



# SHROPSHIRE COUNCIL AUDIT SERVICES

*"ADDING VALUE"*

## FINAL INTERNAL AUDIT REPORT WME IT AUDIT 2020/21

**Assurance Level** | **Good**



## Audit Data

<b>Customer:</b>	<b>Nigel Evans – Director of WME</b>
<b>Report Distribution:</b>	<b>As above</b>
<b>Auditor(s):</b>	<b>Joanne Woolley</b>
<b>Fieldwork Dates:</b>	<b>January 2021</b>
<b>Debrief Meeting:</b>	<b>03 February 2021</b>
<b>Draft Report Issued:</b>	<b>26 January 2021</b>
<b>Responses Received:</b>	<b>03 February 2021</b>
<b>Final Report Issued:</b>	<b>03 February 2021</b>

Assurance		
Previous Assurance Level	Current Assurance Level	Direction of Travel
Limited	Good	Strengthening control environment

## Introduction and Background

1. As part of the approved internal audit plan for 2020/21 Audit Services have undertaken a review of the IT arrangements in place for West Mercia Energy's (WME) Utilities and Billing system.
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 follow up the recommendations made in the 2019/20 WME IT Application Audit which was a full review of system compliance with legislation and policies, application security, parameter data, continuity processes, management/audit trails, change control procedures and interfaces.  
  
In addition to the follow up of previous recommendations, the 2020/21 audit includes a full review of the current controls in place for user training, data input, data processing and data output in relation to the organisation's utilities and billing system.
7. 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:
  - ✓ To follow up the previous recommendations.
  - ✓ Users have received the required training.
  - ✓ Data is accurately input and the authenticity of the data is verified.
  - ✓ Data is processed in a timely manner and validated.
  - ✓ Output is secure, accurate and reaches the intended recipient in a timely manner.

## Assurance Level and Recommendations

8. 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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9. Recommendations are made where control weaknesses, risks or areas for improvement have been identified and are of sufficient importance to merit being reported to you in accordance with auditing standards. There are four categories of recommendation; Best Practice, Requires Attention, Significant and Fundamental. The following table summarises the number of recommendations made in each category:

Total	Fundamental	Significant	Requires Attention	Best Practice
3	0	0	3	0

10. A summary of the recommendations, together with the agreed management responses are included at **Appendix 1**. Implementation of these recommendations will address the risks identified and improve the controls that are currently in place.
11. 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	13
Recommendations implemented	10
Recommendations partially implemented	2
Recommendations superseded	0
Recommendations not implemented	1

Good progress has been made in the implementation of previous recommendations. Recommendations which remain outstanding are repeated in the Exception Report and Action Plan.

## Audit Approach

12. 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.

13. As Internal Audit report by exception, only those areas where control weaknesses and/or errors have been identified are included in this report. Recommendations to improve controls or enhance existing practice are detailed against each finding and the associated risk. Your Action Plan is included at **Appendix 1**. A more detailed report covering all the work undertaken can be provided on request.
14. 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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## ACTION PLAN FOR WME IT AUDIT 2020/21

Rec Ref.	Rec No.	Recommendation	Rec Rating	Proposed Management Action	Lead Officer	Date to be Actioned
1.1	1	To ensure that recovery testing is fully supported a test plan should be agreed and documented. Test results should be recorded so that a full report of issues and resolutions are captured for future reference. A fully documented recovery exercise will provide evidence that the testing has been undertaken and that any exceptions were noted and resolved, and the system is fit for purpose.	Requires Attention	Agreed, we will incorporate a test plan into future testing.	Neil Marston	03/02/2021
1.2	2	Following changes to working practices as a result of Covid-19 and a requirement to work from home where possible, a review of the Business Continuity Policy and Recovery Plan should be undertaken to ensure that both documents are up to date and reflect new working practices and recovery arrangements. <i>(Updated from the recommendation agreed in 2019/20).</i>	Requires Attention	Agreed.	Nigel Evans	30/09/2021

Rec Ref.	Rec No.	Recommendation	Rec Rating	Proposed Management Action	Lead Officer	Date to be Actioned
1.3	3	Work on the documentation of a retention policy for the utilities/billing system data should continue and the policy should be formalised and agreed to ensure that information is retained for the required period and in line with GDPR.	Requires Attention	Agreed.	Nigel Evans	30/06/2021