



SHROPSHIRE COUNCIL AUDIT SERVICES

"ADDING VALUE"

FINAL INTERNAL AUDIT REPORT WME CORPORATE GOVERNANCE AND RISK MANAGEMENT 2021/22

Assurance Level | **Good**



Audit Data

Customer:	West Mercia Energy
Report Distribution:	Nigel Evans, Director
Auditor(s):	Kayleigh Griffiths
Fieldwork Dates:	January 2022
Debrief Meeting:	07 February 2022
Draft Report Issued:	08 February 2022
Responses Received:	08 February 2022
Final Report Issued:	11 February 2022

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 2021/22 Audit Services have undertaken a review of Corporate Governance and Risk Management.
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. 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:
 - ✓ 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

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 Joint 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:

Good	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
1	0	0	1	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.

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.
 - Testing of controls to confirm their existence and effectiveness.
 - Identification of weaknesses and potential risks arising from them.
12. As Internal Audit report by exception, only those areas where control weaknesses and/or errors have been identified are included in this report. Your Action Plan is included at **Appendix 1**. 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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ACTION PLAN FOR WME CORPORATE GOVERNANCE AND RISK MANAGEMENT 2021/22

Rec Ref.	Rec No.	Recommendation	Rec Rating	Proposed Management Action	Lead Officer	Date to be Actioned
4.1	1	Progress should continue to be made in the production of an up-to-date Business Continuity Plan, this should include all eventualities which could affect the business including but not limited to staffing, cyber-attack, network loss, once in place this should be formally approved by the owning authorities.	Requires Attention	Agreed.	Gareth Maude	June 2022