



# SHROPSHIRE COUNCIL AUDIT SERVICES

*"ADDING VALUE"*

## FINAL INTERNAL AUDIT REPORT WME CORPORATE GOVERNANCE AND RISK MANAGEMENT 2020/21

**Assurance Level**   **Good**



## Audit Data

<b>Customer:</b>	West Mercia Energy
<b>Report Distribution:</b>	Nigel Evans, Director
<b>Auditor(s):</b>	Shelley Taylor
<b>Fieldwork Dates:</b>	November 2020
<b>Debrief Meeting:</b>	N/a
<b>Draft Report Issued:</b>	N/a
<b>Responses Received:</b>	N/a
<b>Final Report Issued:</b>	13th November 2020

## Assurance

Previous Assurance Level	Current Assurance Level	Direction of Travel
Good	Good	No change to control environment

## Introduction and Background

1. As part of the approved internal audit plan for 2020/21 Audit Services have undertaken a review of Corporate Governance.
2. This audit has been conducted in accordance with the Public Sector Internal Audit Standards.
3. Maintenance of the control environment is the responsibility of Management. The audit process is designed to provide a reasonable chance of discovering material weaknesses in internal controls. It cannot however, guarantee absolute assurance against all weaknesses including overriding of management controls, collusion, and instances of fraud or irregularity.
4. Audit Services would like to thank officers who assisted during the audit.
5. The audit was delivered on time and within budget.

## Scope of the Audit

6. The following scope was agreed with key contacts at the beginning of the audit:  
To review the arrangements for Corporate Governance and Management of Risk during the current financial year.
7. The scope includes a follow up of recommendations made in the 2019/20 audit. Where not implemented fully, these are revisited, and the findings included in this report.
8. Audit work was undertaken to give assurance on the extent to which the following management control objectives are being achieved. Objectives with a ✓ demonstrate that appropriate management controls are in place and upon which positive assurance can be given. Objectives with an X are those where the management controls are not being achieved:
  - ✓ The recommendations made in the previous Governance and Risk Management audits have been implemented.
  - ✓ There is an appropriate process in place to ensure that Strategic and Operational Risks are recorded in a suitable format in the Risk Register and regularly reported to the Joint Committee.
  - ✓ Satisfactory Corporate Governance arrangements are in place.
  - ✓ A business continuity plan has been prepared which details the actions to be taken to allow recovery from an incident.

## Assurance Level and Recommendations

9. An opinion is given on the effectiveness of the control environment reviewed during this audit. The level of assurance given is based upon sample testing and evaluation of the controls in place. This will be reported to the Audit Committee and will inform the Annual Governance Statement which accompanies the Annual Statement of Accounts. There are four levels of assurance; Good, Reasonable, Limited and Unsatisfactory.

Audit Services can give the following assurance level on the area audited:

<b>Good</b>	There is a sound system of control in place which is designed to address relevant risks, with controls being applied consistently.
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10. The status of the recommendations accepted by management at the previous audit has been reviewed and is summarised in the table below:

Number of recommendations accepted by management at the last audit	1
Recommendations implemented	1
Recommendations partially implemented	
Recommendations superseded	
Recommendations not implemented	

Good progress has been made in the implementation of previous recommendations.

### Audit Approach

11. The approach adopted for this audit included:
- Review and documentation of the system.
  - Identification of the risks to achieving the business outcomes and associated key controls.
  - Follow up of previous recommendations.
  - Testing of controls to confirm their existence and effectiveness.
  - Identification of weaknesses and potential risks arising from them.
12. A more detailed report covering all the work undertaken can be provided on request.
13. In accordance with the Public Sector Internal Audit Standards, recommendations will be followed up to evaluate the adequacy of management action taken to address identified control weaknesses.

Ceri Pilawski  
Head of Audit

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