



Committee and Date

West Mercia Energy Joint  
Committee

27<sup>th</sup> March 2026

Item

Public

**WEST MERCIA ENERGY (WME)  
INTERNAL AUDIT STRATEGIC PLAN 2026/27**

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**1. Summary**

- 1.1 This report details the proposed programme of audit work for the year 2026/27 and recommends that members approve the programme, as set out in the report.
- 1.2 Internal Audit Services to West Mercia Energy have continued to be provided by Shropshire Council.

**2. Recommendations**

- 2.1 The Committee are asked to consider and endorse, with appropriate comment, the proposed programme of audits for 2026/27.

**REPORT**

**3. Risk Assessment and Opportunities Appraisal**

- 3.1 Under the Joint 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 West Mercia Energy's key risks and provides enough coverage to ensure a reasonable opportunity to identify any weaknesses in the internal control environment. When critical to the business operations these will be reported and rectified where possible and viable.
- 3.2 Areas to be audited within the plan have been considered with the knowledge of risk register information both operational and strategic.
- 3.3 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.
- 3.4 From April 2025, the Public Sector Internal Audit Standards was replaced with the Global Internal Audit Standards (GIAS) in the UK Public Sector. This provides a

framework for the practice of internal audit in the UK public sector when taken together with the GIAS issued by the Institute of Internal Auditors (IIA).

3.5 The development of the internal audit plan has been undertaken in line with the GIAS and all work completed as part of the 2026/27 WME audit plan will be in accordance with the GIAS in the UK Public Sector.

3.6 The provision of the Internal Audit Annual Plan to the Joint Committee satisfies the requirements under the Global Internal Audit Standards in the UK Public Sector.

#### **4. Financial Implications**

4.1 The proposed plan includes 22 days in 2026/27. The breakdown of days by proposed audit is summarised as part of **Appendix A**.

#### **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 adaptation. However, the work of Internal Audit will look at the aspects relevant to the governance, risk management and control environment. The Committee can seek direct assurance on these matters where required.

#### **6. Background**

6.1 The S151 Officer is legally required to maintain sound and proper financial management on behalf of the West Mercia Energy (WME). This includes a responsibility for maintaining internal audit. Internal audit is provided by Shropshire Council.

6.2 Audit priorities and known risks have been examined and a detailed audit plan has been produced for the provision of audit services for 2026/27, for consideration by the Committee. Each potential audit area has been reviewed with the Managing Director and the Head of Finance and Billing and considered in relation to the strategic risks of the business. Some areas are required to be audited every year, as they are fundamental to sound financial management.

6.3 The audit programme is shown at Appendix A. The proposed plan is presented to Committee for approval to reflect current issues and risks. This will ensure that the audits are timely, appropriate and add value, subject to the comments raised above. It takes account of issues identified by the West Mercia Energy risk management frameworks, including the risk appetite levels set by management for the different activities or parts of the business audited. The proposed Internal Audit plan considers the requirement to produce an annual internal audit opinion and assurance framework. Any adjustments needed to the plan will be agreed with the Managing Director and reported to the Joint Committee.

## 7. Resources and Delivery

7.1 WME has provided a budget in 2026/27 to deliver 22 days of audit.

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

Internal audit strategic plan 2020/21 – February 2020  
Internal audit strategic plan 2021/22 – March 2021  
Internal audit strategic plan 2022/23 – March 2022  
Internal audit strategic plan 2023/24 – March 2023  
Internal audit strategic plan 2024/25 – March 2024  
Internal audit strategic plan 2025/26 – March 2025

**Member**

Councillor Peter Stoddart of Herefordshire Council

**Appendices**

**Appendix A:** West Mercia Energy – Proposed Internal Audit Plan 2026/27

**APPENDIX A****WEST MERCIA ENERGY - AUDIT AREAS**

<b>AUDIT</b>	<b>Including review of:</b>	<b>2026/27 DAYS</b>
<b>PROCUREMENT</b>	Review of procurement arrangements re the new energy procurements being undertaken in 2026/27.	3
<b>DEBTORS</b>	Review the operational aspects of billing and account management	4
<b>FINANCE</b>	A combined audit reviewing the areas of Finance, Payroll and Creditors general controls.	5
<b>IT</b>	Time allocated to provide IT assurance advice	2
<b>CORPORATE GOVERNANCE AND RISK MANAGEMENT</b>	Corporate Governance & Risk Management Combined review (including EGARRP)	4
<b>ENGAGEMENT MANAGEMENT</b>	To include follow up of previous recommendations, audit management, audit planning, servicing Audit Committee, advisory	4
	Contingency	0
<b>TOTAL</b>		<b>22</b>