriate progress being made on the delivery of the audit plan and performance targets.</p> <p>Understand any resourcing issues because of changes to the plan.</p>	<p>To receive reports outlining the action taken where the Chief Audit Executive has concluded that management has accepted a level of risk that may be unacceptable to the Council or there are concerns about progress with the implementation of agreed actions.</p> <p>To approve significant interim changes to the risk based internal audit plan and resource requirements, including approval of significant additional consulting services as advised by the Chief Audit Executive and agreed by the Section 151 Officer.</p> <p>To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.</p> <p>To monitor progress in addressing risk-related issues reported to the committee; Seek assurances that action is taken by management in risk related issues identified by auditors and inspectors; Resolve any outstanding differences between internal and external auditors and management when action or major recommendations have not been agreed.</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
Internal Audit: Annual Review of Audit and Governance Committee Terms of Reference.	Ensures the Audit and Governance Committee continues to benefit the Council by providing an effective service assessed against current best practice.	<p>To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.</p> <p>An annual review of the Terms of Reference for the Audit and Governance Committee, making any recommendations for significant changes in them to Full Council.</p>
Internal Audit: Annual review of Internal Audit Charter and Mandate.	Assurance that effective corporate governance arrangements are maintained in the Council, part of which is evidenced by a current Internal Audit Charter. The Council complies with the Global Internal Audit Standards and CIPFA application note for the UK public sector.	<p>To approve the Internal Audit Charter and Mandate incorporating the mission, code of ethics, definition and core principles of Internal Audit.</p> <p>To consider, review and, as appropriate, approve proposals for any revision of the Internal Audit Charter and Mandate.</p>
Internal Audit: Fraud, Special Investigations and RIPA update.	Provide assurances and an update on current fraud and special investigations undertaken by Internal Audit and the impact these have on the internal control environment together with an update on current Regulation of Investigatory Powers Act (RIPA) activity.	<p>To review the assessment of fraud risks and potential harm to the Council from fraud, bribery and corruption.</p> <p>To monitor the counter-fraud, bribery and corruption strategy, actions and resources.</p> <p>To consider and review reports on Internal Audit investigations including frauds and consideration of</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
		recommendations for strengthening internal controls.
Monitoring Officer: Contract Rules Exemptions Update	To provide assurance that any departure from the Council's Contract Procedure rules is lawful, justified and appropriately controlled in line with the delegations to Officers.	To consider the Council's arrangements for securing value for money, supporting standards and ethics and review assurances and assessments on the effectiveness of these arrangements.
External Audit: Audit progress report and sector update.	<p>Seek assurance over progress and delivery of the external audit plan and that any risks to successful production of the financial statements and audit are being managed.</p> <p>The paper also includes:</p> <ul style="list-style-type: none"> • a summary of emerging national issues and developments that may be relevant to the Council; and • challenge questions in respect of these emerging issues which the Committee may wish to consider. 	<p>To consider specific reports as agreed with the External Auditor and other inspection agencies.</p> <p>To support the quality and effectiveness of the external audit process and to comment on the scope and depth of external audit work to ensure it gives value for money and complies with ethical standards</p> <p>To consider, review and, as appropriate approve The External Auditor's Progress and Findings; and Annual Reports following completion of the annual audit of the Accounts.</p>
Other assurance		
External Audit: Shropshire County Pension Fund Interim	Seek assurance over the adequacy of the External Audit opinion on the financial statements and the Council's value for money arrangements.	To consider the External Auditor's report to those charged with governance on issues arising from the audit of the accounts.

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
Audit Findings Report 2025/26	Ensure any issues / risks identified are being effectively managed.	To consider, review and, as appropriate approve The External Auditor's Progress and Findings; and Annual Reports following completion of the annual audit of the Accounts.
Core business 26 November 2026		
Chief Executive: Improvement Plan Update	<p>To provide assurance on the progress made delivering the Council's Improvement Plan.</p> <p>Ensure there is a robust plan in place that is subject to scrutiny and challenge.</p> <p>Ensure that clear performance measures are in place and are reported on regularly.</p> <p>Ensure that appropriate mechanisms are in place to identify, manage or mitigate risks associated with delivery of the Improvement Plan.</p>	The Committee can require relevant officers, members and agencies to attend at any meeting where such attendance would be expedient to the work of the Committee.
Section 151 Officer Final Approval of Statement of Accounts	<p>Approve the final audited outturn position for the financial year and details of any amendments made to the Draft Statement of Accounts during the audit process.</p> <p>Consider the outcome of the External Audit and the appropriateness of management responses.</p>	To review and if necessary, approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
	<p>Seek assurance that the Council has appropriate accounting policies in place to ensure that items are treated correctly in the accounts.</p> <p>Agree that the Executive Director (s151 Officer) and the Chairman of the Audit and Governance Committee sign the letter of representation in relation to the financial statements on behalf of the Council and send to the External Auditor.</p>	<p>When required, to approve the Annual Statement of Accounts or before submission to Full Council for such approval.</p>
Internal Audit: Annual review of Counter Fraud, Bribery and Anti-Corruption Strategy and activities.	<p>Confirm that the Council's counter fraud activity is targeted and effective.</p> <p>Ensure that appropriate progress is being made on the delivery of the Counter Fraud plan.</p> <p>Ensure that lessons have been learnt – understand fraud risks facing the Council and actions being taken to reduce the risk</p> <p>Provides confirmation that the Counter Fraud, Bribery and Anti-Corruption Strategy has been reviewed in line with best practice and continues to underpin the Council's commitment to prevent all forms of fraud, bribery and corruption whether it be attempted on, or from within, the Council, thus demonstrating the</p>	<p>To monitor the counter-fraud, bribery and corruption strategy, actions and resources.</p> <p>To review the assessment of fraud risks and potential harm to the Council from fraud, bribery and corruption.</p> <p>To consider, review and, as appropriate approve the annual review and re-affirmation of the Council's Counter Fraud, Bribery and Anti-Corruption Strategy to ensure on-going training and awareness of all staff regarding Counter Fraud and Anti-Corruption measures.</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
	<p>strategy's continuing and important role in the corporate governance and internal control framework.</p> <p>Provides an update and assurances on the outcomes of the National Fraud Initiative.</p>	
Internal Audit: Performance Report and revised Annual Audit Plan.	<p>Understand the level of assurances being given based on audit work and the impact on the Council's governance, risk and control environment.</p> <p>Ensure management action is taken to improve controls / manage risks identified.</p> <p>Encouraging ownership of the internal control framework by appropriate managers.</p> <p>Confirm appropriate progress being made on the delivery of the audit plan and performance targets.</p> <p>Understand any resourcing issues because of changes to the plan.</p>	<p>To consider reports from the Chief Audit Executive on Internal Audit's performance during the year. These will include updates on the work of Internal Audit including key findings, issues of concern and action in hand as a result of Internal Audit work.</p> <p>To consider summaries of specific internal audit reports as requested.</p> <p>To receive reports outlining the action taken where the Chief Audit Executive has concluded that management has accepted a level of risk that may be unacceptable to the Council or there are concerns about progress with the implementation of agreed actions.</p> <p>To approve significant interim changes to the risk based internal audit plan and resource requirements, including approval of significant additional consulting services as advised by the</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
		<p>Chief Audit Executive and agreed by the Section 151 Officer.</p> <p>To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.</p> <p>To monitor progress in addressing risk-related issues reported to the committee; Seek assurances that action is taken by management in risk related issues identified by auditors and inspectors; Resolve any outstanding differences between internal and external auditors and management when action or major recommendations have not been agreed.</p>
<p>Section 151 Officer: Treasury Strategy Mid-Year report.</p>	<p>Provide assurance on the treasury activities for Shropshire Council, including the investment performance of the internal Treasury team.</p> <p>Provides assurance on adherence to the CIPFA Treasury Management Code of Practice, a framework that sets out how public bodies should manage their borrowing, investments, and cash flows, ensuring effective risk control, transparency, and good governance in all treasury activities.</p>	<p>To receive regular reports on activities, issues and trends to support the Committee's understanding of treasury management activities. The Committee is not responsible for the regular monitoring of treasury management activity.</p> <p>To review the treasury risk profile and adequacy of treasury risk management procedures and assurances on treasury management in accordance with best practice.</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
		To consider, review and, as appropriate, approve the mid-year Treasury Strategy Report and Annual Treasury Report before submission to Full Council.
Section 151 Officer: Annual Audit and Governance Committee Self-Assessment.	<p>Confirmation that the Audit and Governance Committee is working effectively and where any further improvements are identified to improve its overall effectiveness, there are plans to implement these.</p> <p>CIPFA's guidance on the audit committee knowledge and skills framework emphasises that members should collectively possess appropriate governance, financial, risk, audit and ethical competencies, with regular evaluation and targeted training to ensure the committee remains effective and well-skilled.</p>	<p>To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.</p> <p>All Members of the Audit and Governance Committee should have, or acquire as soon as possible after appointment: -</p> <ul style="list-style-type: none"> • An understanding of the objectives and current significant issues facing the Council. • An understanding of the Council's structure including key relationships with external partner organisations. • An understanding of any relevant legislation or other rules governing the operation of the Council. • A broad understanding of the local government environment, its accountability structures and current, major initiatives. <p>CIPFA recommends that the Audit Committee should corporately possess an appropriate level of knowledge/skills/experience in: -</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
		<ul style="list-style-type: none"> • The Council's governance and regulatory frameworks. • Understanding of the wider governance environment in which the Council operates and the accountability structures within that environment. • Financial management and accounting including accounting concepts and standards. • Risk management. • Audit. • Counter fraud. • Treasury management. <p>The Committee should receive appropriate levels of training.</p>
Internal Audit: Fraud, Special Investigations and RIPA update.	Provide assurances and an update on current fraud and special investigations undertaken by Internal Audit and the impact these have on the internal control environment together with an update on current Regulation of Investigatory Powers Act (RIPA) activity.	<p>To review the assessment of fraud risks and potential harm to the Council from fraud, bribery and corruption.</p> <p>To monitor the counter-fraud, bribery and corruption strategy, actions and resources.</p> <p>To consider and review reports on Internal Audit investigations including frauds and consideration of</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
		recommendations for strengthening internal controls.
Monitoring Officer: Exemptions Update	To provide assurance that any departure from the Council's Contract Procedure rules is lawful, justified and appropriately controlled in line with the delegations to Officers.	To consider the Council's arrangements for securing value for money, supporting standards and ethics and review assurances and assessments on the effectiveness of these arrangements.
External Audit: Shropshire Council Audit Findings Report 2025/26	Seek assurance over the adequacy of the External Audit opinion on the financial statements and the Council's value for money arrangements. Ensure any issues / risks identified are being effectively managed.	To consider the External Auditor's report to those charged with governance on issues arising from the audit of the accounts. To consider, review and, as appropriate approve The External Auditor's Progress and Findings; and Annual Reports following completion of the annual audit of the Accounts.
External Audit: Auditors Annual Report 2025/26 (VFM)	To provide assurance on the adequacy of the arrangements the Council has in place for securing value for money. Under the Local Audit and Accountability Act 2014 External Audit are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) Code of	To consider the External Auditor's annual letter, relevant reports, and the report to those charged with governance. To consider the Council's arrangements for securing value for money, supporting standards and ethics and review assurances and assessments on the effectiveness of these arrangements.

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
	<p>Audit Practice requires External Audit to assess arrangements for:</p> <ul style="list-style-type: none"> - financial sustainability - governance - improving economy, efficiency and effectiveness. 	To consider, review and, as appropriate approve The External Auditor's Progress and Findings; and Annual Reports following completion of the annual audit of the Accounts.
Other assurance		
None planned.		
Core business 4 February 2027		
Chief Executive: Improvement Plan Update	<p>To provide assurance on the progress made delivering the Council's Improvement Plan.</p> <p>Ensure there is a robust plan in place that is subject to scrutiny and challenge.</p> <p>Ensure that clear performance measures are in place and are reported on regularly.</p> <p>Ensure that appropriate mechanisms are in place to identify, manage or mitigate risks associated with delivery of the Improvement Plan.</p>	The Committee can require relevant officers, members and agencies to attend at any meeting where such attendance would be expedient to the work of the Committee.
Strategy and Scrutiny Manager: Strategic Risks Update.	Assurances that the management of strategic risks which is a key process that underpins the successful achievement of the Council's priorities and outcomes is	To monitor the effective development and operation of risk management in the Council.

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
	<p>robust. Strategic risks are a key aspect of the Annual Governance Statement.</p> <p>Provide information to confirm to the Audit and Governance Committee that they are receiving assurances on the key risk areas within the Council and how these are being managed through the internal controls and governance processes.</p>	<p>To consider, review and, as appropriate, approve a report on the strategic risks of the Council and a review of the adequacy of the Council's risk management arrangements.</p>
<p>Section 151 Officer: Treasury Strategy.</p>	<p>Provides assurances that the Council's Treasury Management practice complies with CIPFA's Code of Practice on Treasury Management, the Council's Treasury Policy Statement, Treasury Management Practices and the Prudential Code for Capital Finance and together with the rigorous internal controls will enable the Council to manage the risk associated with Treasury Management activities and reduce any potential for financial loss.</p> <p>Provides assurance on adherence to the CIPFA Treasury Management Code of Practice, a framework that sets out how public bodies should manage their borrowing, investments, and cash flows, ensuring effective risk control, transparency, and good governance in all treasury activities.</p>	<p>To consider the robustness of the Council's treasury management strategy, policies and procedures before their submission to Cabinet and Full Council, ensuring that controls are satisfactory.</p> <p>To consider, review and, as appropriate, approve the Treasury Strategy Reports including the Annual Investment Strategy and Minimum Revenue Provision Policy before submission to Full Council.</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
Internal Audit: Report of the Audit Review of Risk Management.	Provides independent assurance on the overall control environment for Risk Management system that the Council is effectively managing its key risks – has good risk management systems / processes in place that enable decision makers to understand the level of risk being taken and the Council is prepared to accept.	<p>To monitor the effective development and operation of risk management in the Council.</p> <p>To consider, review and, as appropriate, approve a report on the strategic risks of the Council and a review of the adequacy of the Council's risk management arrangements.</p>
Internal Audit: Performance report and revised Annual Audit Plan.	<p>Understand the level of assurances being given based on audit work and the impact on the Council's governance, risk and control environment.</p> <p>Ensure management action is taken to improve controls / manage risks identified.</p> <p>Encouraging ownership of the internal control framework by appropriate managers.</p> <p>Confirm appropriate progress being made on the delivery of the audit plan and performance targets.</p> <p>Understand any resourcing issues because of changes to the plan.</p>	<p>To consider reports from the Chief Audit Executive on Internal Audit's performance during the year. These will include updates on the work of Internal Audit including key findings, issues of concern and action in hand as a result of Internal Audit work.</p> <p>To consider summaries of specific internal audit reports as requested.</p> <p>To receive reports outlining the action taken where the Chief Audit Executive has concluded that management has accepted a level of risk that may be unacceptable to the Council or there are concerns about progress with the implementation of agreed actions.</p> <p>To approve significant interim changes to the risk based internal audit plan and resource requirements, including approval of significant</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
		<p>additional consulting services as advised by the Chief Audit Executive and agreed by the Section 151 Officer.</p> <p>To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.</p> <p>To monitor progress in addressing risk-related issues reported to the committee; Seek assurances that action is taken by management in risk related issues identified by auditors and inspectors; Resolve any outstanding differences between internal and external auditors and management when action or major recommendations have not been agreed.</p>
Internal Audit: Draft Annual Internal Audit risk-based plan 2027/28.	<p>That the Internal Audit Plan focuses on the key risks facing the Council and is adequate to support the Chief Audit Executive's opinion.</p> <p>Confirm that the plan achieves a balance between setting out the planned work for the year and retaining flexibility to changing risks and priorities during the year.</p>	<p>To approve, but not direct, the risk-based internal audit plan, including internal audit resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.</p> <p>To make appropriate enquiries of both management and the Chief Audit Executive to determine if there are any inappropriate scope or resource limitations.</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
	<p>Ensure that the Internal Audit Resource has sufficient capacity and capability to deliver the plan.</p> <p>Seek an understanding of what assurances Internal Audit will be providing the Committee to help it discharge its terms of reference.</p> <p>Gain assurance that the Council has effective arrangements in place to fight fraud locally and that counter fraud resources are targeted to the Council's key fraud risks.</p>	<p>To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.</p>
Internal Audit: Draft Audit and Governance Committee annual work plan and future training requirements 2027/28.	<p>Assurance that the agreed plan of work for the year ahead will deliver against the terms of reference of the Audit and Governance Committee and that Members will receive appropriate learning and development to deliver their responsibilities effectively.</p> <p>Gain assurance that the Committee is complying With CIPFA's guidance for Audit Committees and ensuring Members regularly evaluate their knowledge and skills linked to identify training needs.</p>	<p>To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.</p> <p>In carrying out the core functions the Audit and Governance Committee will approve an annual work plan.</p>
Internal Audit: Fraud, Special Investigations and RIPA update.	<p>Provide assurances and an update on current fraud and special investigations undertaken by Internal Audit and the impact these have on the internal control environment together with an update on current Regulation of Investigatory Powers Act (RIPA) activity.</p>	<p>To review the assessment of fraud risks and potential harm to the Council from fraud, bribery and corruption.</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
		<p>To monitor the counter-fraud, bribery and corruption strategy, actions and resources.</p> <p>To consider and review reports on Internal Audit investigations including frauds and consideration of recommendations for strengthening internal controls.</p>
Monitoring Officer: Exemptions Update	To provide assurance that any departure from the Council's Contract Procedure rules is lawful, justified and appropriately controlled in line with the delegations to Officers.	To consider the Council's arrangements for securing value for money, supporting standards and ethics and review assurances and assessments on the effectiveness of these arrangements.
External Audit: Audit progress report and sector update.	<p>Seek assurance over progress and delivery of the external audit plan and that any risks to successful production of the financial statements and audit are being managed.</p> <p>The paper also includes:</p> <ul style="list-style-type: none"> a summary of emerging national issues and developments that may be relevant to the Council; and several challenge questions in respect of these emerging issues which the Committee may wish to consider. 	<p>To consider specific reports as agreed with the External Auditor and other inspection agencies.</p> <p>To support the quality and effectiveness of the external audit process and to comment on the scope and depth of external audit work to ensure it gives value for money and complies with ethical standards.</p> <p>To consider, review and, as appropriate approve The External Auditor's Progress and Findings; and Annual Reports following completion of the annual audit of the Accounts.</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
Other assurance		
None planned		

APPENDIX A

Audit and Governance Committee Work Plan 2026/27 Summary

Audit and Governance Committee Work Plan 2026/27	14 May 2026	11 June 2026	25 June 2026	15 July 2026	11 Sept 2026	25 Sept 2026	26 Nov 2026	21 Jan 2027	4 Feb 2027	Report originator
Training Sessions		✓			✓			✓		
Regular Committees			✓	✓		✓	✓		✓	
Election of Chair and Vice Chair	✓									Part of Council meeting
Improvement Plan Update			✓			✓	✓		✓	Chief Executive
Performance Report and Revised Annual Audit Plan			✓			✓	✓		✓	Internal Audit
Annual Opinion Report			✓							Internal Audit
Annual review of Internal Audit: Quality Assurance and Improvement Programme (QAIP)			✓							Section 151 Officer
Annual Assurance Report of the Audit and Governance Committee to Council			✓							Internal Audit
Annual Whistleblowing report			✓							Service Director Enabling
Annual Treasury Report			✓							Section 151 Officer
Fraud, Special Investigations and RIPA Update.			✓			✓	✓		✓	Internal Audit
Contract Rules Exemptions Update			✓			✓	✓		✓	Monitoring Officer
Shropshire Council Audit Plan 2025/26			✓							External Audit
Pension Fund Audit Plan 2025/26			✓							External Audit
Financial Outturn Report				✓						Section 151 Officer

Audit and Governance Committee Work Plan 2026/27	14 May 2026	11 June 2026	25 June 2026	15 July 2026	11 Sept 2026	25 Sept 2026	26 Nov 2026	21 Jan 2027	4 Feb 2027	Report originator
2025/26 Statement of Accounts – preparation of draft and sign off (Statutory deadline 31 May 2026 ¹)				✓						Section 151 Officer
Annual Governance Statement (AGS) and Code of Corporate Governance				✓						Section 151 Officer
Risk Management Annual Report				✓						Strategy and Scrutiny Manager
Strategic Risks Update						✓			✓	Strategy and Scrutiny Manager
Annual review of Audit and Governance Committee Terms of Reference						✓				Internal Audit
Annual review of Internal Audit Charter and Mandate						✓				Internal Audit
Shropshire County Pension Fund Interim Audit Findings Report 2025/26						✓				External Audit
Audit progress report and sector update.						✓			✓	External Audit
Final Approval of Statement of Accounts							✓			Section 151 Officer
Annual review of Counter Fraud, Bribery and Anti-Corruption Strategy and activities							✓			Internal Audit
Treasury Strategy Mid-Year Report							✓			Section 151 Officer

¹ This is the deadline for the draft accounts to be published and sent to External Audit

Audit and Governance Committee Work Plan 2026/27	14 May 2026	11 June 2026	25 June 2026	15 July 2026	11 Sept 2026	25 Sept 2026	26 Nov 2026	21 Jan 2027	4 Feb 2027	Report originator
Annual Audit and Governance Committee Self-Assessment							✓			Section 151 Officer
Shropshire Council Audit Findings Report 2025/26							✓			External Audit
Auditors Annual Report 2025/26 (VFM)							✓			External Audit
Treasury Strategy									✓	Section 151 Officer
Report of the Audit Review of Risk Management									✓	Internal Audit
Draft Annual Internal Audit Risk Based Plan 2027/28									✓	Internal Audit
Draft Audit and Governance Committee annual work plan and future training requirements 2027/28									✓	Internal Audit

Key to table

Committee dates - fixed
Training dates

Appendix B

Audit and Governance Committee Members development topics

Core areas of knowledge	Specialist knowledge that adds value to the Committee	Core skills
Organisational knowledge Audit Committee role and function Governance and the principals of good governance Internal Audit Financial management and accounting External Audit Risk Management Counter fraud, bribery, corruption and whistleblowing Treasury Management	Accountancy Internal Audit Risk Management Governance and Legal Service knowledge relevant to the different Council functions Programme and project management IT systems and IT governance	Strategic thinking and understanding of materiality Questioning and constructive challenge Focus on improvement Able to balance practicality against theory Clear communication skills and focus on the needs of users Objectivity Meeting management skills

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AUDIT AND GOVERNANCE COMMITTEE DECISION LOG FOR 2025/2026

Date	Issue	Progress	Resolved date
26.6.25	Invite Leader and CX regarding 6 years of limited assurance.	Will attend a future meeting	
26.6.25	Invite Director of Children Services in regard to the controls on the management of the budget and forecasting of demand	Done	26.09.25
26.6.25	Seek agreement from Council on increasing size of the Committee and changing title.	Done	17.07.25
16.07.25	Consider draft of the Corporate Governance Statement in Jan 2026	Update to November meeting	
16.07.25	Clarify whether members of the Audit Committee can have access to Internal Audit reports.	Done but awaiting all signatures before being given access. Chair has written to all those who have not signed.	
26.09.25	S151 Officer to set out contents of the Local Audit and Accountability Act 2014 to include the options available to External Audit	Done	27/11/25
26.09.25	The Committee requested that an Independent Chair be appointed to the Improvement Board by mid-October.	Done	
29.09.25	Committee requested some background to the Transformation Boards when the Children's Social Care Budget Management update report in November. It was also requested that the update be presented in a trackable way so progress could be seen.		
29.09.25	The Committee queried whether the scoring was correct for the 'Failure of officers and members to adhere to Governance Arrangements' risk and whether 'Failure to meet Statutory obligations' should be a risk		
29.09.25	The Committee wish to seek power to convene working groups as and when required and requested that the Monitoring Officer check the constitution whether this needs to go to Council to agree.		

29.09.25	Question around consultancy staff missing from report?		
29.09.25	Recommendations to include whether the Committee was satisfied with the contents of the reports		
29.09.25	The Committee wished the Children's Social Care Budget Management update to be used as a good example.		
29.09.25	The deferred update on the Lantern to be presented to the next meeting	Done	27.11
29.09.25	Members requested updates for the next meeting in relation to Short Breaks and Deferred payments.	Deferred payments update received	27.11
27.11.25	The following update reports were requested: <ul style="list-style-type: none"> • Improvement Plan update • ASC Outturn Management update • Supply Contracts Management update • Shirehall Decant Management update 		
27.11.25	It was agreed to refer the Auditor's Annual report to Council for consideration of the recommendations and any actions it wishes to take.		
27.11.25	Counter fraud report: Katie to get requested info from revs & bens for Cllr Hancock-Davies		
27.11.25	Fraud options – agreed to refer to Cabinet to decide way forward and recommend the setting up of a T&F group		

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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