

WEST MERCIA ENERGY (WME) INTERNAL AUDIT STRATEGIC PLAN 2015/16

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1. Summary

This report details the proposed programme of audit work for the year 2015/16 and recommends that members approve the programme, as set out in the report.

Internal Audit Services to West Mercia Energy have continued to be provided by Shropshire Council and a Service Level Agreement is under review for this provision to March 2017.

2. Recommendations

- a) The Committee are asked to consider and endorse, with appropriate comment, the approval of the proposed programme of audits for 2015/16.

3. Background

The S151 Officer is legally required to maintain sound and proper financial management on behalf of the West Mercia Energy. This includes a responsibility for maintaining internal audit. Internal audit, provided by Shropshire Council, is based on a programme of audits over a four-year period, which has been in effect from WME's formation in April 2012.

Audit priorities and known risks have been examined and a detailed audit plan has been produced for the provision of audit services in the current financial year, for consideration by the Committee.

4. Approach to the Audit Programme

Each audit area has been reviewed with the Managing Director in relation to the risks presented to WME. Some areas are required to be audited every year, as they are fundamental to sound financial management.

The audit programme is shown at **Appendix A**. At the February 2013 meeting members agreed that, rather than approving the four years contained within the strategic plan, each years proposed plan would be reviewed and presented to committee for approval in order that the plan could be revised, if necessary, to address current issues or changes. This will ensure that the audits are timely, appropriate and add value to the service area concerned.

5. Resources and Delivery

WME has provided a budget in 2015/16 to deliver 26 days of audit including a small contingency. Average days over the four year period identified in the SLA are 26 per annum.

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 2012/13 to 2015/16 – February 2013

Internal audit strategic plan 2013/14 - June 2013

Internal audit strategic plan 2014/15 – February 2014

Appendices:

Appendix A: West Mercia Energy – Proposed Internal Audit Plan 2015/16

APPENDIX A

WEST MERCIA ENERGY - AUDIT AREAS

AUDIT	Including review of:	2015/16 DAYS
PAYROLL	Starters and leavers, overtime, travel, subsistence and performance related pay.	2
PROCUREMENT	Electricity	1
CREDITORS	Orders, payments, credit notes, purchase cards	2
DEBTORS	Billing, collection, refunds, write-offs, rebates (to cover gas, electricity and oil on a rolling three year basis)	3
FINANCE	Budgetary control, journals and control accounts reconciliation, bank control and reconciliation, exception reporting and reconciliation, VAT	3
IT	Follow-up of the recommendations made in the 2014/15 general IT controls review and to undertake additional in depth work on those areas identified arising from the work	5
CORPORATE GOVERNANCE AND RISK MANAGEMENT	Corporate governance	2
	Risk management	2
ENGAGEMENT MANAGEMENT	Previous recommendation follow up, audit management, audit planning, servicing Audit Committee, advisory	5
	Contingency	1
TOTAL		26