Shropshire Council
Legal and Democratic Services
Shirehall
Abbey Foregate
Shrewsbury
SY2 6ND

Date: 29 January 2025
My Ref:
Your Ref:

Committee:
Audit Committee

Date: **Thursday, 6 February 2025**
Time: **10.00 am**
Venue: **Shrewsbury Room, Shirehall, Abbey Foregate, Shrewsbury,**
                   Shropshire, SY2 6ND

You are requested to attend the above meeting. The Agenda is attached

There will be some access to the meeting room for members of the press and public, but this will be limited. If you wish to attend the meeting please email democracy@shropshire.gov.uk to check that a seat will be available for you.

Please click here to view the livestream of the meeting on the date and time stated on the agenda

The recording of the event will also be made available shortly after the meeting on the Shropshire Council Youtube Channel Here

Tim Collard
Assistant Director – Legal and Governance

Members of Audit Committee

Simon Harris (Vice Chairman)   Roger Evans
Brian Williams (Chairman)   Kate Halliday

Independent Member: Jim Arnold

Your Committee Officer is:

Michelle Dulson Committee Officer
Tel: 01743 257719
Email: michelle.dulson@shropshire.gov.uk

AGENDA

1   **Apologies for Absence / Notification of Substitutes**

2   **Disclosable Pecuniary Interests**

Members are reminded that they must declare their disclosable pecuniary interests and other registrable or non-registrable interests in any matter being considered at the meeting as set out in Appendix B of the Members' Code of Conduct and consider if they should leave the room prior to the item being considered. Further advice can be sought from the Monitoring Officer in advance of the meeting.

3   **Minutes of the previous meeting held on the 20 December 2024** (Pages 1 - 8)

The Minutes of the meeting held on the 20 December 2024 are attached for confirmation.
Contact Michelle Dulson (01743) 257719

4   **Public Questions**

To receive any questions from the public, notice of which has been given in accordance with Procedure Rule 14. The deadline for this meeting is 12 noon on Friday 31 January 2025.

5   **Member Questions**

To receive any questions from the public, notice of which has been given in accordance with Procedure Rule 14. The deadline for this meeting is 12 noon on Friday 31 January 2025.

6   **First line assurance: NWRR Management Update**

A verbal update will be given.
Contact: Andy Wilde (01743) 256401

7   **First line assurance: Social Media Management Update** (Pages 9 - 24)

The report of the Head of Communications and Engagement is attached.
Contact: Nigel Newman (01743) 253976

8   **First line assurance: The Lantern Management Update** (Pages 25 - 32)

The report of the Property Services Group (PSG) Facilities and Maintenance Manager is attached.
Contact: Matt Jordan (01743) 252668

9   **First line assurance: External Catering Management Update** (Pages 33 - 46)

The report of the Shire Services General Manager is attached.
Contact: Suzan Vuli (01743) 250259

10   **Second line assurance: Strategic Risks Update** (Pages 47 - 52)

The report of the HR & OD Manager is attached.
Contact: Sam Collins-Lafferty (01743) 252854

11   **Second line assurance: Treasury Strategy 2025/26**

The report of the Executive Director of Resources (Section 151 Officer) is to
follow.
Contact: James Walton (01743) 258915

12   **Governance assurance: Draft Audit Committee work plan and future
training requirements** (Pages 53 - 78)

The report of the Head of Policy and Governance is attached.
Contact: Barry Hanson 07990 086409

13   **Third line assurance: Internal Audit Performance Report and revised
Annual Audit Plan 2024/25** (Pages 79 - 98)

The report of the Head of Policy and Governance is attached.
Contact: Barry Hanson 07990 086409

14   **Third line assurance: Report of the Audit Review of Risk Management**
(Pages 99 - 104)

The report of the Internal Audit Manager is attached.
Contact: Katie Williams 07584 217067

15   **Third line assurance: Internal Audit Plan 2025/26** (Pages 105 - 108)

The report of the Head of Policy and Governance is attached.
Contact: Barry Hanson 07990 086409

16   **Date and Time of Next Meeting**

The next meeting of the Audit Committee will be held on the 26 June 2025 at
10.00 am.

17   **Exclusion of Press and Public**

To RESOLVE that in accordance with the provision of Schedule 12A of the
Local Government Act 1972, Section 5 of the Local Authorities (Executive

Arrangements)(Meetings and Access to Information)(England) Regulations and Paragraphs 2, 3 and 7 of the Council's Access to Information Rules, the public and press be excluded during consideration of the following items.

18   **Exempt Minutes of the previous meeting held on the 20 December 2024**
(Pages 109 - 110)

The Exempt Minutes of the meeting held on the 20 December 2024 are attached for confirmation.
Contact Michelle Dulson (01743) 257719

19   **Internal Audit: Fraud, Special Investigation and RIPA Update (Exempted by Categories 1, 2, 3 and 7)** (Pages 111 - 118)

The report of the Internal Audit Manager is attached.
Contact: Katie Williams 07584 217067

Committee and Date
Audit Committee
6 February 2025

MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 20 DECEMBER 2024 10.00AM – 12.05PM

Responsible Officer: Michelle Dulson
Email: michelle.dulson@shropshire.gov.uk   Tel: 01743 257719

Present
Councillor Brian Williams (Chairman)
Councillors Simon Harris (Vice Chairman), Rosemary Dartnall and Roger Evans

74   **Apologies for Absence / Notification of Substitutes**

Apologies were received from Councillor Kate Halliday and Jim Arnold (Independent Member). Councillor Rosemary Dartnall substituted for Councillor Halliday.

75   **Disclosable Pecuniary Interests**

Members were reminded that they must not participate in the discussion or voting on any matter in which they have a Disclosable Pecuniary Interest and should leave the room prior to the commencement of the debate.

76   **Minutes of the previous meeting held on the 28 November 2024**

RESOLVED:

That the Minutes of the meeting of the Audit Committee held on the 28 November 2024 be approved as a true record and signed by the Chairman.

77   **Public Questions**

There were no public questions.

78   **Member Questions**

There were no questions from Members.

It was agreed to take Agenda Item 7 (Final Approval Statement of Accounts 2023/24) next.

79   **First line assurance: Final Approval Statement of Accounts 2023/24**

The Committee received the report of the Executive Director of Resources (Section 151 Officer) which provided for the approval of the 2023/24 Statement of Accounts, following completion of the audit of the accounts.

The Executive Director of Resources (Section 151 Officer) introduced the report and gave the background. He explained that it had been hoped to be in a finalised position by the 28 November Audit Committee, however the work had still been ongoing and there were still some outstanding items particularly in relation to Property, Plant and Equipment calculations He drew attention to table 1 in Paragraph 7.4 which detailed the various amendments that had been made to the accounts as a result of the work that had been completed to date. It was hoped that the accounts would not be materially changed by those final pieces of work but, if necessary, they would have to be amended.

The Chair sought clarification on whether the Committee could agree the accounts at that meeting. In response, the Executive Director of Resources (Section 151 Officer) explained that as there was some work that was outstanding it was not possible for the External Auditors to say that any changes would not be material and there was a risk that if an adjustment took them over the materiality threshold a decision would have to be made as to whether to restate it in the accounts. Work would continue up until Christmas and then into the new year to finalise these outstanding items.

The Engagement Lead explained that the legal requirement was to publish the accounts by the 28 February 2025 and that the Council had already met the legal requirement to publish a set of unaudited accounts by the end of May. He explained that there had been a considerable amount of work undertaken since the 28 November meeting, however there were still some specific queries outstanding that needed to be addressed before they had the assurance that the accounts were not materially misstated. It was hoped by early to mid-January time to have an agreed set of final accounts but he reiterated what the Executive Director of Resources (Section 151 Officer) had said about not being able to guarantee that there would not be any material misstatements or amendments to the accounts.

A brief discussion ensued about what the meeting could achieve as when this additional meeting had been agreed, it was in the expectation that they would have a complete set of accounts. It was suggested that the meeting be adjourned until mid-January or that the item go to the February meeting. Councillor Evans was unhappy to approve the accounts and delegation to the Executive Director of Resources (Section 151 Officer) and felt the Committee needed to see the final report from the External Auditors. In response, the Executive Director of Resources (Section 151 Officer) explained that the accounts were almost there and that by reviewing and effectively signing off today, there was the potential that there were no further material changes required and the job of the Committee would be done but there was a risk that that might not be the case. The Engagement Lead added that other Councils were able to authorise their accounts but delegate to the Section 151 Officer to make any minor amendments and if there were material adjustments then the financial statements would have to go back to Committee for approval.

The Chairman therefore suggested that the Committee approve the accounts today subject to there being no further material misstatements with the Section 151 Officer authorised to make any minor adjustments (as set out in recommendation 3.2). In

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response to a query, the Engagement Lead explained the definition of materiality (as set out in their audit findings report) and what it was set at for the Council.

Concern was raised that the draft audit opinion pages of the report were blank. In response, the Executive Director of Resources (Section 151 Officer) explained that it was standard practice for the draft Audit Opinion to be updated once the final audit opinion was provided. He referred to the draft Independent Auditors Opinion which was set out in Item 6 and if nothing changed then that draft would be inserted into those blank pages.

It was noted that page 61 of the Auditors report stated that they had concerns about the identified significant weaknesses in the authority's arrangements for financial sustainability in the medium term. Councillor Evans was therefore unhappy to sign off the accounts at that time without the final Auditors report due to the situation the Council was in, especially considering the Auditors comments around the NWRR and the 2025/26 budget and comments around securing economy, efficiency and effectiveness in its use of resources. He felt the Committee should take these points into consideration if and when the final report was issued, which was different to previous years because this Council was at a precipice and it was unknown how the Government announcement the previous day would affect the Council.

In response, the Engagement Lead explained that in the draft opinion included in Item 6, the wording was representative of the work that they had done on the value for money arrangements and would not change in terms of the value for money conclusions drawn as no further work was being done around that element. Their work was now focussed on the financial statements audit only which was around the balances in the financial statements. If any errors were found and the Council adjusted for those errors in the financial statements, there would be no impact on the audit opinion delivered. The only potential reason for the audit opinion changing was if they had to disclaim the audit for one reason or another, for example, if they did not have the right assurances and evidence by the 28 February date and if that was the case he would suggest convening a further meeting to explain and explore that before signing off the accounts.

The Executive Director of Resources (Section 151 Officer) confirmed what the Engagement Lead had said, and, by way of reassurance, explained the way in which the accounts were produced and what happened if the Auditors identified an error which was below materiality, in which case the Council could decide not to adjust that figure but would bring it to the attention of those charged with governance. Any other minor adjustments could be adjusted without convening a further meeting. The report from the external auditors presented to the 28 November meeting included the value for money report which discussed all of the issues raised by Councillor Evans around the financial position of the authority, the response around the NWRR etc. and which had been approved by the Committee. Therefore, that part of the Audit Opinion would not change.

He went on to explain that the only piece of work outstanding was around the financial statements for 2023/24 and unless something came out of that work which required those financial statements to be changed, nothing would change within that statement. It was never included within the accounts until that work had been completed and the final accounts published.

Following this discussion and after further consideration of the report the Chairman would be minded to approve the recommendations with the inclusion that the Committee note there is some risk that there could be a material misstatement.

In response to a query the Head of Finance Management and Reporting explained that the Council receive an amount from BT as part of the Broadband agreement and, for several years, had been holding it in capital grants receipts in advance. However, when looked at in more detail, as there were no conditions attached to that particular funding, it should really be hold in the capital grants unapplied account with a portion being held in the creditors balance (for payment to BDUK). So, the amount had not been overstated incorrectly it was just where it was shown in the balance sheet was incorrect, but this had now been corrected in this year's accounts.

In response to queries around the £5.5m spend on the NWRR, the Executive Director for Resources (Section 151 Officer) explained that the NWRR funding was from a combination of grant funding, capital receipts, Section 106 monies, CIL and other grants from eg the LEP etc. The £5.5m was expenditure that had been incurred in that year. A further brief discussion ensued in relation to the funding for the NWRR and the consequences of the project being cancelled. The review of the level of reserves, including insurance reserves was also discussed along with the general fund balance.

A query was raised around the Outlook for the Council section of the report and in particular why savings proposals not delivered was not included in the list of the specific factors affecting the budget. In response to a query about whether LEP money (referred to on page 63 of the report) was still available to be used by the Council, the Executive Director of Resources (Section 151 Officer) explained that the Marches LEP had been dissolved at the end of March 2024, and Shropshire Council, as accountable body on behalf of Shropshire, Telford and Hereford set up a successor body (as required by the Government), the Marches Joint Committee, the funding for which was ringfenced and it was up to the Joint Committee to continue and wind down the work in relation to the LEP. It was therefore up to the Joint Committee and not Shropshire Council to decide where any remaining funds were spent.

A brief discussion ensued in relation to aged debt and the Executive Director of Resources (Section 151 Officer) explained the measures being taken by the Council to recover those sums including via payment plans over 10 to 15 years. However, there was a point at which that debt would become irrecoverable and had to be written off. The Engagement Lead explained that they were comfortable with the way in which the Council were managing its level of long-term debt and informed the Committee that there would always be a level of historic debt and at some point, may challenge the Council to write off some very old debt. The Senior Manager, External Audit explained that although there was a high level of old debt, there was also prudent provision for bad debts.

RESOLVED:

1. To approve the 2023/24 Statement of Accounts and for the Chairman of the Audit Committee to sign them (in accordance with the requirements of the Accounts and Audit Regulations 2015).

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2. To agree that the Executive Director of Resources be authorised to make any minor adjustments to the Statement of Accounts prior to publication of the audited Statement of Accounts.

3. To note that there was a possible risk that there could be a material misstatement which could cause reconsideration of the 2023/24 accounts.

4. To agree that the Executive Director of Resources and the Chairman of the Audit Committee sign the letter of representation in relation to the financial statements on behalf of the Council and send to the External Auditor.

80 Third line assurance: External Audit: Shropshire Council Audit Findings 2023/24

The Committee received the report of the Engagement Lead which set out the Audit Findings for Shropshire Council for the year ended 31 March 2024.

The Engagement Lead informed the Committee that there was still work to do before the audit could be drawn to a conclusion. He referred to page 8 of the report which set out the outstanding items with the key area being Property, Plant and Equipment for which assurances were awaited before the opinion could be signed off in case it led to a material misstatement. He confirmed that the financial statements audit was approximately 90% complete and he thanked the finance officers for their support in driving the audit to near completion.

He then handed over to the Senior Manager who went through more of the detail of the report and provided a high-level update on the outstanding areas. She explained that some of the outstanding information did impact on the significant risk areas of the Council set out on pages 11 to 15 of the report. Work in those areas had progressed, but they were unable to complete three of those significant risk areas (presumed risk affording revenue recognition, the risk regarding expenditure, and the valuation of land and buildings and investment property).

The Senior Manager drew attention to their work around Going Concern (detailed on page 25 of the report) and Value for Money (detailed on page 27 of the report). She then referred to the audit adjustments that had been identified (set out on page 42 of the report) including two monetary adjustments and some disclosure adjustments (referred to on pages 43 and 44 of the report). Finally, she touched on an unadjusted misstatement related to a pensions estimation which was consistent with previous reporting and as it was an estimation, they would not expect it to be adjusted however assurances on that were required, specifically for the letter of representation.

She confirmed that any follow up work on their recommendations would be undertaken as part of their planning for 2024/25 and progress would be reported against those recommendations set out in Appendix A and Appendix B of the report as part of their audit plan and audit findings for 2024/25.

In response to a query, the Engagement Lead provided an update in relation to the outstanding audit objection and how it would likely be concluded. He also drew Members' attention to a further objection that had been raised on a number of Authorities' and Pension Fund accounts for which a national approach was being worked upon.

A query was raised about the minimum revenue position and the fact that the way in which this was handled by the Council in 2023/24 would not have complied with the regulations which come into force in April 2025 and the impact, if any, on the accounts or how the Council operated. It was confirmed that the Council had applied that policy in that way for a number of years as it was felt to be the correct way to do so and although not currently in line with regulations, the regulations were changing in line with the Council's policy. Therefore, rather than changing it for a year, the decision was made to maintain it as this was how it was going to be reflected in future years. She was not aware that a calculation had been done to see what the impact would be if they were to change it.

The Chairman informed the Committee of a future consultation by the Audit Commission on proposals for changing the way in which local authority accounts were audited following concern that there were authorities who were eight and nine years behind with the submission of their accounts.

Members expressed congratulations and thanks to both Grant Thornton and the Council's Finance team for ensuring that the Council's accounts were up to date and had caught up from previous slippages.

RESOLVED:

To accept the contents of the report.

81 **Date and Time of Next Meeting**

The next meeting of the Audit Committee would be held on the 6 February 2025 at 10.00am.

82 **Exclusion of Press and Public**

RESOLVED:

That in accordance with the provision of Schedule 12A of the Local Government Act 1972, Section 5 of the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations and Paragraphs 2, 3 and 7 of the Council's Access to Information Rules, the public and press be excluded during consideration of the following items.

83 **First line assurance: Cyber Security Management Update**

The Committee received the exempt report of the Head of Automation and Technology.

RESOLVED:

To note the contents of the exempt report.

Signed .... (Chairman)

Date: ....

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	Committee	**Item**
	Audit Committee 6 February 2025	
		Public

Social Media Management Update

Responsible Officer:	Nigel Newman, Head of Communications and Engagement
email: Nigel.newman@shropshire.gov.uk	Tel: 01743 253976
Cabinet Member (Portfolio Holder):	Cllr Lezley Picton, Leader and cabinet member responsible for communications

1.   Synopsis

This report provides Committee an update on the progress against recommendations following an audit review of the council's social media presence to ensure accounts are as effective as possible and properly managed by services.

2.   Executive Summary

2.1. For several years social media has played an important role in the Council's mix of communication channels and in communicating directly with many people in Shropshire as media consumption patterns continue to evolve as technology and digital accessibility increases. A range of council services operate social media accounts across several different platforms. Most accounts are operated by services with little direct corporate involvement or oversight of their content or management, with services given social media guidelines to follow to ensure corporate standards are met. Several corporate accounts are managed by the Council's corporate communications team covering Facebook, X (formerly Twitter), NextDoor, Instagram and LinkedIn. These accounts tend to be those with the highest number of followers among council accounts. As with all accounts, these can be effective tools to share council information and foster engagement. They can also attract significant levels of public interaction. Requests for new social media accounts by services are considered by the Corporate Communications team first before proceeding.

2.2. Currently, the council has 45 Facebook accounts, 34 X accounts, 12 Instagram accounts, 6 LinkedIn accounts and 1 Nextdoor account. There are 80 users who have access to Orlo (see 2.4 below) to manage these accounts.

2.3. The platforms the council uses reflect broader UK social media consumption, with the Council using five of the seven most commonly-used platforms in the UK (OFCOM Online Nation Nov 2024). An exception is the use of NextDoor, which latest data shows around 25% of Shropshire households are registered for and allows for hyperlocal targeting of information and content to specific areas.

2.4. Access to social media should be through a corporate social media management platform (Orlo) which helps to manage posting and replies and gives an auditable trail of activity, while also providing tools to help analyse and evaluate the effectiveness of social media activity.

2.5. An audit of the Council's social media presence was undertaken between June and September 2024. This resulted in several recommendations and overall assurance rating of unsatisfactory.

2.6. This report provides information on the action taken by Corporate Communications in response to the recommendations.

3.   Recommendations

3.1. Members note the updates as set out in the report and endorse the responsibility on services to adhere to social guidelines and policies

Report

4.   Risk Assessment and Opportunities Appraisal

4.1. This is an information report providing the Committee with details of the work undertaken by Corporate Communications in response to the Audit and therefore a risk assessment and opportunities appraisal has not been carried out

5.   Financial Implications

5.1. Shropshire Council is currently managing an unprecedented financial position as budgeted for with the Medium Term Financial Strategy approved by Council on 29 February 2024 and detailed in our monitoring position presented to Cabinet on a monthly basis. This demonstrates that significant management action is required to ensure the Council's financial survival. While all Cabinet Reports provide the financial implications of decisions being taken, this may change as officers review the overall financial situation and make decisions aligned to financial survivability. Where non-essential spend is identified within the Council, this will be reduced. This may involve
   •   scaling down initiatives,

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- changing the scope,
- delaying implementation, or
- extending delivery timescales.

5.2. Following the audit, there is scope to review some of the tools that the Council uses to support its social media activity and seek to drive out cost reductions. This could be through a variety of means including:

5.2.1. Reducing the number of social media accounts and users, subsequently resulting in potential licence cost reductions. This may also release staff resource as fewer accounts are operated, although this may be difficult to quantify accurately.

5.2.2. A procurement review to ensure best value is being achieved. The contract for the council's social media management platform is due for renewal in June 2025 and discussions have begun with potential providers

5.3. Effective use of social media can play an important part in helping to drive behaviour change, adoption of service changes and transformation and where appropriate may help to achieve savings or increase income.

6. Climate Change Appraisal

6.1. There are no anticipated direct climate change or environmental impacts associated with the recommendations in this report.

7. Audit recommendations

7.1. The Audit report follows a report in 2017/18 which gave a limited assurance rating. The latest report gives an unsatisfactory rating and identifies six significant risks and one measure that requires attention. It makes several recommendations which are identified at Appendix 2 of the report.

7.2. The table below updates members on the progress against these.

Recommendation	Management action	Review date
Intranet pages and "Terms of Use" documents to be updated to clarify the current responsibilities.	Intranet pages and terms of use updated and communication issued to all services operating social media accounts.	As part of regular reporting cycle to EMT
Monitoring of social media accounts and activity to ensure compliance with the Terms of Use and highlighting of non-compliance.	This is now being conducted and regular reporting to EMT prepared. Following a first stage review, 26 social media accounts and users have now been deleted and the number of management platform licences has reduced. This will continue.	Quarterly reporting to EMT

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Administration of social media accounts should ensure compliance with the Terms of Use.	Further communication with social media account holders and a freeze on creation of new social media accounts. Any new users are given training and briefed on the Terms of Use. Restructure in Communications team to create a role with specific responsibility for overseeing compliance.	June 2025
Compliance should then be monitored and reported on. Consideration to reinstate training for all users to ensure they are aware of their roles and responsibilities.	Regular reporting template created and circulated for feedback. Training requirements, including existing users will be reviewed once Communications restructure is completed.	April 2025
Staff who no longer work at the Council, should have access to any social media account removed.	This now being built into the leaver's checklist for managers as part of a wider review of this with HR. Where staff have left who had access to a social media account, services have been asked to review access and make any necessary changes.	Review six monthly
A value for money assessment should be performed on the use of Orlo. Following this, if usage is continued training should be provided to all users to ensure all aspects are fully utilised, including analytics and insights.	A revised scope for a social media management platform is being created and initial discussions have begun with potential suppliers, ahead of the expiry of the current management platform contract in June 2025. This will be done alongside a rationalisation of accounts and users to ensure channels are used effectively and value for money.	Appoint to a new contract/provider July 2025
Monitoring of activity using analytics and insights to inform future content and posting by Service Areas. Cross council monitoring by the Communications Team should be presented to Senior Management on a regular basis to improve social media outcomes.	This recommendation creates an additional task for the Communications Team, and this will be reviewed as part of the wider Communications Strategy review to ensure that the team's limited capacity is focused on the right priorities.	Review once Communications Strategy and Communications Team restructure is complete – May 2025

8. Additional Information

8.1. As part of the Council's resizing, the Communications Team is undergoing a restructure which will reduce the team's staffing budget by the equivalent of three FTEs. This is expected to complete by April 2025. This will create further pressures, in addition to the tasks recommended following this Audit. As the report highlights, capacity and other more urgent priorities may also restrict the Communications Team's ability to fully respond to all recommendations of the Audit report.

8.2. The Communications Team took on responsibility for social media from Digital Services in March 2024 and contract renewal negotiations with Orlo quickly followed. No additional resource was transferred to the Communications Team for this and has had to be absorbed into other business as usual. However, the Communications restructure that will take place shortly seeks to create a new post which would have clearer responsibility for the oversight of a range of digital tools and channels, including social media.

8.3. The wider council resizing programme is also likely to impact on the number of services' ability and resource available to operate service-led social media accounts. This may lead to a further reduction in the numbers of accounts and services seeking greater reliance on the accounts managed by Corporate Communications, which would make compliance and oversight of this activity much simpler.

9. Conclusions

9.1. Several measures are already underway to address issues raised by the audit. Further changes planned as part of a restructure of the Communications team, while subject to consultation, should support this further.

9.2. A more consistent approach and rationalisation of social media accounts will create opportunities for better value and governance of the council's social media presence

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

Internal Audit Report Social Media 2024/25

OFCOM Online Nation November 2024

Local Member:	N/A
Appendices	

Appendix 1 – Final Audit Report Social Media 2024/25

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SHROPSHIRE COUNCIL
AUDIT SERVICES
"ADDING VALUE"

FINAL INTERNAL AUDIT REPORT

SOCIAL MEDIA 2024/25

Assurance Level	Unsatisfactory

Customer:	Nigel Newman – Head of Communications & Engagement

Report Distribution:	Nigel Newman – Head of Communications & Engagement Dale Shepherd – Digital Services Manager Billy Webster – Assistant Director Transformation & Efficiency

Auditor(s):	Catherine Young Sophie Higgins

Fieldwork Dates:	June - August 2024

Debrief Meeting:	27th August 2024

Draft Report Issued:	11th September 2024

Responses Received:	26th September / 17th October 2024

Final Report Issued:	17th October 2024

Introduction and Background

1. As part of the approved internal audit plan for 2024/25 Audit Services have undertaken a review of Social Media.

   Social media is transforming the way we interact with our customers and can be one of the most effective communication channels between organisations and the public.

   There is more value to be gained from engaging in the social media conversation than not - whether you are aiming for cheaper, more personalised service delivery or behaviour change. However, the use of social media is not without risk. Social media has been described as the perfect hunting ground for illegal activity – more than 12 per cent of organisations have been the victim of a security breach via a social-media-related cyber-attack and social media tops the list of channels of perceived compliance risk.

   The social media process was last reviewed by internal audit in 2017/18 resulting in an assurance rating of limited. Due to changes in the process since then, the decision was made to perform a full review rather than a follow up of just the previous recommendations.

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 has slightly overrun due to a change in audit staff during the process.

Scope of the Audit

6. The following scope was agreed with key contacts at the beginning of the audit:

   To provide assurance that the organisation has appropriate guidance and governance arrangements in place to reduce the risks of the use of social media and to ensure compliance with policies and legislation.

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:

   X   Appropriate management processes exist to manage and control the use of social media for Shropshire Council business.

   X   A policy to support standards and social media use exists.

   X   Formal administration is undertaken on social networking accounts by designated responsible officers.

X	Appropriate officers and training are in place to support the social media policy. [1]
X	Monitoring arrangements are in place.
✓	A customer complaints process is in place.

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:

Unsatisfactory	The system of control is weak and there is evidence of non-compliance with the controls that do exist.

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. Detailed findings and a definition of the recommendation categories are included in the Exception Report at **Appendix 1**. The following table summarises the number of recommendations made in each category:

Total	Fundamental	Significant	Requires Attention	Best Practice
7	0	6	1	0

10. A summary of the recommendations, together with the agreed management responses are included at **Appendix 2**. Implementation of these recommendations will address the risks identified and improve the controls that are currently in place.

11. The audit work identified a number of significant issues leading to the following recommendations:

    - The responsibility for the administration of all social media activity should be formally agreed and documented, including the setting up of all accounts.

    - All social media accounts and activity should be monitored to ensure compliance with the Terms of Use, and any non-compliance should be highlighted and rectified. In particular (but not limited to):
        - Direct access outside of Orlo where not required
        - Access via personal devices
        - Promotion of external businesses
        - Review and closure of accounts not being used
        - Inconsistent corporate branding
        - Non-removal or addressing of negative comments when in breach of Council social media guidelines for users

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[1] Whilst there are no recommendations under this objective, there is evidence of non-compliance with the control which has been summarised as part of recommendation 1 below.

- The administration of social media accounts should ensure compliance with the Terms of Use, in particular (but not limited to):
    - Password compliance with the corporate password policy
    - Oversight of security settings applied in accounts set up outside of Orlo
    - Completeness of applications prior to the creation of new accounts.

- The Social Media Terms of Use should be updated and adhered to for all accounts. Compliance should then be monitored and reported on. Consideration should be given to reinstating training for all users to ensure they are aware of their roles and responsibilities.

- As part of the service review process, a value for money assessment should be performed on the use of Orlo.
  Following this, if usage is continued training should be provided to all users to ensure all aspects are fully utilised, including analytics and insights.
- Monitoring of traffic and user interactions through the use of analytics and insights available on Orlo should be used as a tool to inform future content and posting by Service Areas.
  As part of this, the monitoring of social media activities by the Communications Team should be presented to Senior Management on a regular basis to improve awareness of customer interactions and requirements.

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.

- 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 **(Appendix 1).** Recommendations to improve controls or enhance existing practice are detailed against each finding and the associated risk. Your Action Plan is included at **Appendix 2**. 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.

Barry Hanson
Head of Policy & Governance

INTERNAL AUDIT EXCEPTION REPORT FOR SOCIAL MEDIA 2024/25

Fundamental	Significant	Requires Attention	Best Practice
Immediate action required to address a major control weakness which, if not addressed, could lead to material loss.	A recommendation to address a significant control weakness where the system may be working but errors may go undetected.	A recommendation aimed at improving the existing control environment.	Suggested action which aims to improve best value, quality or efficiency.

Audit Ref	Finding/ Observation	Implications/Risks	Rec No.	Rec Rating	Recommendation
Management Control Objective: Appropriate management processes exist to manage and control the use of social media for Shropshire Council business.					
1.1	The responsibility for social media sits within the Communications and Engagement team. This was previously managed by Web Services. The Social Media Terms of Use document states that: *'All official approved social media accounts belong to Shropshire Council, under the governance of the Communications and Digital Services teams.'* Throughout the Terms of Use there are duties allocated to the Web and/or Communications Teams with no clear definition of responsibilities. In addition, there are no procedure notes which cover the setting up of social media accounts. This leads to the Communications Team relying on the Web Team for support in setting up accounts or attempting to set up accounts with limited guidance.	Failure to allocate and document responsibilities leads to confusion and required tasks not being completed, resulting in internal inefficiencies and external reputational damage.	1	Significant	The responsibility for the administration of all social media activity should be formally agreed and documented, including the setting up of all accounts.
1.2	Throughout the audit, it has been identified that the Terms of Use are not being adhered to and monitoring isn't taking place to identify this non-compliance. Audit findings have highlighted the following: • 79% of users have the ability to access accounts directly, outside of Orlo (policy states this is a last resort – no further testing has been carried out to identify if these users have been accessing outside Orlo) • Staff accessing accounts through personal devices • Promoting external businesses • No review of accounts in place • Branding not applied • Negative comments are not consistently being addressed or removed where in breach of Council social media guidelines for account users.	Non-compliance with the Terms of Use could lead to social media activity which is damaging to the reputation of the authority and ultimately resulting in financial loss.	2	Significant	All social media accounts and activity should be monitored to ensure compliance with the Terms of Use, and any non-compliance should be highlighted and rectified. In particular (but not limited to): • Direct access outside of Orlo where not required • Access via personal devices • Promotion of external businesses • Review and closure of accounts not being used • Inconsistent corporate branding • Non-removal of negative comments in breach of Council social media guidelines for account users.
1.3	Throughout the audit, issues have been identified with the administration of social media accounts in line with the Terms of Use. Particular areas of concern are: • Passwords not being updated and do not comply with the password policy . • Security settings not customised for accounts set up directly (outside of Orlo). • Incomplete applications and the Communications Team being over-ruled.	Non-compliance with the Terms of Use could lead to social media activity which is damaging to the reputation of the authority and ultimately resulting in financial loss.	3	Significant	The administration of social media accounts should ensure compliance with the Terms of Use, in particular (but not limited to): • Password compliance with the corporate password policy • Oversight of security settings applied in accounts set up outside of Orlo • Completeness of applications prior to the creation of new accounts

Audit Ref	Finding/ Observation	Implications/Risks	Rec No.	Rec Rating	Recommendation
Management Control Objective: A policy to support standards and social media use exists					
2.1	The Social Media Terms of Use is available on the intranet and was last updated in November 2022. Informal training is provided to all new users by the Communications Team during account set up, including what is expected of them as per the Terms of Use. In depth training was previously provided by the Web Team however since the responsibility has been transferred to the Communications Team, due to resources this no longer takes place.	Out of date guidance and lack of training leads to confusion for users and non-compliance resulting in potential reputational damage to the authority.	4	Significant	The Social Media Terms of Use should be updated and adhered to for all accounts. Compliance should then be monitored and reported on. Consideration should be given to reinstating training for all users to ensure they are aware of their roles and responsibilities.
Management Control Objective: Formal administration is undertaken on social networking accounts by designated responsible officers.					
3.1	The current log of officers with access to Social Media Accounts was provided. A review of the users found that there are 21 officers recorded as having access to accounts but have left the organisation. These 21 users had direct access to 29 social media accounts. Users with direct access are recorded on the Social Media log. A questionnaire was sent to all officers recorded as having access and this identified that two officers stated that they have direct access which is not recorded on the log maintained.	If leavers have access to social media, inappropriate activity could occur on corporate accounts potentially resulting in reputational damage to the authority.	5	Requires Attention	Staff who have been identified as no longer working at the Council, should have their access removed. The Communications Team should liaise with HR to add the removal of leavers from social media account access (direct and through Orlo) to the HR Leavers' checklist.
3.2	The Communications Team use Orlo to manage social media accounts. The cost for 2023/24 was £31,762.50 (excl. VAT). This allows users to be set up with an account to Orlo where they can then access the social media accounts that they post to. The application also offers insights into interactions. However, there are a number of limitations to the portal which requires the user to access the social media account by directly logging in with the password on their Council device. There are 156 out of 197 users with direct access to a corporate account, therefore 79% of users have the ability to access a social media account outside Orlo. No further testing was undertaken to identify if they had actually accessed accounts outside of Orlo. This has been discussed with the Communications Manager who wasn't aware that access to social media accounts outside of Orlo was this high. The use of Orlo provides efficiencies with the ability to manage accounts on multiple platforms through one system, however another key function is the availability of insights and analytics and it is unknown whether these are utilised by service areas.	Failure to assess the value provided by using Orlo could lead to continued unnecessary expenditure resulting in savings not being realised.	6	Significant	As part of the service review process, a value for money assessment should be performed on the use of Orlo. Following this, if usage is continued training should be provided to all users to ensure all aspects are fully utilised, including analytics and insights.
Management Control Objective: Monitoring arrangements are in place.					
5.1	There is performance monitoring available in Orlo, however this is not used to its potential. The Communications Team use the insights on Orlo for reporting on their own performance (via PowerPoint presentation) on a monthly basis. The presentations are currently produced manually but the Communications Manager plans to start using PowerBI in future and would also like to present	Failure to monitor traffic and user interactions leads to social media activity not tailored to customer requirements resulting in less interaction and wasted opportunities.	7	Significant	Monitoring of traffic and user interactions through the use of analytics and insights available on Orlo should be used as a tool to inform future content and posting by Service Areas. As part of this, the monitoring of social media activities by the Communications Team should be

Audit Ref	Finding/ Observation	Implications/Risks	Rec No.	Rec Rating	Recommendation
	to EMT rather than just within the Communications Team. New users are signposted to the use of insights and analytics within Orlo during initial set up, however, there is no monitoring of whether service areas utilise this function to plan and improve their future posts and content.				presented to Senior Management on a regular basis to improve awareness of customer interactions and requirements.

ACTION PLAN FOR SOCIAL MEDIA 2024/25

Rec Ref.	Rec No.	Recommendation	Rec Rating	Proposed Management Action	Lead Officer	Date to be Actioned
1.1	1	The responsibility for the administration of all social media activity should be formally agreed and documented, including the setting up of all accounts.	Significant	Intranet pages and "Terms of Use" documents to be updated to clarify the current responsibilities.	Nigel Newman / Laura Pell / Dale Shepherd	April 2025
1.2	2	All social media accounts and activity should be monitored to ensure compliance with the Terms of Use, and any non-compliance should be highlighted and rectified. In particular (but not limited to): • Direct access outside of Orlo where not required • Access via personal devices • Promotion of external businesses • Review and closure of accounts not being used • Inconsistent corporate branding • Negative comments are not consistently being addressed or removed where in breach of Council social media guidelines for account users.	Significant	Due to staff capacity and completing more urgent priorities, regular monitoring is not feasible. However, a recent review has been undertaken in order to identify and close down accounts and reduce the amount of licences required in Orlo. In reference to the points made: • **Direct access outside of Orlo where not required.** We only provide direct access for the specific use of features that are not available through Orlo (i.e. boosting posts), and state that staff use Orlo for the standard creation/scheduling of posts and responding to comments. • **Access via personal devices.** Use of personal devices is clearly stated as being in breach of the council's policies, and this is stated as part of the initial training for new social media editors. It is not possible for us to actively monitor all new logins on social media channels where there is only a single account/owner (i.e. X/Twitter, Instagram) as they are tied to shared mailboxes accessed only by the service area. • **Promotion of external businesses.** We will update the "Terms of Use" to include a clear statement on this matter and notify existing editors. Reviews of each account would highlight where this directive is not being followed, however, there is no capacity to undertake those on a regular basis. • **Review and closure of accounts not being used.** As stated, regular monitoring is not feasible owing to staff shortages. • **Inconsistent corporate branding.** All accounts should be using the provided avatars, which are created by Communications or Digital Service using the standard template. We will add further guidance to the "Terms of Use" documents to define branding needs where further customisation is present (i.e. banner images, etc), and notify existing editors. • **Non-removal of negative comments in breach of Council social media guidelines for account users.** This should be the responsibility of the editors who maintain the channels. We will update the "Terms of Use" documents to ensure this responsibility is clearly defined and notify existing editors.	Nigel Newman / Laura Pell	December 2025
1.3	3	The administration of social media accounts should ensure compliance with the Terms of Use, in particular (but not limited to): • Password compliance with the corporate password policy • Oversight of security settings applied in accounts set up outside of Orlo • Completeness of applications prior to the creation of new accounts	Significant	We will review and update account passwords and security settings as part of reviews. However, we currently have no capacity to undertake regular reviews, so this will be on an ad-hoc basis. The Communications Team capacity is expected to reduce further as a result of the financial challenges the council faces limiting the team's ability to respond to many of the audit recommendations. The Terms of Use has been added to the Orlo dashboard to ensure easy access on Orlo itself.	Nigel Newman / Laura Pell	December 2025

Rec Ref.	Rec No.	Recommendation	Rec Rating	Proposed Management Action	Lead Officer	Date to be Actioned
2.1	4	The Social Media Terms of Use should be updated and adhered to for all accounts. Compliance should then be monitored and reported on. Consideration should be given to reinstating training for all users to ensure they are aware of their roles and responsibilities.	Significant	A formal reporting and recording process for non-compliance needs to be put in place, with support from senior management where enforcement measures are required (i.e. removal of access for staff or closing down the whole account). There are likely to be significant capacity challenges to manage this. Training is provided for all new users, in which they are made aware of their roles and responsibilities. **<u>Audit comment</u>** There is currently no formal training provided as it was previously by the Web Team. Training provided now is informal.	Nigel Newman / Laura Pell / Dale Shepherd	December 2025
3.1	5	Staff who have been identified as no longer working at the Council, should have their access removed. The Communications Team should liaise with HR to add the removal of leavers from social media account access (direct and through Orlo) to the HR Leavers' checklist.	Requires Attention	The current "Terms of Use" does clearly put the responsibility of notifying us of staff changes/leavers on the line manager of the nominated editors, however, being included in HR's leavers process would be a more reliable option and ensure access is revoked quicker.	Nigel Newman / Laura Pell	April 2025
3.2	6	As part of the service review process, a value for money assessment should be performed on the use of Orlo. Following this, if usage is continued training should be provided to all users to ensure all aspects are fully utilised, including analytics and insights.	Significant	Orlo is required for DR/BC and saves time and resource by providing a single point to manage all social media channels. It also allows us to analyse engagement through a variety of evaluation tools, enabling us to see which of our messages are most effective and analyse customer sentiment. We use it to schedule posts and reply to comments, which may otherwise result in a call to our customer services centre. It also allows us to view a council-wide content calendar and gives the ability to take control of council accounts if required (for example following death of a Royal Family member or in time of emergency). The main cost of Orlo is a result of our many accounts and subsequent users. We have over 100 council social media accounts which we could potentially resize to bring down future costs. The contract is due for renewal next year, at which point we will evaluate current usage and other options including considering other social media management platforms.	Nigel Newman / Laura Pell	July 2025 as part of procurement of social management tool
5.1	7	Monitoring of traffic and user interactions through the use of analytics and insights available on Orlo should be used as a tool to inform future content and posting by Service Areas. As part of this, the monitoring of social media activities across the Authority by the Communications Team should be presented to Senior Management on a regular basis to improve awareness of customer interactions and requirements.	Significant	Social media editors should be using the analytics within Orlo. Analytics are already used as part of the review process, as evidenced by the recent review and closedown of unused accounts, but having this backed up at a senior level when enforcement action is required would be beneficial (see 2.1). This recommendation would create an additional capacity requirement to carry out monitoring of accounts outside of the Communications Team's own accounts. With the planned cuts to the Communications Team, this is a significant additional task which is currently unrealistic	Nigel Newman / Laura Pell	April 2026

Committee	**Item**
Audit Committee 6ᵗʰ February 2025	Public

First Line Assurance
– The Lantern Management Update

Responsible Officer:	Matt Jordan		
email:	matt.jordan@shropshire.gov.uk	Tel:	01743 252668
Cabinet Member (Portfolio Holder):	Dean Carroll		

1.   Synopsis

This report updates Audit Committee on the 2024/25 follow-up audit of The Lantern, assessing progress on the 2021/22 audit, setting out next steps to improve the assurance level.

2.   Executive Summary

2.1. Background

The Lantern is a multi-purpose facility in Shrewsbury offering services including a Community Library, IT Suite, Meeting Rooms, and a Community Hall. The previous 2021/22 audit provided an Unsatisfactory assurance level due to several control weaknesses in financial management, income processing, and governance procedures.

2.2. Current Audit Findings (2024/25)

The 2024/25 follow-up audit found limited progress, with 21 recommendations identified:
- 13 Significant recommendations
- 8 Requires Attention recommendations.
- 0 Fundamental or Best Practice recommendations

Key concerns include:

- **Income Management:** Lack of reconciliations, incorrect ledger postings, and non-compliance with financial procedures.
- **Budget Monitoring:** Inadequate budget oversight and variance analysis.
- **Payroll & Staff Hours:** Lack of clear documentation and potential non-compliance with working time regulations.
- **System Controls & Cyber Risks:** Continued reliance on an ineffective booking system and security concerns over access management.
- **Public Liability Compliance:** Failure to collect evidence of hirers' insurance coverage, posing financial and legal risks.

2.3. **Assurance Level**

Assurance Level: UNSATISFACTORY (No improvement from the previous audit).

2.4. The current situation is all recommendations are either complete or in progress of completion based on the implementation of the new booking system with assurance audits in place. The new booking system will provide the new structure and framework for all internal and external bookings across the Shropshire Councils entire portfolio of properties.

2.5. 67% of recommendations are complete from the audit.

2.6. 28% of recommendations are in progress with an interim procedure and assurance monitoring in place while the new booking system is implemented. These recommendations are directly impacted by its implementation.

2.7. One recommendation has been completed only so far as is reasonably practicable.

3.   Recommendations

3.1. That the Audit Committee notes the corrective actions already undertaken and planned.

3.2. That the responsible officer reports back on progress within six months of this report to provide management assurance of improvements in governance and financial control to finalise the improvements with the new booking system implemented.

REPORT

4.   Risk Assessment and Opportunities Appraisal

4.1. The audit has highlighted high financial and operational risks, particularly in:

- Financial control weaknesses, leading to potential losses or mismanagement of income.
- Governance failures in budget monitoring, income tracking
- Staff payroll compliance.

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4.2. Addressing these risks presents an opportunity to:

- Improve financial resilience through tighter controls on income processing.
- Enhance operational efficiency by resolving staffing and procedural inconsistencies.
- Strengthen compliance with public sector financial governance standards.

4.3. Risk table

Risk	Mitigation
Financial Control	Management Audits which review every booking in place while new booking system is implemented
Budget Monitoring	Call off logs created for all invoicing
Staff Payroll Compliance	Procedure reviewed and implemented to remove risk

5. Financial Implications

5.1. Shropshire Council is currently managing an unprecedented financial position as budgeted for with the Medium Term Financial Strategy approved by Council on 29 February 2024 and detailed in our monitoring position presented to Cabinet on a monthly basis. This demonstrates that significant management action is required over the remainder of the financial year to ensure the Council's financial survival. While all Cabinet Reports provide the financial implications of decisions being taken, this may change as officers review the overall financial situation and make decisions aligned to financial survivability. Where non-essential spend is identified within the Council, this will be reduced. This may involve
- scaling down initiatives,
- changing the scope,
- delaying implementation, or
- extending delivery timescales.

5.2. The audit found financial inefficiencies in the management of The Lantern's operations:

- Income collection remains inconsistent, with missing reconciliations and posting errors.
- Payroll documentation is incomplete, creating risks of incorrect staff payments.
- Budget monitoring processes require improvement to prevent financial misstatements.

5.3. Failure to address these issues may lead to

- Increased financial losses from uncollected income.
- Regulatory risks due to non-compliance with financial policies.
- Inefficient use of resources, requiring additional taxpayer funding

5.4. This report sets out the measures that have both been implemented and are planned to substantially reduce the risks set out in in section 5.

6.   Climate Change Appraisal

6.1. There are no anticipated climate change or environmental impacts associated with the recommendations in this report.

7.   Background

7.1.   Full detail of recommendations has been summarised in appendix 1 in should be read in conjunction with this section.

7.2.   Recommendations 3, 5, 6, 7, 8, 9, 13, 14, 15, 16, 17, 18, 20 and 21 are complete.

7.3.   Recommendations 1, 2 & 4 are in progress with an interim procedure put in place to provide assurance while the new booking system is implemented. A new procedure will be required along with the implementation of the new booking system.

7.4.   Recommendations 10, 11, 12 are complete with ongoing monitoring to provide assurance until the new booking system is implemented. As per 7.2. a new procedure will be required once the new booking system is live.

7.5.   Recommendation 19 is complete so far as is reasonably practicable.

8.   Conclusions

8.1.   A structured action plan (Appendix 1) outlines specific corrective measures taken and planed, responsible persons, and deadlines.

8.2.   Progress will be reviewed with an update report submitted to the Audit Committee within 6 months of this report.

8.3.   Highest risks recommendations where immediately dealt with either at the time of the audit and were complete before the final audit was issued, or swiftly before the target completion date.

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

8.1. Internal Audit Report The Lantern 2021/22
8.2. Internal Audit Report The Lantern 2024/25

Local Member:

Appendices 1 - Audit Recommendations Table

Appendix 1

Audit Recommendations Table

Rec No.	Recommendation	Priority	Responsible Officer	Target Date	Status	Comments
1	Comprehensive and up-to-date procedure notes for room booking income procedures	Requires Attention	Matt Jordan - Facilities Manager	31/10/2024 28/02/2025	In Progress	Interim Room Booking procedure updated from the recommendations by target date. Note this procedure will be superseded once the new booking system is implemented, implementation date for the new booking system is Feb 2025. New booking procedure being created inline with the new room booking system.
2	Clarify and ensure access for staff processing card payments	Requires Attention	Matt Jordan - Facilities Manager	31/10/2024 28/02/2025	In Progress	Incorporated into recommendation 1
3	Ensure annual PCI compliance training for staff handling card payments	Significant	Matt Jordan - Facilities Manager	Completed at time of audit	Complete	The PCI training on Leap into Learning was setup to be completed as a one-off training course, this has now been amended and staff now need to complete the training on an annual basis. Automatic notifications are sent to the line manager in the event of the training not being completed.
4	Establish clear reconciliation process for booking forms and financial records	Significant	Matt Jordan - Facilities Manager	31/10/2024	In Progress	Incorporated into recommendation 1
5	Implement periodic management review of income collection records	Significant	Matt Jordan - Facilities Manager	31/10/2024	Complete	Review of income collection records now takes place on a monthly basis of all records. Previously this had been implemented on a sample of records only.

6	Ensure correct recording of income in ICON and ledger, including VAT compliance	Significant	Matt Jordan - Facilities Manager	Completed at time of audit	Complete	ICON had items within the dropdown menu that were nothing to do with rooms bookings, if selected by mistake these would show as this error. These items have now been removed.
7	Review booking process and standardise booking forms	Significant	Matt Jordan - Facilities Manager	31/10/2024	Complete	Version of inconstant booking form removed from the online web booking system.
8	Ensure any new booking system resolves existing issues	Significant	Matt Jordan - Facilities Manager	Completed before Audit	Complete	This was explained at the time of the audit that all issues with the current booking system have been captured within the procurement of the new booking system, this has been done and recorded using the "MOSCOW" system.
9	Obtain evidence of public liability insurance for all bookings	Significant	Matt Jordan - Facilities Manager	Complete	Complete	Evidence is required as per the existing booking form. A 12% fee was added to the booking form as per the previous audit.
10	Ensure income collection follows terms and conditions, with upfront payments required	Significant	Matt Jordan - Facilities Manager	31/10/2024 28/02/2025	On Going Monitoring	As the existing system is manual for taking payments, ongoing monitoring will continue until the new automatic booking system is in place to capture any human error. This forms part of the ongoing management review.
11	Review and ensure transparency in room hire charges	Significant	Matt Jordan - Facilities Manager	31/10/2024 28/02/2025	Complete / Ongoing Monitoring	Incorporated into recommendation 1
12	Secure retention of income records for at least three years	Significant	Matt Jordan - Facilities Manager	31/10/2024 28/02/2025	Complete / Ongoing Monitoring	Record keeping has moved to electronic and is audited as part of the management review process. This will continue until the new automatic booking system is in place.

13	Ensure purchase orders are raised before ordering goods/services	Requires Attention	Patrick Smith - Area HQ Officer Central	Complete	Complete	Call off orders had been raised for most invoices required, this item relates to an invoice which was sent in late for payment. Call off orders raised for all invoices.
14	The purchase orders including call off orders should be raised in the correct financial year	Requires Attention	Patrick Smith - Area HQ Officer Central	Complete	Complete	As recommendation 13 - Call off orders had been raised for most invoices required, this item relates to an invoice which was sent late for payment
15	Review payroll procedures, including documentation of additional hours	Significant	Patrick Smith - Area HQ Officer Central	30/11/2024	Complete	Payroll procedure amended
16	Establish clear records for staff hours and additional hours claims	Significant	Patrick Smith - Area HQ Officer Central	30/11/2024	Complete	Payroll procedure amended.
17	Ensure procedures comply with working time regulations and break periods.	Requires Attention	Patrick Smith - Area HQ Officer Central	30/11/2024	Complete	Staff reminded to take break periods; this is checked when signing off timesheets
18	Review access controls for Resource Central booking system	Requires Attention	Matt Jordan - Facilities Manager	30/11/2024	Complete	All users in the Lantern now use their own dedicated login. Generic logins exist for Administrator rights which sit with the ICT team.
19	Develop a contingency plan for IT failures affecting bookings and payments	Requires Attention	Matt Jordan - Facilities Manager	30/10/2024	Unable to fully complete	It is not considered reasonably practicable in the event of an IT failure affecting the booking system to have a full contingency plan to try and take new, amends bookings etc, in this instance users need to wait until the system is restored to create and take payment for the booking, this is in the interim procedure. Existing bookings are logged at the front desk and can take place in the event of an IT failure.

20	Ensure effective budget monitoring with variance explanations	Significant	Matt Jordan - Facilities Manager	Complete	Complete	Transfer of responsibility completed before audit issued. Budget monitoring now takes place once per month with the Finance Business Partner.
21	Retain evidence of key issuance to external security company	Requires Attention	Patrick Smith-Area HQ Officer Central	Complete	Complete	Evidence Obtained

Committee and Date	Item
Audit Committee 6 February 2025	Public

External Catering Contract Recommendations

Responsible Officer:	Susan Vuli – Shire Services General Manager
email: Susan.vuli@shropshire.gov.uk	Tel: 01743 250259
Cabinet Member (Portfolio Holder):	Councillor Kirsty Hurst-Knight Portfolio Holder for Children and Education

1.   Synopsis

This report provides an update for the Committee on the October 2024 Audit follow up review for External Catering Contracts.

2.   Executive Summary

2.1. An Audit of the external catering contracts was undertaken between June 2024 and October 2024. There was one recommendation identified and was categorised as 'fundamental'.

Although there was a fundamental recommendation, the audit was rated reasonable overall as this was the only recommendation made, all other areas reviewed were found to be operating satisfactorily and the control objectives achieved.

X There are signed and up to date contracts in place.

√ The contracts detail the responsibility of Shire Services and the client in relation to costs, fees, services, income, payment etc. and these are monitored in accordance with the contract.

√ There are clear processes, outlined in the contract, for raising and resolving disputes.

√ There is a clear system in place monitor the profitability of contracts.

√ Management information is produced on a regular basis and is subject to independent review in a timely manner.

√ Information Governance and cyber risks are managed in accordance with current best practice and an agreed policy.

2.2 At the time of the report, there were 126 schools, as of 9th September 55 new contracts/SLA's have been sent out (43.6%) and 14 have been returned, none have been signed by Shropshire Council. For contracts outside of Shropshire there are 90 schools of which 50 (55%) have been sent new contracts/SLA's have been sent out and 10 have been returned. There is a system in place to monitor the contracts sent out, returned, and signed on behalf of Shropshire Council. The risks associated with the old contracts of schools not paying deficits has not been reflected in the Operational Risk Register.

As of 24th January 2025, there are 118 schools that are being operated by the service.

2.3 This report provides information on the action taken by the Shire Services in response to the one recommendation.

2.4 This report provides monitoring details of the external catering contracts that have been sent out to clients.

3. Recommendations

3.1. That members note the position as set out in the report and the actions taken to address the recommendations from the audit report.

Report

4.   Risk Assessment and Opportunities Appraisal

4.1. This is an information report providing the Committee with details of the work undertaken by Shire Services and therefore a risk assessment and opportunities appraisal has not been carried out.

5.   Financial Implications

5.1. When an appropriate contract has not been issued to a client, the risk of the client not paying their invoice is high.

6.   Climate Change Appraisal

6.1. There are no anticipated climate change or environmental impacts associated with the recommendations in this report.

7.   Audit recommendations

7.1 There was one recommendation in total at the end of the external catering contracts Audit review. The recommendation required that external catering contracts to be in place before services are provided. Progress should be made to send out contracts without delay to ensure that all parties understand their responsibilities. Once returned the contracts should be signed by Shropshire Council. A full summary of the recommendations can be found at **Appendix 1**.

7.2 The below chart shows and update on the report's Proposed Management Action

Proposed Management Action	Date to be Actioned	Update 24.01.2025
Operational Risk Register to be Updated	08.10.24	Completed 08.10.2024
The remaining outstanding 40 external contracts to be sent out to clients before 31.12.2024	31.12.2024	39 Completed on 24.01.2025. 1 remaining to be sent out with new financial budget 01.02.2025
SLA or internal Shropshire Council maintained schools will receive an updated Contract/SLA	28.02.2025	Contract/SLA documents are being sent out to relevant schools with the new 2025/26 proposed financial year budgets, before 28.02.2025

8. Monitoring

8.1 **Type and number of Contracts Required:**

Type of Contract	How Many Required	How Many in place	Notes
Consultancy	5	0	Working with Shropshire Legal Department to create a consultancy contract
External	92	91	Last contract being sent out with 2025/26 Budget proposals 01.02.2025
Service Level Agreement 2025/26	15	0	Currently being sent out with 2025/26 budget proposals
Pre 2025 contract still in place	2	2	
Sites out to tender.	4	0	Waiting for tender results for new contract to be put into place
Total	118	93	

8.2 **Current External Contracts Status:**

Total External Catering Contracts required as of 24.01.2025	Total Contracts sent out to clients as of 24.01.2025	Contracts returned by clients with queries that are being processed	Contracts returned by clients ready to be signed and sent to Shropshire Legal Department for sign off	Contracts signed and completed with Shropshire Legal Department
92	91	18	11	13

9. Background

9.1. Shire Services are the catering and cleaning division of Shropshire Council.

9.2. Historically contracts were managed by the previous Shire Services Manager, who left the service March 31, 2024, with the Shropshire Council Legal department supporting. After 1st April 2024 it was discovered that many external clients where without a current contract or had a contract which was outdated and not fit for the current environment in which Shire Services operates.

9.3. Any Internal Shropshire maintained clients require a Service Level Agreement (SLA) and external clients require a contract. Moving forward all external catering contracts require a new contract and any new clients will require a new contract before services are provided.

9.4. An updated master external contract template provided by Shropshire Council Legal Department is being used to send out contracts to all external catering clients.

9.5. A Consultancy service is provided to schools, which offers schools a food safety audit, allergen law guidance and/or to use other elements from Shire Services. The clients pay in advance of the service being provided, so is deemed as low risk compared to the other external contracts required. This task had been scheduled for after the other work has been completed. A new contract for this service is being created to send to clients and will be in place before 31st July 2025, in readiness for the new academic school year 2025/26.

9.5. A new Project Officer role has been utilised within Shire Services. This officer is responsible for the contract template to be individualised for each client and sending it out, using a template with key information outlined by the General Manager. The role is also responsible for day-to-day monitoring of the contract and client for chasing the contracts return and liaising with Shropshire Council Legal Department to organise the signing of the contract.

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

Local Member: This report covers all areas of Shropshire.

Appendices

Appendix 1 – October 2024 External Catering Contracts Audit

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SHROPSHIRE COUNCIL
AUDIT SERVICES
"ADDING VALUE"

FINAL INTERNAL AUDIT REPORT

EXTERNAL CATERING CONTRACTS 2024/25

Assurance Level	Reasonable

Audit Data

Customer:	**Susan Vuli – General Manager, Shire Services**
Report Distribution:	**David Shaw – Assistant Director of Education and Achievement**
Auditor(s):	**Carole Moir**
Fieldwork Dates:	**September 2024**
Debrief Meeting:	**8th October 2024**
Draft Report Issued:	**8th October 2024**
Responses Received:	**8th October 2024**
Final Report Issued:	**8th October 2024**

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Introduction and Background

1. As part of the approved internal audit plan for 2024/25 Audit Services have undertaken a review of External Catering Contracts. Shire Services is Shropshire Council's catering and cleaning unit, providing services to a large number of schools and other venues, both inside and outside of the county. They are a major school meals provider for primary and secondary schools and of catering services to nurseries, care homes, and further education colleges in Worcestershire, Herefordshire, Cheshire, North Wales, and the West Midlands. External Catering contracts have not been the subject of an internal audit previously and following a restructure of the Shire Services Team it has been included in the Audit Plan. The restructure meant the loss of posts to reduce overheads with a view to ensuring the service could break even and become profitable.

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 and give assurance that contracts are in place for external catering, the contract monitoring arrangements are robust and the profitability of the contracts is monitored.

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:

    X   There are signed and up to date contracts in place.
    √   The contracts detail the responsibilities of Shire Services and the client in relation to costs, fees, services, income, payment etc and these are monitored in accordance with the contract.
    √   There are clear processes, outlined in the contract, for raising and resolving disputes.
    √   There is a system in place to monitor the profitability of contracts.
    √   Management information is produced on a regular basis and is subject to independent review in a timely manner.
    √   Information Governance and cyber risks are managed in accordance with current best practice and an agreed policy.

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:

Reasonable	There is generally a sound system of control in place but there is evidence of non-compliance with some of the controls

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. Detailed findings and a definition of the recommendation categories are included in the Exception Report at **Appendix 1**. The following table summarises the number of recommendations made in each category:

Total	Fundamental	Significant	Requires Attention	Best Practice
1	1	0	0	0

10. A summary of the recommendations, together with the agreed management responses are included at **Appendix 2**. Implementation of these recommendations will address the risks identified and improve the controls that are currently in place.

11. The audit work identified one fundamental issue leading to the following recommendation:

    •   It is acknowledged that reduced resources make it more difficult to send the contracts out, however a contract should be in place before services are provided. Progress should be made to ensure contracts are sent out without delay to ensure that all parties understand their responsibilities. Once returned the contracts should be signed by Shropshire Council.

        The Operational Risk Register should be updated to reflect the risks of relying upon old contracts which are not fit for purpose and could leave Shire Services exposed to financial risk regarding deficits.

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.

    •   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 **(Appendix 1).** Recommendations to improve controls or enhance existing practice are detailed against each finding and the associated risk. Your Action Plan is included at

Appendix 2. 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.

Barry Hanson
Head of Policy and Governance

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INTERNAL AUDIT EXCEPTION REPORT FOR EXTERNAL CATERING CONTRACTS 2024/25

Fundamental	Significant	Requires Attention	Best Practice
Immediate action required to address a major control weakness which, if not addressed, could lead to material loss.	A recommendation to address a significant control weakness where the system may be working but errors may go undetected.	A recommendation aimed at improving the existing control environment.	Suggested action which aims to improve best value, quality or efficiency.

Audit Ref	Finding/ Observation	Implications/Risks	Rec No.	Rec Rating	Recommendation
Management Control Objective: There are signed and up to date contracts in place.					
1.1	Contracts with schools have been identified as old, often rolled over, and no longer fit for purpose. Progress has been made in drawing up new contracts which detail all the responsibilities of Shire Services, and the schools and templates have been agreed for each type of contract arrangement. This is a priority for Shire Services, as they need schools to fully understand their responsibilities, however it takes time to ensure that the correct information is detailed in each the contract before it is sent out. There are 126 schools, as of 9th September 55 new contracts/SLA's have been sent out (43.6%) and 14	Without valid contracts the client may not understand their responsibilities leading to disputes and non-payment for service received. This risk has already been realised as the old contracts did not specify responsibilities for deficits.	1	Fundamental	It is acknowledged that reduced resources make it more difficult to send the contracts out, however a contract should be in place before services are provided. Progress should be made to ensure contracts are sent out without delay to ensure that all parties understand their responsibilities. Once returned the contracts should be signed by Shropshire Council. The Operational Risk Register should be updated to reflect the risks of relying upon old contracts which are not fit for purpose and could

Audit Ref	Finding/ Observation	Implications/Risks	Rec No.	Rec Rating	Recommendation
	have been returned, none have been signed by Shropshire Council. For contracts outside of Shropshire there are 90 schools of which 50 (55%) have been sent new contracts/SLA's have been sent out and 10 have been returned. There is a system in place to monitor the contracts sent out, returned and signed on behalf of Shropshire Council. The risks associated with the old contracts of schools not paying deficits has not been reflected in the Operational Risk Register.				leave Shire Services exposed to financial risk regarding deficits.

Rec Ref.	Rec No.	Recommendation	Rec Rating	Proposed Management Action	Lead Officer	Date to be Actioned
1.1	1	It is acknowledged that reduced resources make it more difficult to send the contracts out, however a contract should be in place before services are provided. Progress should be made to ensure contracts are sent out without delay to ensure that all parties understand their responsibilities. Once returned the contracts should be signed by Shropshire Council. The Operational Risk Register should be updated to reflect the risks of relying upon old contracts which are not fit for purpose and could leave Shire Services exposed to financial risk regarding deficits.	Fundamental	Operational Risk Register to be updated. The remaining outstanding 40 external contracts to be sent out to clients before the 31.12.2024. SLA or internal Shropshire Council maintained schools will receive an updated Contract/SLA before 28.02.2025	Susan Vuli Steve Kingdom Steve Kingdom	Completed 08/10/2024 31.12.2024 28.02.2025

Committee and Date	Item
Audit Committee 6th February 2025	Public

Strategic Risk Update

Responsible Officer:	Saskia Richardson
email: Saskia.richardson@shropshire.gov.uk	
Cabinet Member (Portfolio Holder):	Cllr. Gwilym Butler, Portfolio Holder Resources

1. Synopsis

Audit Committee regularly review the Council's underlying risk exposure by considering the Council's Strategic Risks. This report sets out the current strategic risk exposure following the December 2024 bi-annual review, subsequent discussions and amendments.

2. Executive Summary

The management of strategic risks is a key process which underpins the successful achievement of our priorities, outcomes and Strategic Objectives as set out in The Shropshire Plan. Strategic risks are linked, where appropriate, with the Annual Governance Statement Targeted Outcomes.

The Council considers risks at an operational, project and strategic level and Audit Committee receives a regular report on Strategic Risks and assurance on the risk management process on a regular basis including an annual audit.

3. Recommendations

Members are asked to accept the position as set out in the report.

Report

4. Risk Assessment and Opportunities Appraisal

4.1. The authority has an Opportunity Risk Management Strategy which details the methodology to be followed when identifying and monitoring risks which affect the Council. This is available on the intranet.

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4.2. The risks identified can either be operational, project or strategic risks. This report refers to the strategic risks, i.e. those risks which affect the Council as a whole (not project or service area specific risks).

5. Financial Implications

5.1. If the strategic risks are not well managed, then this could lead to severe financial implications for the council.

5.2. There are two strategic risks specifically financial related, but all the strategic risks will have a financial implication for the whole authority to some degree.

6. Climate Change Appraisal

6.1. The importance of Climate Change is recognised within the council and as such it is listed as a strategic risk with a score of Likelihood 4, Impact 4 making it a high scoring risk.

7. Background

7.1. Our strategic risks are reviewed on a bi-annual basis ensuring that the level of risk exposure is monitored regularly in our rapidly changing environment.

7.2. The review was undertaken through virtual meetings with the nominated strategic risk leads, assurance providers and Executive Directors.

7.3. An annual workshop also takes place with the Executive Management team to undertake a deep dive of the entire strategic risk exposure. The risks are assessed for ongoing relevancy, whether they need to be redefined or re-allocated and whether new strategic risks need to be considered for inclusion.

7.4. The Strategic Risks are held within a SharePoint site where controlled access is available for everyone who has controls assigned to them and access is available to the Executive Management Team. The risks are therefore able to be updated in real-time.

7.5. Following the bi-annual review and workshop, there are currently eleven strategic risks on the risk register, and these are each managed by specific Executive Directors. These are detailed below together with the direction of travel following the review:

STRATEGIC RISK LIST – December 2024 REVIEW						
Risk	Risk Owner	L	I	Status	Travel	Y/E Target Score
Failure to protect from and manage the impact of a targeted cyber-attack on ICT Systems used by the Authority.	James Walton	5	5	25	=	25
Inability to contain overall committed expenditure within the current available resources within this financial year.	James Walton	5	5	25	↑	20

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Inability to set a balanced budget for a given year within the MTFS.	James Walton	5	5	25	↑	16
Failure of Officers and Members to adhere to Governance arrangements.	James Walton	5	4	20	↑	16
Health & Wellbeing of The Workforce.	James Walton	5	4	20	=	16
Critical Skills shortage impacting on Recruitment, Retention & Succession Planning	James Walton	5	4	20	=	16
Impact of extreme pressures upon partners (social car, health, and criminal justice)	Rachel Robinson/ Tanya Miles	5	4	20	=	20
Responding and Adapting to Climate Change.	Andy Begley	4	4	16	=	16
Impact of increased waiting lists in relation to DoLs, OT and SI.	Tanya Miles	4	4	16	=	16
Economic Growth Strategy.	Andy Begley	3	4	12	=	6
Safeguarding children.	Tanya Miles	3	4	12	=	12

7.6   Our current exposure plotted on our matrix looks as follows:
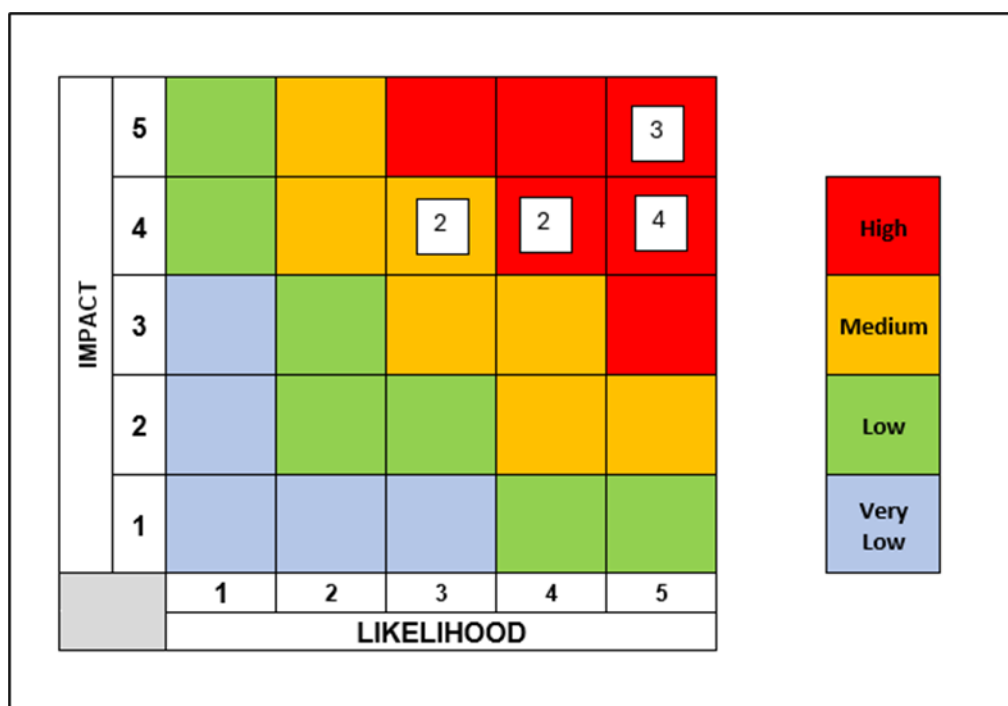
7.7   Our overall current risk exposure following the latest review is demonstrated below. This shows that the strategic risk exposure above our tolerance level (i.e. high and medium risks) is currently 100% with all current strategic risks being either high or medium risks.

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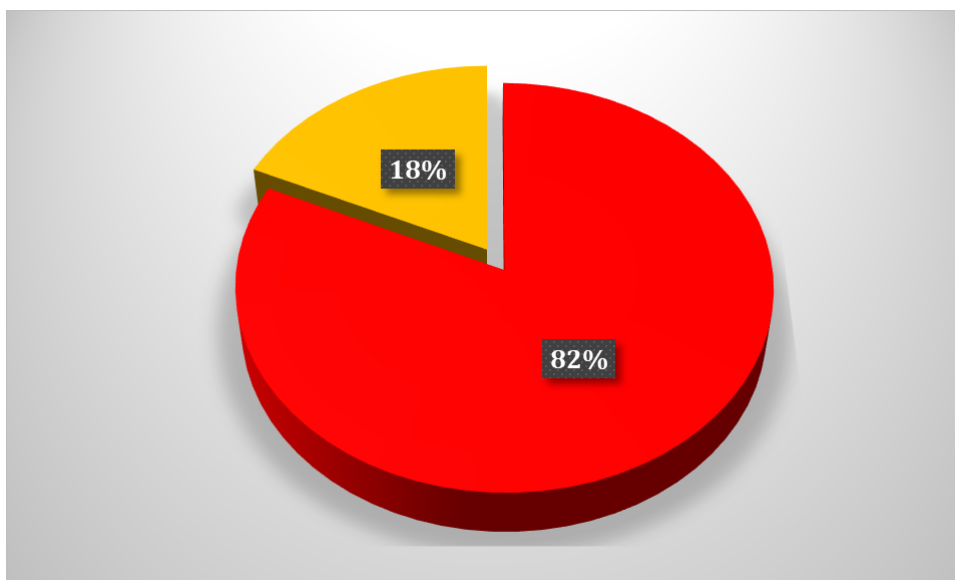
7.8 The emerging risk political balance / change in administration has been considered during a meeting including the section 151 officer and monitoring officer. Conversations have also taken place with the CEO. Overall, it was decided that any implications should be held within Programme, Project and Operational risk registers as it did not, in itself, pose a strategic risk to the authority, in the same way that it also does not pose a strategic opportunity – it remains a known consideration for which the Council has appropriate systems, processes and mitigations in place.

8.   Additional Information

8.1 The strategic risk profiles which sit behind each strategic risk, incorporate in greater detail the risk description, the current controls and the outstanding actions which are in place.

8.2 The Executive Management Team continue to undertake a review of each strategic risk, one by one, on a cyclical basis at their regular meetings. A risk is considered and challenged at a high level to ensure it is still relevant and to monitor the controls proposed for mitigation. The score and target score are considered, and future implications considered.

9   Conclusions

9.1 The report details the changes to the strategic risk profile following the review in December 2024.

9.2 Audit Committee can at any time elect to have a more detailed examination of any of the strategic risks and can invite the risk owners to a committee meeting to discuss their risks.

9.3 The next review of Strategic Risks takes place in June 2025 and a report will be provided to Audit Committee in September 2025.

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

Opportunity Risk Management Strategy

Local Member: N/A

Appendices

None

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Agenda Item 12

Audit Committee 6th February 2025; Review of the Audit Committee's Workplan and Future Learning and Development Requirements 2025/26

Committee and Date	Item
Committee and Date Audit Committee 6th February 2025 10:00am	Item Public

Healthy People

Healthy Economy

Healthy Environment

Healthy Organisation

Review of the Audit Committee's Annual Work Plan and Future Learning and Development Requirements 2025/26

Responsible Officer:	Barry Hanson		
email:	barry.hanson@shropshire.gov.uk	Tel:	07990 086409
Cabinet Member (Portfolio Holder):	Lezley Picton (Leader of the Council) Brian Williams (Chairman of Audit Committee) Gwilym Butler, Portfolio Holder – Finance, Corporate Resources and Communities		

1.   Synopsis

Audit Committee Members agree annually, a plan of work and appropriate learning and development to undertake their duties effectively and deliver them to a high standard therefore ensuring the integrity of the financial reporting and governance of the Council.

2.   Executive Summary

2.1. It is important that Audit Committee Members have an agreed plan of work for the year ahead and receive appropriate learning and development to deliver their responsibilities effectively. This report provides a proposed Audit Committee work plan and seeks discussion and agreement around a learning and development plan for Members to ensure that they are well informed and appropriately skilled to fulfil their role in providing assurance on the Council's delivery of its strategic objectives as outlined in the Shropshire plan.

3. Recommendations

3.1. The Committee is asked to consider and approve, with appropriate comment:

- The Audit Committee work plan for 2025/26, **Appendix A**;

- A learning and development plan for Members of the committee taking in to account information in **Appendices A and B**.

Report

4. Risk Assessment and Opportunities Appraisal

4.1. By identifying the key topics to be considered at the Audit Committee meetings and receiving appropriate learning and development sessions in respect of their roles and responsibilities, Audit Committee Members can undertake their duties effectively and deliver them to a high standard, thereby adding to:

- the robustness of the risk management framework;
- the adequacy of the internal control environment and
- the integrity of the financial reporting and annual governance of the Council.

4.2. The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998. There are no direct environmental, equalities or climate change requirements or consequences of this proposal.

5. Financial Implications

5.1. The Audit Committee work plan and learning and development sessions for members will be met from within approved budgets.

6. Climate Change Appraisal

6.1. This report does not directly make decisions on energy and fuel consumption; renewable energy generation; carbon offsetting or mitigation nor climate change adaption. However, the work of the Committee will look at these aspects relevant to the governance, risk management and control environment.

7. Background

7.1. The Chartered Institute of Public Finance and Accountancy (CIPFA) identifies the purpose of an Audit Committee, in its Practical Guidance for Local Authorities and Police 2022 Edition, as providing those charged with governance, independent and high-level focus on the adequacy of governance, risk and control arrangements. In local authorities, audit committees are necessary to satisfy the wider requirements for sound financial and internal control. Accounts and Audit (England) Regulations 2015 state 'the relevant authority must ensure that it has a sound system of internal control which; facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective; and includes effective arrangements for the management of risk'. With a known work plan, and appropriate and timely learning and development for Members, the committee will be well prepared, and members will gain the knowledge and experience needed to carry out their role effectively.

7.2. **Work Plan**

The work plan in **Appendix A** continues to be presented in a format which demonstrates how reports to Audit Committee contribute to the delivery of the Committee's Terms of Reference and what assurances they provide.

7.3. The External Auditors, Grant Thornton will confirm their reports and timings at the meeting prior to any work plan approval.

7.4. **Learning and Development**

CIPFA identify a key characteristic of an effective Audit Committee as having a membership that is balanced, objective, independent of mind, knowledgeable and properly trained to fulfil their role. There is a range of knowledge and experience that audit committee members can bring to the committee which will enable it to perform effectively. No one committee member is expected to be an expert in all areas. There are however some core areas of knowledge which committee members need to acquire in addition to the need for regular briefings and training.

7.5. Members need to consider annually their learning and development plan to support them in delivery of their roles. During 2024/25 Members have received three half day sessions covering several topics in detail; i.e.
- Internal Audit Performance Reporting (Feb 24)
- Property / Asset Disposals (Feb 24)
- Risk Management (June 24)
- Treasury Management (June 24)
- The Procurement Act (Sept 24)
- The Council's Operating Model (Sept 24)
- Learning from S114 notices and failure in Local Government (Proposed Feb 25)

7.6. Local Elections are due to be held in May 2025, in addition two members of the Audit Committee have confirmed they will not be standing for re-election; therefore, it is anticipated there will be considerable change to the Committee. A

full induction programme is planned for the Audit Committee as part of the 2025/26 training programme. A further programme of training will need to be developed once the committee membership is known and a self-assessment of skills is completed. It is proposed that training is again provided in three half day sessions over the next twelve months. Sessions are proposed for the 12th June 2025, the 11th September 2025 and the 22nd January 2026.

7.7. **Appendix B** identifies training topics for Audit Committee Members to consider. Topics are identified as core areas of knowledge that all Audit Committee Members should seek to acquire plus specialisms that can add value to the committee. Members may also want to hear from key officers of the Council where new or changing activities and risks are emerging and can request this as part of their training.

7.8. Whilst members are asked to endorse the initial sessions for learning and development, this will not prevent any additional items being added during the year or changes being made if these are felt to be of value.

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

Previous training session records
CIPFA's Audit Committees Practical Guidance for Local Authorities and Police 2022 Edition

Accounts and Audit Regulations 2015

| **Local Member:** | N/A |

Appendices

Appendix A – Audit Committee Work Plan 2025/26 and Summary

Appendix B – Audit Committee Members development topics

Appendix A: Audit Committee Work Plan – 2025/26		
Report	**Assurances Required / Being Sought**	**Relevancy – Terms of Reference**
Core business 26 June 2025		
1. Section 151 Officer: Statement of Accounts.	Ensure that the narrative report to the accounts help the public understand the Council's financial management of public funds. Consider the outcome of the External Audit and the appropriateness of management responses. Seek assurance that the Council has appropriate accounting policies in place to ensure that items are treated correctly in the accounts.	To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
2. Section 151 Officer: Annual Governance Statement (AGS) and review of the effectiveness of the Council's internal controls and Shropshire Council's Code of Corporate Governance.	Confirm that the final Annual Governance Statement accurately reflects the Committee's understanding of how the Council is run. Gain assurance that management have progressed the agreed actions associated with the significant issues / key risks identified in the Annual Governance Statement. That the Council has very strong compliance with the Code of Corporate Governance which is part of the overall internal control framework and contributes to the Council's strong governance arrangements.	To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, considering Internal Audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council. To review the Council's corporate governances arrangements against the good governance framework and consider annual governance reports and assurances.

	Appendix A: Audit Committee Work Plan – 2025/26	
Report	**Assurances Required / Being Sought**	**Relevancy – Terms of Reference**
3. Section 151 Officer: Financial Outturn report.	Provides the financial outturn of the Council's revenue budget for the year and therefore considers the effect that any over/underspend has on the Council's balances. Provides details of the potential risks affecting the balances and financial health of the Council. Provides the financial outturn of the Council's capital budget for the year and therefore considers the impact that slippage within the programme will have on the financing of the capital programme in the future, including any future revenue implications.	To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council. To consider the Council's arrangements for securing value for money and review assurances and assessments on the effectiveness of these arrangements.
Core business 16 July 2025		
1. Internal Audit: Performance report and revised Annual Audit Plan.	Understand the level of assurances being given because of audit work and their impact on the Council's governance, risk and control environment. Ensure management action is taken to improve controls / manage risks identified. Encouraging ownership of the internal control framework by appropriate managers.	To consider reports from the Chief Audit Executive on Internal Audit's performance during the year, including the performance of external providers of Internal Audit Services. These will include updates on the work of Internal Audit including key findings, issues of concern and action in hand as a result of Internal Audit work. To consider summaries of specific internal audit reports as requested.

	Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
Appendix A: Audit Committee Work Plan – 2025/26			
		Confirm appropriate progress being made on the delivery of the audit plan and performance targets. Understand any resourcing issues because of changes to the plan.	To receive reports outlining the action taken where the Chief Audit Executive has concluded that management has accepted a level of risk that may be unacceptable to the Council or there are concerns about progress with the implementation of agreed actions. To approve significant interim changes to the risk based internal audit plan and resource requirements.
2.	Internal Audit: Annual Report.	Chief Audit Executive's overall opinion on the Council's internal control environment. Performance against the revised internal audit plan. Provides a review of the effectiveness of the systems of internal control.	To consider the Chief Audit Executive's annual report, specifically: a) The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement – these will indicate the reliability of the conclusions of Internal Audit. b) The opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the Annual Governance Statement.

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		Appendix A: Audit Committee Work Plan – 2025/26	
	Report	**Assurances Required / Being Sought**	**Relevancy – Terms of Reference**
3.	Section 151 Officer: Annual review of internal audit: quality assurance and improvement programme (QAIP).	That Internal Audit complies with the Public Sector Internal Audit Standards and is effective in doing so. That there is an improvement programme in place to ensure that any identified gaps are addressed.	To consider reports from the Chief Audit Executive on Internal Audit's performance during the year, these will include reports on: • the results of the Quality Assurance and Improvement Programme; and • instances where the Internal Audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance should be included in the Annual Governance Statement. To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of Internal Audit that takes place at least once every five years.
4.	Internal audit: Annual assurance report of Audit Committee to Council.	Provide assurance that the Committee has adequately discharged its terms of reference and has positively contributed to how well the Council is run. Provides Council with an independent assurance report that the Council has in place adequate and effective risk management and internal control systems that can be relied upon and which contribute to the high corporate governance standards that this Council expects and has consistently maintained.	To report annually to Full Council on the Committee's findings, conclusions and recommendations; providing its opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control frameworks; internal and external audit functions and financial reporting arrangements. To report to Council where the Audit Committee have added value, improved or promoted the control environment and performance in relation to

	Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
			the Terms of Reference and the effectiveness of the Committee in meeting its purpose and functions.
5.	Assistant Director Workforce: Annual Whistleblowing report.	Assurance that as part of the Counter Fraud, Bribery and Anti-Corruption Strategy the Whistleblowing policy contributes to our zero tolerance of fraud, bribery and corruption.	To review the assessment of fraud risks and potential harm to the Council from fraud, bribery and corruption.
6.	Section 151 Officer: Annual Treasury report.	Provide assurance on the treasury activities for Shropshire Council, including the investment performance of the internal Treasury team.	To receive regular reports on activities, issues and trends to support the Committee's understanding of treasury management activities. The Committee is not responsible for the regular monitoring of treasury management activity. To review the treasury risk profile and adequacy of treasury risk management procedures and assurances on treasury management.
7.	HR and OD Manager: Risk Annual report	To understand the current strategic risk exposure together with recent modifications and planned changes to strategic risk management within the Council. Gain assurance that the Council is effectively managing its key risks – has good risk management systems / processes in place that enable decision makers to understand the level of risk being taken and the Council is prepared to accept.	To monitor the effective development and operation of risk management in the Council.

	Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
**Appendix A: Audit Committee Work Plan – 2025/26**		
8.	External Audit: Fee Letter.	To provide a clear indication as to the External Auditor's fees for the year.	To consider the External Auditor's annual letter, relevant reports, and the report to those charged with governance.
9.	External Audit: Audit progress report and sector update.	Seek assurance over progress and delivery of the external audit plan and that any risks to successful production of the financial statements and audit are being managed. The paper also includes: •a summary of emerging national issues and developments that may be relevant to the Council; and •several challenge questions in respect of these emerging issues which the Committee may wish to consider.	To consider specific reports as agreed with the External Auditor and other inspection agencies. To comment on the scope and depth of external audit work and to ensure it gives value for money.
10.	Internal Audit: Fraud, investigations and RIPA update.	Provide assurances and an update on current fraud and investigations undertaken by Internal Audit and the impact these have on the internal control environment together with an update on activity under the Regulation of Investigatory Powers Act (RIPA).	To review the assessment of fraud risks and potential harm to the Council from fraud, bribery and corruption. To monitor the counter-fraud, bribery and corruption strategy, actions and resources.
Other assurance			
11.	External Audit: Pension Fund Audit Plan (information).	Evidence that the External Auditor understands the Council's business, risk, challenges and opportunities it is facing. Explanation of its audit approach and the scope of its plans for the Pension Fund.	To consider specific reports as agreed with the External Auditor and other inspection agencies.
Core business: 26 September 2025			

	Appendix A: Audit Committee Work Plan – 2025/26	
Report	**Assurances Required / Being Sought**	**Relevancy – Terms of Reference**
1. HR and OD Manager: Strategic Risks update.	Assurances that the management of strategic risks which is a key process that underpins the successful achievement of the Council's priorities and outcomes is robust. Strategic risks are a key aspect of the Annual Governance Statement. Provide information to confirm to the Audit Committee that they are receiving assurances on the key risk areas within the Council and how these are being managed through the internal controls and governance processes.	To monitor the effective development and operation of risk management in the Council.
2. Internal Audit: Performance report and revised Annual Audit Plan.	Understand the level of assurances being given because of audit work and their impact on the Council's governance, risk and control environment. Ensure management action is taken to improve controls / manage risks identified. Encouraging ownership of the internal control framework by appropriate managers. Confirm appropriate progress being made on the delivery of the audit plan and performance targets. Understand any resourcing issues because of changes to the plan.	To consider reports from the Chief Audit Executive on Internal Audit's performance during the year, including the performance of external providers of Internal Audit Services. These will include updates on the work of Internal Audit including key findings, issues of concern and action in hand as a result of Internal Audit work. To consider summaries of specific internal audit reports as requested. To receive reports outlining the action taken where the Chief Audit Executive has concluded that management has accepted a level of risk that may be unacceptable to the Council or there are concerns about progress with the implementation of agreed actions.

	Appendix A: Audit Committee Work Plan – 2025/26	
Report	**Assurances Required / Being Sought**	**Relevancy – Terms of Reference**
		To approve significant interim changes to the risk based internal audit plan and resource requirements.
3. Internal Audit: Annual review of Audit Committee Terms of Reference.	Ensures the Audit Committees continues to benefit the Council by continuing to provide an effective service assessed against current best practice.	To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.
4. Internal Audit: Annual review of Internal Audit Charter.	Assurance that effective corporate governance arrangements are maintained in the Council, part of which is evidenced by a current Internal Audit Charter.	To approve the Internal Audit Charter.
5. External Audit: Audit progress report and sector update.	Seek assurance over progress and delivery of the external audit plan and that any risks to successful production of the financial statements and audit are being managed. The paper also includes: •a summary of emerging national issues and developments that may be relevant to the Council; and •challenge questions in respect of these emerging issues which the Committee may wish to consider.	To consider specific reports as agreed with the External Auditor and other inspection agencies. To comment on the scope and depth of external audit work and to ensure it gives value for money.
6. External Audit: Annual Audit Letter.	Provides assurances on the key findings arising from the work that External Audit have carried out at the Council.	To consider the External Auditor's annual letter, relevant reports, and the report to those charged with governance.
7. Internal Audit: Fraud, special investigations and RIPA update.	Provide assurances and an update on current fraud and special investigations undertaken by Internal Audit and the impact these have on the internal control	To review the assessment of fraud risks and potential harm to the Council from fraud, bribery and corruption.

	Appendix A: Audit Committee Work Plan – 2025/26	
Report	**Assurances Required / Being Sought**	**Relevancy – Terms of Reference**
	environment together with an update on current Regulation of Investigatory Powers Act (RIPA) activity.	To monitor the counter-fraud, bribery and corruption strategy, actions and resources.
Other assurance		
8. External Audit: Audit Findings report Shropshire County Pension Fund (information).	Seek assurance over the adequacy of the External Audit opinion on the financial statements and the Council's value for money arrangements. Ensure any issues / risks identified are being effectively managed.	To consider the External Auditor's report to those charged with governance on issues arising from the audit of the accounts.
Core business: 27 November 2024		
1. External Audit: Audit Findings report Shropshire Council	Seek assurance over the adequacy of the External Audit opinion on the financial statements and the Council's value for money arrangements. Ensure any issues / risks identified are being effectively managed.	To consider the External Auditor's report to those charged with governance on issues arising from the audit of the accounts.
2. Section 151 Officer Final Statement of Accounts	Approve the final audited outturn position for the financial year and details of any amendments made to the Draft Statement of Accounts during the audit process. Where a meeting is held before the 31st July, to agree that the Executive Director of Resources (s151 Officer) be authorised to make any minor adjustments to the Statement of Accounts prior to the 31st July.	To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

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Appendix A: Audit Committee Work Plan – 2025/26		
Report	**Assurances Required / Being Sought**	**Relevancy – Terms of Reference**
	Agree that the Executive Director of Resources (s151 Officer) and the Chairman of the Audit Committee sign the letter of representation in relation to the financial statements on behalf of the Council and send to the External Auditor.	
3. Internal Audit: Annual review of Counter Fraud, Bribery and Anti-Corruption Strategy and activities; including an update on the National Fraud Initiative (NFI).	Confirm that the Council's counter fraud activity is targeted and effective. Ensure that appropriate progress is being made on the delivery of the Counter Fraud plan. Ensure that lessons have been learnt – understand fraud risks facing the Council and actions being taken to reduce the risk Provides confirmation that the Counter Fraud, Bribery and Anti-Corruption Strategy has been reviewed in line with best practice and continues to underpin the Council's commitment to prevent all forms of fraud, bribery and corruption whether it be attempted on, or from within, the Council, thus demonstrating the strategy's continuing and important role in the corporate governance and internal control framework.	To monitor the counter-fraud, bribery and corruption strategy, actions and resources.

	Appendix A: Audit Committee Work Plan – 2025/26	
Report	**Assurances Required / Being Sought**	**Relevancy – Terms of Reference**
	Provides an update and assurances on the outcomes of the National Fraud Initiative.	
4. Internal Audit: Performance report and revised Annual Audit Plan.	Understand the level of assurances being given because of audit work and their impact on the Council's governance, risk and control environment. Ensure management action is taken to improve controls / manage risks identified. Encouraging ownership of the internal control framework by appropriate managers. Confirm appropriate progress being made on the delivery of the audit plan and performance targets. Understand any resourcing issues because of changes to the plan.	To consider reports from the Chief Audit Executive on Internal Audit's performance during the year, including the performance of external providers of Internal Audit Services. These will include updates on the work of Internal Audit including key findings, issues of concern and action in hand as a result of Internal Audit work. To consider summaries of specific internal audit reports as requested. To receive reports outlining the action taken where the Chief Audit Executive has concluded that management has accepted a level of risk that may be unacceptable to the Council or there are concerns about progress with the implementation of agreed actions. To approve significant interim changes to the risk based internal audit plan and resource requirements.
5. Section 151 Officer: Treasury Strategy Mid-Year report.	Provide assurance on the treasury activities for Shropshire Council, including the investment performance of the internal Treasury team.	To receive regular reports on activities, issues and trends to support the Committee's understanding of treasury management activities. The Committee

	Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
**Appendix A: Audit Committee Work Plan – 2025/26**		
			is not responsible for the regular monitoring of treasury management activity. To review the treasury risk profile and adequacy of treasury risk management procedures and assurances on treasury management.
6.	Section 151 Officer: Annual Audit Committee self-assessment.	Confirmation that the Audit Committee is working effectively and where any further improvements are identified to improve its overall effectiveness, there are plans to implement these.	To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
7.	External Audit: Audit progress report and sector update.	Seek assurance over progress and delivery of the external audit plan and that any risks to successful production of the financial statements and audit are being managed. The paper also includes: •a summary of emerging national issues and developments that may be relevant to the Council; and •challenge questions in respect of these emerging issues which the Committee may wish to consider.	To consider specific reports as agreed with the External Auditor and other inspection agencies. To comment on the scope and depth of external audit work and to ensure it gives value for money.
8.	External Audit: Certification Summary report.	Seek assurances that claims and returns have been managed appropriately and that there are no significant errors that would result in loss of funding.	To consider the External Auditor's annual letter, relevant reports, and the report to those charged with governance.

Appendix A: Audit Committee Work Plan – 2025/26		
Report	**Assurances Required / Being Sought**	**Relevancy – Terms of Reference**
9. Internal Audit: Fraud, special investigations and RIPA update.	Provide assurances and an update on current fraud and special investigations undertaken by Internal Audit and the impact these have on the internal control environment together with an update on current Regulation of Investigatory Powers Act (RIPA) activity.	To review the assessment of fraud risks and potential harm to the Council from fraud, bribery and corruption. To monitor the counter-fraud, bribery and corruption strategy, actions and resources.
Other assurance		
10. None planned.		
Core business: 5 February 2026		
1. HR and OD Manager: Strategic Risks update.	Assurances that the management of strategic risks which is a key process that underpins the successful achievement of the Council's priorities and outcomes is robust. Strategic risks are a key aspect of the Annual Governance Statement. Provide information to confirm to the Audit Committee that they are receiving assurances on the key risk areas within the Council and how these are being managed through the internal controls and governance processes.	To monitor the effective development and operation of risk management in the Council.
2. Section 151 Officer: Treasury Strategy.	Provides assurances that the Council's Treasury Management practice complies with CIPFA's Code of Practice on Treasury Management, the Council's Treasury Policy Statement, Treasury Management Practices and the Prudential Code for Capital Finance and together with the rigorous internal controls will enable the Council to manage the risk associated with	To consider the robustness of the Council's treasury management strategy, policies and procedures before their submission to Cabinet and Full Council, ensuring that controls are satisfactory.

	Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
	Appendix A: Audit Committee Work Plan – 2025/26		
		Treasury Management activities and reduce any potential for financial loss.	
3.	Internal Audit: Report of the audit review of Risk Management.	Provides independent assurance on the overall control environment for the Risk Management system that the Council is effectively managing its key risks – has good risk management systems / processes in place that enable decision makers to understand the level of risk being taken and the Council is prepared to accept.	To monitor the effective development and operation of risk management in the Council.
4.	Internal Audit: Performance report and revised Annual Audit Plan.	Understand the level of assurances being given because of audit work and their impact on the Council's governance, risk and control environment.

Ensure management action is taken to improve controls / manage risks identified.

Encouraging ownership of the internal control framework by appropriate managers.

Confirm appropriate progress being made on the delivery of the audit plan and performance targets.

Understand any resourcing issues because of changes to the plan. | To consider reports from the Chief Audit Executive on Internal Audit's performance during the year, including the performance of external providers of Internal Audit Services. These will include updates on the work of Internal Audit including key findings, issues of concern and action in hand as a result of Internal Audit work.

To consider summaries of specific internal audit reports as requested.

To receive reports outlining the action taken where the Chief Audit Executive has concluded that management has accepted a level of risk that may be unacceptable to the Council or there are concerns about progress with the implementation of agreed actions. |

	Appendix A: Audit Committee Work Plan – 2025/26	
Report	**Assurances Required / Being Sought**	**Relevancy – Terms of Reference**
		To approve significant interim changes to the risk based internal audit plan and resource requirements.
5. Internal Audit: Draft Annual Internal Audit risk-based plan.	That the Internal Audit Plan focuses on the key risks facing the Council and is adequate to support the Chief Audit Executive's opinion. Confirm that the plan achieves a balance between setting out the planned work for the year and retaining flexibility to changing risks and priorities during the year. Ensure that the Internal Audit Resource has sufficient capacity and capability to deliver the plan. Seek an understanding of what assurances Internal Audit will be providing the Committee to help it discharge its terms of reference. Gain assurance that the Council has effective arrangements in place to fight fraud locally and that counter fraud resources are targeted to the Council's key fraud risks.	To approve, but not direct, the risk-based internal audit plan, including internal audit resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources. To make appropriate enquiries of both management and the Chief Audit Executive to determine if there are any inappropriate scope or resource limitations.
6. Internal Audit: Draft Audit Committee annual work plan and	Assurance that the agreed plan of work for the year ahead will deliver against the terms of reference of the Audit Committee and that Members will receive	To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.

		Appendix A: Audit Committee Work Plan – 2025/26	
	Report	**Assurances Required / Being Sought**	**Relevancy – Terms of Reference**
	future training requirements.	appropriate learning and development to deliver their responsibilities effectively.	
7.	Internal Audit: Fraud, special investigations and RIPA update.	Provide assurances and an update on current fraud and special investigations undertaken by Internal Audit and the impact these have on the internal control environment together with an update on current Regulation of Investigatory Powers Act (RIPA) activity.	To review the assessment of fraud risks and potential harm to the Council from fraud, bribery and corruption. To monitor the counter-fraud, bribery and corruption strategy, actions and resources.
8.	External Audit: Annual Plan.	Evidence that the External Auditor understands the Council's business, risk, challenges and opportunities it is facing. Explanation of its audit approach and the scope of its plans.	To comment on the scope and depth of external audit work and to ensure it gives value for money.
9.	External Audit: Informing the risk assessment.	As part of External Audit's risk assessment procedures, they obtain an understanding of management processes and the Audit Committee's oversight of the following areas: • Fraud • Laws and regulations • Going concern • Related party transactions • Accounting estimates This report includes a series of questions on each of these areas and the response we have received from the Council's management, for Audit Committee to consider whether the responses are consistent with its understanding and whether there are any further comments it wishes to make.	To comment on the scope and depth of external audit work and to ensure it gives value for money.

Appendix A: Audit Committee Work Plan – 2025/26		
Report	**Assurances Required / Being Sought**	**Relevancy – Terms of Reference**
10. External Audit: Audit progress report and sector update.	Seek assurance over progress and delivery of the external audit plan and that any risks to successful production of the financial statements and audit are being managed. The paper also includes: •a summary of emerging national issues and developments that may be relevant to the Council; and •several challenge questions in respect of these emerging issues which the Committee may wish to consider.	To consider specific reports as agreed with the External Auditor and other inspection agencies. To comment on the scope and depth of external audit work and to ensure it gives value for money.
Other assurance		
11. None planned		

APPENDIX A

Audit Committee Work Plan 2025/26 Summary

Audit Committee Work Plan 2025/26	22 May 2025	12 June 2025	26 June 2025	16 July 2025	11 Sept 2025	26 Sept 2025	27 Nov 2025	22 Jan 2026	5 Feb 2026	Report originator
Training Sessions		✓			✓			✓		
Regular Committees	✓		✓	✓		✓	✓		✓	
Election of Chair and Vice Chair	✓									
Statement of Accounts – preparation of draft and sign off (Statutory deadline 31 May 2025[1])			✓							Section 151 Officer
Annual Governance Statement (AGS) and review of the effectiveness of the Council's internal controls and Shropshire Council's Code of Corporate Governance			✓							Section 151 Officer
Financial Outturn Report			✓							Section 151 Officer
Risk Annual Report			✓							HR & OD Manager
Internal Audit Annual Report				✓						Internal Audit
Annual review of Internal Audit: Quality Assurance and Improvement Programme (QAIP)				✓						Section 151 Officer
Annual Assurance Report of Audit Committee to Council				✓						Internal Audit

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[1] This is the deadline for the draft accounts to be published and sent to External Audit

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Audit Committee Work Plan 2025/26	22 May 2025	12 June 2025	26 June 2025	16 July 2025	11 Sept 2025	26 Sept 2025	27 Nov 2025	22 Jan 2026	5 Feb 2026	Report originator
Annual Whistleblowing report				✓						Assistant Director Workforce
Annual Treasury Report				✓						Section 151 Officer
Audit Fee Letter				✓						External Audit
Audit Progress Report and Sector Update				✓		✓	✓		✓	External Audit
Fraud, special investigations and RIPA Updates (part 2)				✓		✓	✓		✓	Internal Audit
Pension Fund Audit Plan (information)				✓						External Audit
9. Audit Findings Report Shropshire Council (AFR)							✓			External Audit
Final approval - Statement of Accounts							✓			Section 151 Officer
Strategic Risks update						✓			✓	HR & OD Manager
Performance Report and revised Annual Audit Plan				✓		✓	✓		✓	Internal Audit
Audit Findings: Shropshire County Pension Fund (Information)						✓				External Audit
Annual Audit Letter						✓				External Audit
Annual review of Audit Committee Terms of Reference						✓				Internal Audit
Annual review of Internal Audit Charter						✓				Internal Audit

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Audit Committee Work Plan 2025/26	22 May 2025	12 June 2025	26 June 2025	16 July 2025	11 Sept 2025	26 Sept 2025	27 Nov 2025	22 Jan 2026	5 Feb 2026	Report originator
Annual review of Counter Fraud, Bribery and Anti-Corruption Strategy and activities; including an update on the National Fraud Initiative (NFI)							✓			Internal Audit
Treasury Strategy Mid-Year Report							✓			Section 151 Officer
Annual Audit Committee Self-Assessment							✓			Section 151 Officer
Certification Summary Report							✓			External Audit
Treasury Strategy									✓	Section 151 Officer
Report of the Audit Review of Risk Management									✓	Internal Audit
Draft Annual Internal Audit Risk Based Plan									✓	Internal Audit
Draft Audit Committee annual work plan and future training requirements									✓	Internal Audit
Audit Plan									✓	External Audit
Informing the risk assessment									✓	External Audit

Key to table

| Committee dates - fixed |
| Training dates |

Appendix B

Audit Committee Members development topics

Core areas of knowledge	Specialist knowledge that adds value to the Audit Committee	Core skills
Organisational knowledge Audit committee role and function Governance Internal audit Financial management and accounting External audit Risk management Counter fraud, bribery, corruption and whistleblowing Values of good governance Treasury management	Accountancy Internal audit Risk management Governance and legal Service knowledge relevant to the different Council functions Programme and project management IT systems and IT governance	Strategic thinking and understanding of materiality Questioning and constructive challenge Focus on improvement Able to balance practicality against theory Clear communication skills and focus on the needs of users Objectivity Meeting management skills

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Committee and Date		Item
Audit Committee		
6th February 2025		
10:00am		Public

Internal Audit Performance 2024/25

Responsible Officer:		Barry Hanson	
email:	barry.hanson@shropshire.gov.uk	Tel:	07990 086409
Cabinet Member (Portfolio Holder):		Lezley Picton, Leader of the Council Brian Williams, Chairman of the Audit Committee Gwilym Butler, Portfolio Holder – Finance, Corporate Resources and Communities	

1. Synopsis

This report summarises Internal Audit's 2024/25 work to date. Delivery is in line with previous delivery records. Lower assurances from reviews are highlighted, providing members with an opportunity to challenge.

2. Executive Summary

2.1. This report provides members with an update of work undertaken by Internal Audit in the three months since the November Audit Committee. 73% percent of the revised plan has been completed (see **Appendix A, Table 1**), which is in line with previous delivery records (71% 2023/24, 64% 2022/23).

2.2. Six reasonable, one limited and three unsatisfactory assurance opinions have been issued. The 10 final reports contained 83 recommendations, one of which was fundamental.

2.3. This report proposes minor revisions in the coverage of planned activity for Shropshire Council, with a decrease of 68 days from 1,334 days reported in November 2024 to 1,266 days. Changes to the planned activity reflect adjustments considering both risks and available resources. Revisions to the plan are targeted to provide enough activity to inform an end of year opinion.

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2.4. One Auditor has left the Council since the previous performance report to committee. There is also a recruitment freeze whilst the structure of the Council is determined. In addition, one post within the current Internal Audit structure will be removed as part of the right sizing work.

2.5. It is important to note however, that whilst the reduction in available resources has had a significant impact in year, core audit work has been undertaken or is planned in the final quarter to enable the Chief Audit Executive (CAE) to form an overall opinion on the Council's internal control environment and report this accordingly. This is the overriding measure to demonstrate that the internal audit function ultimately remains effective for the authority.

2.6. Internal Audit continues to add value to the Council in its delivery of bespoke pieces of work, including sharing best practice and providing advice on system developments.

3. Decisions

3.1. The Committee is asked to consider and endorse, with appropriate comment;

   a. the performance of Internal Audit against the 2024/25 Audit Plan.

   b. Identify any action(s) it wishes to take in response to any low assurance levels and fundamental recommendations, brought to Members' attention, especially where they are repeated. (**Paragraph 8.6 and Appendix A, Table 3).**

Report

4. Risk Assessment and Opportunities Appraisal

4.1. Delivery of a risk-based audit Internal Audit Plan is essential to ensuring the probity and soundness of the Council's control, financial, risk management systems and governance procedures. Areas to be audited are identified following a risk assessment process which considers the Council's risk register information and involves discussions with managers concerning their key risks. These are refreshed throughout the period of the plan as the environment (delivery risks) changes. In delivering the plan, the adequacy of control environments is examined, evaluated and reported on independently and objectively by Internal Audit. This contributes to the proper, economic, efficient and effective use of resources. It provides assurances on the internal control systems, by identifying potential weaknesses and areas for improvement, and engaging with management to address these in respect of current systems and during system design. Without this, failure to maintain robust internal control, risk and governance procedures creates an environment where poor performance, fraud, irregularity and inefficiency can go undetected, leading to financial loss and reputational damage.

4.2. Provision of the Internal Audit Annual Plan satisfies the Accounts and Audit Regulations 2015, part 2, section 5(1) in relation to internal audit. These state that:

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'A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.

4.3. 'Proper practices' can be demonstrated through compliance with the Public Sector Internal Audit Standards (PSIAS). Vacancy management and recruitment, whilst an ongoing risk, is being managed proactively and activities undertaken to mitigate and manage this going forward.

4.4. The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998 and there are no direct environmental or equalities consequences of this proposal.

5. Financial Implications

5.1. The Internal Audit plan is delivered within approved budgets. The work of Internal Audit contributes to improving the efficiency, effectiveness and economic management of the wider Council and its associated budgets.

6. Climate Change Appraisal

6.1. This report does not directly make decisions on energy and fuel consumption; renewable energy generation; carbon offsetting or mitigation; or on climate change adaption. However, the work of the Committee will look at these aspects relevant to the governance, risk management and control environment.

7. Background

7.1. Management is responsible for the system of internal control and should set in place policies and procedures to help ensure that the system is functioning correctly. Internal Audit reviews appraises and reports on the efficiency, effectiveness and economy of financial, governance, risk and other management controls. The Audit Committee is the governing body with delegated authority under the Constitution to monitor progress on the work of Internal Audit.

7.2. The 2024/25 Internal Audit Plan was presented to, and approved by the Audit Committee at the 17th July 2024 meeting with adjustments being approved in September and November. This report provides an update on progress made against the plan up to 12th January 2025 and includes revisions to the plan.

8. Performance Against the Plan 2024/25

8.1. Revisions to the 2024/25 plan provide for a total of 1,266 audit days. Performance to date is in line with previous delivery records at 73% (71% 2023/24, 64% 2022/23,), the team are on track to deliver a minimum of 90% of the revised annual plan by the year end.

8.2. One Auditor has left the Council since the previous performance report to committee. There is also a recruitment freeze whilst the restructure of the Council and its new operating model is determined. In addition, one post within the Internal Audit structure will be removed as part of the right sizing work. The Head of Policy

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and Governance will work with the Internal Audit Manager to ensure that the team is aligned to the new structure and operating model moving forwards into 2025/26. I would not ordinarily want to diminish the capacity of Internal Audit but in my view the removal of this vacant post will have a minimal impact overall.

8.3. It is important to note however, that whilst the reduction in available resources has had a significant impact in year, core audit work has been undertaken or is planned in the final quarter to enable the Chief Audit Executive (CAE) to form an overall opinion on the Council's internal control environment and report this accordingly. This is the overriding measure to demonstrate that the internal audit function ultimately remains effective for the authority.

8.4. In total, 10 final reports have been issued in the period from 21st October 2024 to 12th January 2025, all are listed with their assurance rating and broken down by service area at **paragraph 8.6**. The year-to-date position is shown at **Appendix A, Table 2**. The following chart shows performance against the approved Internal Audit Plan for 2024/25:
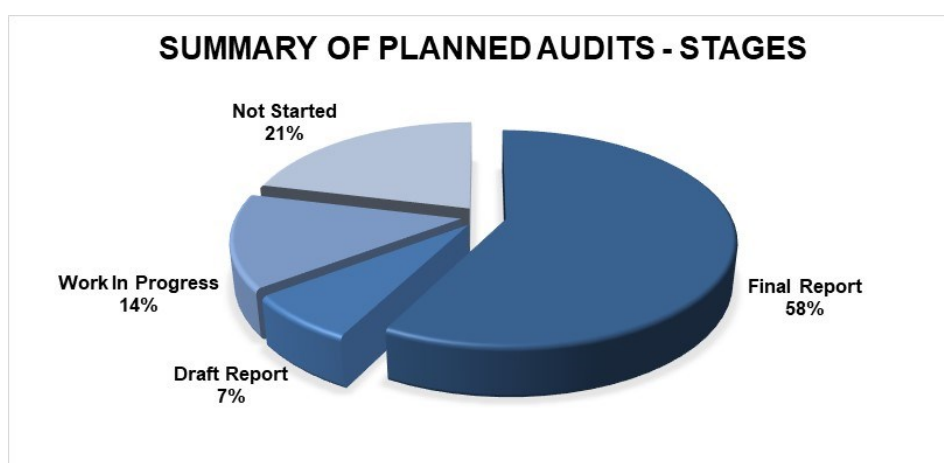
8.5. Audits have been completed over several service areas as planned:

	Chief Executive	Resources	People	Place	Health & Wellbeing
Planned Days	54	394	118	179	9
Actual Days	46.6	290.6	96.0	130.2	9.3

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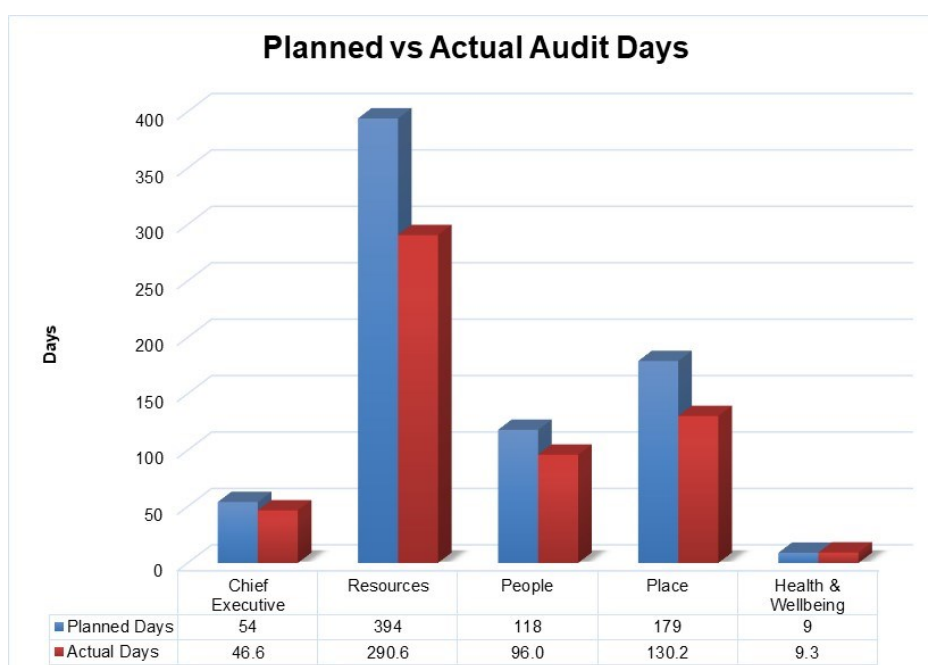
8.6. The following audits have been completed in the period:

Audit Name	Audit Opinion					Recommendations			
	Good	Reasonable	Limited	Unsatisfactory		Fundamental	Significant	Requires Attention	Best Practice
Chief Executive									
Embedding the Shropshire Plan				1		1	7	3	1
	0	**0**	**0**	**1**		**1**	**7**	**3**	**1**
Health and Wellbeing									
Private Water Supplies		1					2	3	
	0	**1**	**0**	**0**		**0**	**2**	**3**	**0**
Place									
Theatre Ticketing and Online Booking Application		1					1	8	
Highways Other Major Contracts Follow Up			1				2		
Section 38 Road Adoption				1			9	8	
	0	**1**	**1**	**1**		**0**	**12**	**16**	**0**
Resources - Finance and Technology									
Council Tax Collection		1					3	5	
Physical and Environmental Controls		1					3	3	
Information Security Management Follow up		1					1		
WhatsApp Follow Up				1			5		
Other, including added value and briefing notes								14	
	0	**3**	**0**	**1**		**0**	**12**	**22**	**0**
Resources - Workforce and Improvement									
Risk Management		1					2	2	
	0	**1**	**0**	**0**		**0**	**2**	**2**	**0**
Total	**0**	**6**	**1**	**3**		**1**	**35**	**46**	**1**
%	0%	60%	10%	30%		1%	42%	56%	1%

8.7. The assurance levels awarded to each completed audit area appear in the graph below:

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AUDIT REPORT ASSURANCES FOR THE PERIOD

Good 0%
Unsatisfactory 30%
Limited 10%
Reasonable 60%
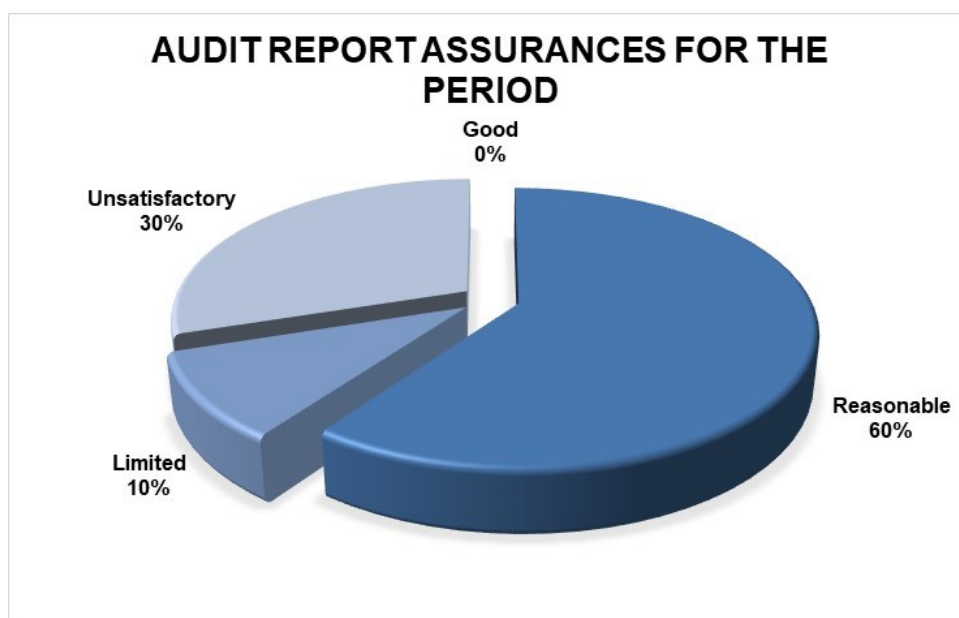
8.8.   The overall spread of recommendations agreed with management following each audit review are as follows:

AUDIT RECOMMENDATIONS FOR THE PERIOD

Best Practice 1%
Fundamental 1%
Significant 42%
Requires Attention 56%

8.9.   In the period up to the 12th January 2025, six reports have been issued providing good or reasonable assurances and accounting for 60% of the opinions delivered. This is in line with previous year outturn of 60% for higher assurances and 40% for lower assurances.

8.10. Details of control objectives evaluated and not found to be in place as part of the planned audit reviews that resulted in limited and unsatisfactory assurances, appear in **Appendix A, Table 3**. The appendix also includes descriptions of the levels of assurance used in assessing the control environment and the classification of recommendations, **Tables 4 and 5** and provides a glossary of common terms, **Table 6**.

Question 1: Do Members wish to receive any updates from managers in relation to the limited and unsatisfactory assurances opinions?

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8.11. Six draft reports, awaiting management responses, will be included in the next performance report. Work has also been completed for external clients in addition to the drafting and auditing of financial statements for an honorary fund and the certification of grant claims.

8.12. A total of 83 recommendations have been made in the 10 final audit reports issued during this period; these are broken down by service area at paragraph 8.6, the year-to-date position is show at **Appendix A, Table 2**. One fundamental recommendation has been identified, which is detailed below:

Embedding the Shropshire Plan
Recommendation: Ensure there is a clear process developed for the creation, review and approval of service plans with Council and Member oversight ensuring there is clarity on the requirements to complete to a standard determined by the organisation. Monitor completion of service plans across the organisation and escalate any non-completion.
Risk: Service plans lack Council and Member oversight and are not approved in line with the wider Council objectives impacting on the delivery of the wider organisational objectives and a risk of services operating outside of the objectives set within the Shropshire Plan without clear approval.
Management Response: There are two key issues here:
  i.   Incomplete coverage across the authority of Service Plans
  ii. Lack of oversight at an organisational level
Reviewing The Shropshire Plan (TSP) in light of these audit finding provides an opportunity to improve governance, performance and wellbeing across the Council – clarifying what is required and what is not, and how and when it should be provided. The current plan comes to an end in 2025 and an entirely new operating model for the Council is being pulled together starting with a senior manager review (Assistant Directors and up) to be concluded by March 2025. Embedding of a new operating model across the Council and the creation of a new Shropshire Plan will then progress across the 2025 calendar year. This will align with the local elections and the new administration will wish to ensure their priorities are reflected in TSP. The findings identified from this review will help ensure that The Shropshire Plan is supported by appropriate governance arrangements that include:
- Clarity of Strategic Objectives within the new Council
- Corporate oversight and approval of service plans and action setting.
- Ensuring a clear link between performance measures and plan objectives.
- Ensuring effective oversight of service plan performance and actions and monitoring of adverse performance,
- Understanding of the resource requirements for implementing The Shropshire Plan within the available financial envelope.
- Ensuring the Plan is aligned to corporate training and staff reviews
- Ensuring that Council decision making is driven by, and has clear links to, The Shropshire Plan
- Ensuring a greater link between risk management reporting and plan objectives.
- Ensuring opportunity is taken to link corporate communications to plan objectives.

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The second point requires a governance review to establish appropriate oversight and challenge in the Service Plan process. This will be addressed as part of the Road Map and Action Plan.

Date to be Actioned: Senior Management Review implemented 1 March 2025
Local Elections 1 May 2025. Service Plan process agreed by 1 May 2025
New operating Model and revised TSP Road Map and Action Plan agreed 1 May 2025. Implementation according to agreed Road Map and Action Plan.

Question 2: Do Members wish to receive any updates from managers regarding the fundamental recommendation?

8.13. It is the identified manager's responsibility to ensure accepted audit recommendations are implemented within an agreed timescale. **Appendix A, Table 7** sets out the approach adopted to following up recommendations highlighting Audit Committee's involvement.

8.14. The following demonstrates areas where internal audit have added value with unplanned, project or advisory work, not included in the original plan located at **Appendix A, Table 1**.

- **Active Directory (IT user) Data Analysis**
  The scope of this work was to produce a set of analysis tools to be used to identify potential poor areas of control within IT user account set up and to monitor overall management trends in the use of both general and privileged accounts (super users). The findings were reported to the Head of Technology and Automation in a briefing note including recommendations to help develop controls in this area which directly links to the strategic cyber security risk.
- **Payroll Data Analysis**
  Analysis of payroll data was undertaken to identify data quality improvements and exception reporting on key areas within the payroll system. In addition, the analysis considered anomalies within the data that could result in incorrect payments. This information was shared with the HR/Payroll Manager to enable the HR Business Partners to support those not using the system correctly. This supports the Internal Audit Service counter fraud work and is directly linked to the financial strategic risks.
- **Voluntary Redundancy Calculations**
  A sample of 15 voluntary redundancy payments were checked for accuracy, including evidence of prior service. Of the 15 payments checked, all were found to be correct based on the redundancy calculation formula. This supports the Internal Audit Service counter fraud work and is directly linked to the financial strategic risks.
- **National Fraud Initiative (NFI)**
  The team have co-ordinated the submission of the data for 2024/25 NFI main exercise and the Council Tax/elections exercise. Work is not ongoing to oversee the review of Shropshire Council's matches and to ensure requests from other bodies are responded to in a prompt manner. This supports the Internal Audit Service counter fraud work and is directly linked to the financial strategic risks.
- **Schools Self-assessment review and Feedback**
  Annually a sample of schools are asked to complete a controls evaluation self-assessment. The results are reviewed by Internal Audit to inform the annual plan of work and specific feedback provided to schools where appropriate and common themes were shared with the Learning and Skills team for inclusion on the schools circular provided to maintained schools.

Direction of travel

8.15. This section compares the assurance levels (where given), and categorisation of recommendations made, to demonstrate the direction of travel in relation to the control environment.

Comparison of Assurance Levels (where given)

Trend in Internal Audit Opinions

Year	Good	Reasonable	Limited	Unsatisfactory
2024-25 YTD	10%	53%	23%	14%
2023-24	6%	54%	22%	18%
2022-23	16%	43%	30%	11%
2021-22	15%	49%	19%	17%
2020-21	21%	36%	28%	15%
2019-20	15%	49%	22%	14%
2018-19	26%	41%	27%	6%
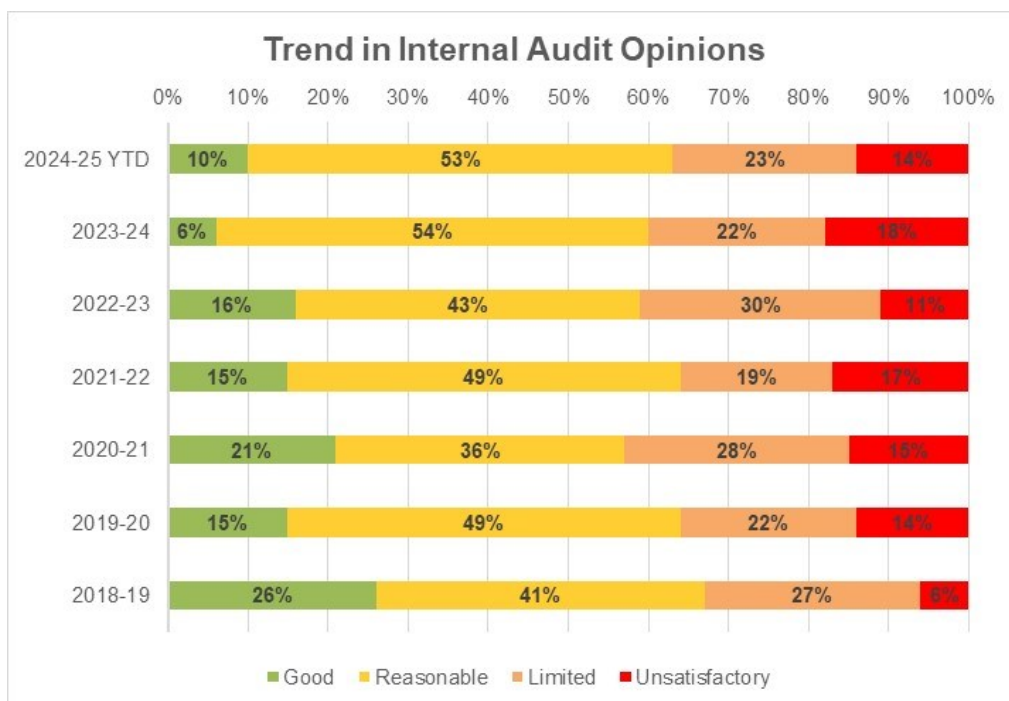
Comparison of recommendation by categorisation

Trend in Internal Audit Recommendations

Year	Best Practice	Requires Attention	Significant	Fundamental
2024-25 YTD	2%	52%	45%	1%
2023-24	1%	54%	43%	2%
2022-23	1%	61%	36%	2%
2021-22	0%	52%	45%	3%
2020-21	1%	50%	47%	2%
2019-20	1%	59%	39%	1%
2018-19	2%	60%	37%	1%
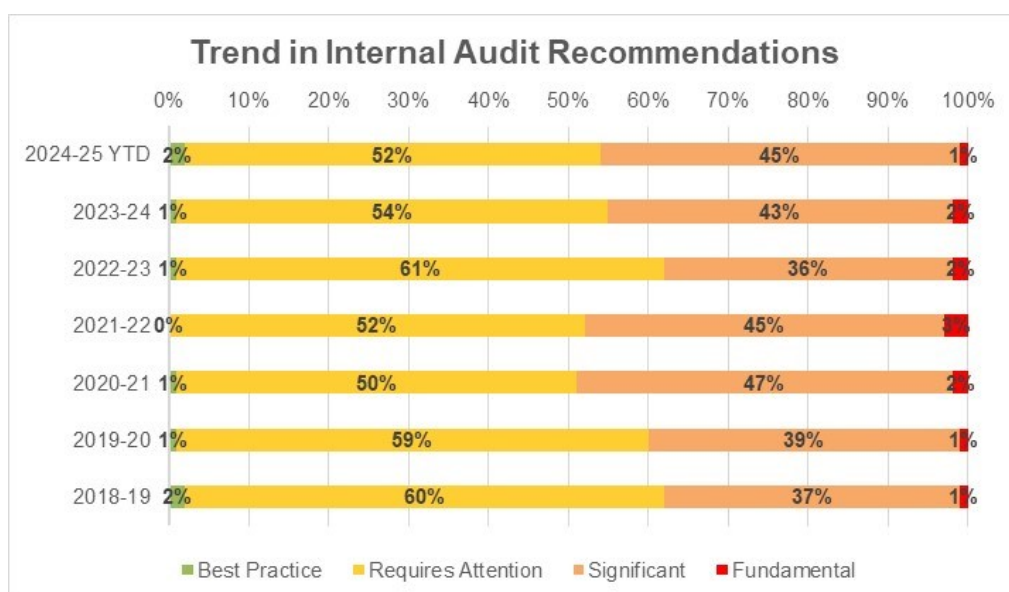
8.16. The number of lower-level assurances to date, 37%, is slightly below the outturn for 2023/24 of 40%. Full details of the audits completed and their assurance opinions can be found at **Appendix A, Table 2**.

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8.17. There is no strong overall pattern of areas attracting lower assurances ratings however, Place directorate has the highest numbers of lower levels of assurance at this point with six limited and two unsatisfactory audit opinions.

Performance Measures

8.18. All Internal Audit work has been completed in accordance with agreed plans and the outcomes of final reports have been reported to the Audit Committee.

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

Internal Audit Performance and Revised Annual Audit Plan 2024/25 – Audit Committee 28th November 2024

Internal Audit Performance and Revised Annual Audit Plan 2024/25 – Audit Committee 27th September 2024

Draft Internal Audit Risk Based Plan 2024/25 - Audit Committee 17th July 2024

Public Sector Internal Audit Standards (PSIAS)

Audit Management system

Accounts and Audit Regulations 2015, 2018 and Accounts and Audit (Coronavirus) (Amendment) Regulations 2020, Amendment Regulations 2022

Local Member:	All

Appendices

Appendix A
Table 1: Summary of actual audit days delivered against plan 1st April 2024 to 12th January 2025
Table 2: Final audit report assurance opinions and recommendation summary 1st April 2024 to 12th January 2025
Table 3: Unsatisfactory and limited assurance opinions in the period 21st October 2024 to 12th January 2025
Table 4: Audit assurance opinions
Table 5: Audit recommendation categories
Table 6: Glossary of terms
Table 7: Recommendation follow up process (risk based)

Appendix B - Audit plan by service 1st April 2024 to 12th January 2025

APPENDIX A

Table 1: Summary of actual audit days delivered and revisions to the audit plan in the period from 1st April 2024 to 12th January 2025

	Original Plan	Revised Plan	12th January 2025 Actual	% of Original Complete	% of Revised Complete
Chief Executive	52	54	46.6	90%	86%
Health and Wellbeing	34	9	9.3	27%	103%
People	76	118	96.0	126%	81%
Adult Services	25	50	40.7	163%	81%
Children's Services	31	59	46.9	151%	80%
Education and Achievement	20	9	8.4	42%	93%
Place	127	179	130.2	103%	73%
Resources	287	394	290.6	101%	74%
Finance and Technology	175	262	193.2	110%	74%
Legal and Governance	51	46	35.3	69%	77%
Workforce and Improvement	61	86	62.1	102%	72%
S151 Planned Audit	**576**	**754**	**572.7**	**99%**	**76%**
Contingencies and other chargeable work	336	307	188.3	56%	61%
Total S151 Audit	**912**	**1,061**	**761.0**	**83%**	**72%**
External Clients	224	205	162.4	73%	79%
Total	**1,136**	**1,266**	**923.4**	**81%**	**73%**

Please note that a full breakdown of days by service area is shown at **Appendix B**

Table 2: Final audit report assurance opinions and recommendation summary - 1st April 2024 to 12th January 2025

Audit Name	Audit Opinion					Recommendations			
	Good	Reasonable	Limited	Unsatisfactory		Fundamental	Significant	Requires Attention	Best Practice
Chief Executive									
Corporate Governance 2023/24		1							
CCTV Follow up 2023/24			1					10	7
Social Media				1			7	1	
Embedding the Shropshire Plan				1		1	7	3	1
	0	**1**	**1**	**2**		**1**	**24**	**11**	**1**

Audit Name	Audit Opinion					Recommendations			
	Good	Reasonable	Limited	Unsatisfactory		Fundamental	Significant	Requires Attention	Best Practice
Health and Wellbeing									
Community Safety Partnership Responsibilities 2023/24		1					1	2	
Private Water Supplies		1					2	3	
	0	**2**	**0**	**0**		**0**	**3**	**5**	**0**
People - Adults									
Individual Service Funds Follow Up	1						1		
Abbots Wood Comfort Fund		1					2	4	1
Albert Road Comforts Fund		1					2	4	
Greenacres Comfort Fund		1					3	3	
Greenacres Trading Account		1					1	5	
	1	**4**	**0**	**0**		**0**	**9**	**16**	**1**
People - Children									
Together for Children Partnership - Performance Audit		1					3	2	
Section 17 Payments Children 2023/24			1				7	7	1
Foster care 2022/23			1				5	5	
Direct Payments Children 2022/23				1			8	1	
Short Breaks Service 2023/24				1		2		1	
	0	**1**	**2**	**2**		**2**	**23**	**16**	**1**
Place									
Blue Badge Scheme Follow Up	1							2	
Section 106 Agreements 2023/24	1							4	
Licensing Follow up 2023/24		1						3	
Tree Safety Follow up 2023/24		1					2	2	
Dog Wardens Follow Up 2023/24		1					6	1	
Leisure Services Contract Follow up 2023/24		1					1	4	1
External Catering Contracts		1				1			
School Planning and Transport Arrangements		1					1	2	
Theatre Ticketing and Online Booking Application		1					1	8	
ASC Pre-Planned Maintenance Contract Follow Up			1				2	1	
Highways Maintenance - Term Maintenance -Kier 2023/24			1				5	6	
Much Wenlock Sports Centre- Joint Use Follow up			1				4	11	
Partnerships 2023/24			1				4	1	
Security of Council Buildings			1				4	3	
Highways Other Major Contracts Follow Up			1				2		
The Lantern Follow Up				1			13	8	
Section 38 Road Adoption				1			9	8	
	2	**7**	**6**	**2**		**1**	**54**	**64**	**1**
Resources - Finance and Technology									
Treasury Management 2023/24	1							4	1
Firewall Management Follow Up 2023/24		1					1	4	

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Audit Name	Audit Opinion				Recommendations			
	Good	Reasonable	Limited	Unsatisfactory	Fundamental	Significant	Requires Attention	Best Practice
IT Service Delivery Management 2023/24		1				2	4	
Microsoft Dynamics CRM Application Follow Up 2023/24		1				2		
Third Party Contractor Access Controls Follow Up 2023/24		1				2	1	
Security Management and Cyber Response 2023/24		1				1	8	
Business Continuity and Disaster Recovery 2023/24		1				1	4	
Council Tax Collection		1				3	5	
Physical and Environmental Controls		1				3	3	
Information Security Management Follow up		1				1		
VAT 2023/24			1			4	2	
WhatsApp Follow Up				1		5		
Other, including added value and briefing notes							14	
	1	9	1	1	0	25	49	1
Resources - Workforce and Improvement								
Recruitment Arrangements Follow up 2023/24			1			3	1	
Risk Management		1				2	2	
	0	1	1	0	0	5	3	0
Resources - Legal and Governance								
IT Security Policy 2023/24	1						2	1
GDPR/DPA/Freedom of Information Follow up		1				4	1	
	1	1	0	0	0	4	3	1
Total	5	26	11	7	4	147	167	6
Percentage	10%	53%	23%	14%	1%	45%	52%	2%

Table 3: Unsatisfactory and limited assurance opinions issued in the period from 21st October 2024 to 12th January 2025[1]

Unsatisfactory assurance

Chief Executive– Embedding the Shropshire Plan
- The Shropshire Plan has a clear action plan with SMART actions and clear lines of responsibility accountability.
- Service Plans are created that align to the Shropshire Plan.
- The Shropshire Plan is communicated to staff and is embedded as part of performance development plans.
- The Shropshire Plan is embedded into the decision-marking within the council.

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[1] Listed are the management controls that were reviewed and found not to be in place and/or operating satisfactorily and therefore positive assurance could not be provided for them.

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- Performance reporting aligns to the delivery of the Shropshire plan.
- Delivery on the outcomes of the Shropshire Plan are clearly reported to all stakeholders on a regular basis.

Place– Section 38 Road Adoption (Limited 2018/19)
- The system is operated in accordance with up-to-date policies, procedures, Financial Rules, statutory regulations and legislation to which relevant staff have access.
- There are appropriate processes are in place to identify and process highways adoptions.
- All proposals are adequately reviewed to ensure developments are technically valid for adoption.
- There are appropriate systems in place to invoke the Advance Payment Code (APC) unless a Section 38 agreement is being entered into.
- Section 38 agreements are prepared by appropriately qualified staff and signed on a timely basis.
- Income received in respect of Section 38 agreements are promptly and accurately accounted for.
- Management information is produced on a regular basis and is subject to independent review in a timely manner.

Resources– WhatsApp (Unsatisfactory 2023/24)
- To ensure that the System complies with all external legislation and regulations.
- To ensure that the application authentication and authorisation mechanisms are secure.
- To ensure that users have received the required training.
- To ensure that output is secure, accurate and reaches the intended recipient in a timely manner.
- To ensure that there are continuity processes are in place to ensure system availability.
- To ensure that management/Audit trails are in place.
- To ensure that clear procedures are in place for the authorisation of changes and system changes are applied by appropriately qualified staff.

Limited assurance

Place– Highways Other Major Contracts Follow Up (Unsatisfactory 2022/23)
- Previous audit recommendations have been implemented.
- All Highways procurement is undertaken in line with corporate financial and procurement rules.
- The contracts include key performance indicators which are monitored in accordance with the contract.

Table 4: Audit assurance opinions: awarded on completion of audit reviews reflecting the efficiency and effectiveness of the controls in place, opinions are graded as follows:

Good	Evaluation and testing of the controls that are in place confirmed that, in the areas examined, there is a sound system of control in place which is designed to address relevant risks, with controls being consistently applied.

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Reasonable	Evaluation and testing of the controls that are in place confirmed that, in the areas examined, there is generally a sound system of control but there is evidence of non-compliance with some of the controls.
Limited	Evaluation and testing of the controls that are in place performed in the areas examined identified that, whilst there is basically a sound system of control, there are weaknesses in the system that leaves some risks not addressed and there is evidence of non-compliance with some key controls.
Unsatisfactory	Evaluation and testing of the controls that are in place identified that the system of control is weak and there is evidence of non-compliance with the controls that do exist. This exposes the Council to high risks that should have been managed.

Table 5: Audit recommendation categories: an indicator of the effectiveness of the Council's internal control environment and are rated according to their priority

Best Practice (BP)	Proposed improvement, rather than addressing a risk.
Requires Attention (RA)	Addressing a minor control weakness or housekeeping issue.
Significant (S)	Addressing a significant control weakness where the system may be working but errors may go undetected.
Fundamental (F)	Immediate action required to address major control weakness that, if not addressed, could lead to material loss.

Table 6: Glossary of terms

Significance
The relative importance of a matter within the context in which it is being considered, including quantitative and qualitative factors, such as magnitude, nature, effect, relevance and impact. Professional judgment assists internal auditors when evaluating the significance of matters within the context of the relevant objectives.

Chief Audit Executive Annual Opinion
The rating, conclusion and/or other description of results provided by the Chief Audit Executive addressing, at a broad level, governance, risk management and/or control processes of the organisation. An overall opinion is the professional judgement of the Chief Audit Executive based on the results of several individual engagements and other activities for a specific time interval.

Governance
Comprises the arrangements (including political, economic, social, environmental, administrative, legal and other arrangements) put in place to ensure that the outcomes for intended stakeholders are defined and achieved.

Risk
The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.

Control
Any action taken by management, the board and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved.

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Management plans, organises and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.

Impairment
Impairment to organisational independence and individual objectivity may include personal conflict of interest, scope limitations, restrictions on access to records, personnel and properties and resource limitations (funding).

Table 7: Recommendation follow up process (risk based)

When recommendations are agreed the responsibility for implementation rests with management. There are four categories of recommendation: fundamental, significant, requires attention and best practice and there are four assurance levels given to audits: unsatisfactory, limited, reasonable and good.

The process for *fundamental recommendations* will continue to be progressed within the agreed time frame with the lead Executive Director being asked to confirm implementation. Audit will conduct testing, either specifically on the recommendation or as part of a re-audit of the whole system. Please note that all agreed fundamental recommendations will continue to be reported to Audit Committee. Fundamental recommendations not implemented after the agreed date, plus one revision to that date where required, will in discussion with the Section 151 Officer be reported to Audit Committee for consideration.

AUDIT PLAN BY SERVICE –PERFORMANCE REPORT FROM 1st APRIL 2024 TO 12th JANUARY 2025

	Original Plan Days	August Revision	October Revision	January Revision	Revised Plan Days	12th January 2025 Actual	% Original Complete	% Revised Complete
CHIEF EXECUTIVE								
Governance	19	0	0	5	24	17.1	90%	71%
OCE	25	0	0	-8	17	16.4	66%	96%
Communications	8	3	2	0	13	13.1	164%	101%
CHIEF EXECUTIVE	**52**	**3**	**2**	**-3**	**54**	**46.6**	**90%**	**86%**
RESOURCES								
Finance and Technology								
Finance and S151 Officer	55	0	5	-15	45	31.0	56%	69%
Financial Management	28	6	0	11	45	46.8	167%	104%
ICT	52	11	5	16	84	45.5	88%	54%
Information Governance	7	0	0	2	9	8.6	123%	96%
Print Services (Blu Print)	0	0	0	10	10	0.0	0%	0%
Revenues and Benefits	10	0	20	-1	29	29.0	290%	100%
Treasury	0	6	0	0	6	6.4	0%	107%
	175	**30**	**30**	**27**	**262**	**193.2**	**110%**	**74%**
Workforce and Improvement								
Risk Management	8	0	0	3	11	11.6	145%	105%
Human Resources	37	4	8	5	54	35.8	97%	66%
Corporate Performance Management	16	0	0	5	21	14.7	92%	70%
	61	**4**	**8**	**13**	**86**	**62.1**	**102%**	**72%**
Legal and Governance								
Information Governance	13	3	0	0	16	11.0	85%	69%
Procurement	38	0	0	-8	30	24.3	64%	81%
	51	**3**	**0**	**-8**	**46**	**35.3**	**69%**	**77%**

	Original Plan Days	August Revision	October Revision	January Revision	Revised Plan Days	12th January 2025 Actual	% Original Complete	% Revised Complete
RESOURCES	**287**	**37**	**38**	**32**	**394**	**290.6**	**101%**	**74%**
PEOPLE								
Joint Commissioning								
Community and Partnerships	21	7	-2	0	26	26.2	125%	101%
Business Support	4	0	9	0	13	3.0	75%	23%
	25	**7**	**7**	**0**	**39**	**29.2**	**117%**	**75%**
Adult Social Care								
Long Term Support	0	8	3	0	11	11.5	0%	105%
	0	**8**	**3**	**0**	**11**	**11.5**	**0%**	**105%**
Education and Achievement								
Education Access	10	0	0	-1	9	8.4	84%	93%
Secondary Schools	10	0	0	-10	0	0.0	0%	0%
	20	**0**	**0**	**-11**	**9**	**8.4**	**42%**	**93%**
Children's Social Care and Safeguarding								
Children's Placement Services & Joint Adoption	23	14	0	0	37	33.2	144%	90%
Assessment & Looked After Children	0	6	8	0	14	6.4	0%	46%
	23	**20**	**8**	**0**	**51**	**39.6**	**172%**	**78%**
Early Help, Partnership and Commissioning	**8**	**0**	**0**	**0**	**8**	**7.3**	**91%**	**91%**
PEOPLE	**76**	**35**	**18**	**-11**	**118**	**96.0**	**126%**	**81%**

	Original Plan Days	August Revision	October Revision	January Revision	Revised Plan Days	12th January 2025 Actual	% Original Complete	% Revised Complete
PLACE								
Business Enterprise and Commercial Services								
Property and Development	23	4	1	0	28	21.1	92%	75%
Shire Services	0	10	-1	0	9	9.1	0%	101%
	23	**14**	**0**	**0**	**37**	**30.2**	**131%**	**82%**
Economy and Place								
Business Growth and Investment	18	8	0	-2	24	13.0	72%	54%
Environment and Sustainability	3	0	0	0	3	2.7	90%	90%
	21	**8**	**0**	**-2**	**27**	**15.7**	**75%**	**58%**
Infrastructure and Communities								
Highways	30	11	4	-2	43	26.9	90%	63%
Public Transport	4	3	0	0	7	7.4	185%	106%
Library Services	10	0	10	-10	10	10.0	100%	100%
	44	**14**	**14**	**-12**	**60**	**44.3**	**101%**	**74%**
Homes and Communities								
Business and Consumer Protection	14	-1	0	0	13	4.8	34%	37%
Community Protection	0	0	0	8	8	0.0	0%	0%
Leisure Services	12	0	1	0	13	13.6	113%	105%
Theatre Severn and OMH	5	0	3	0	8	8.5	170%	106%
Housing Services	8	15	3	-13	13	13.1	164%	101%
	39	**14**	**7**	**-5**	**55**	**40.0**	**103%**	**73%**
PLACE	**127**	**50**	**21**	**-19**	**179**	**130.2**	**103%**	**73%**

	Original Plan Days	August Revision	October Revision	January Revision	Revised Plan Days	12th January 2025 Actual	% Original Complete	% Revised Complete
HEALTH AND WELLBEING								
Public Health								
Public Health	30	0	0	-30	0	0.4	1%	0%
Ecology and Pest Control	4	0	5	0	9	8.6	215%	96%
Community Safety	0	0	0	0	0	0.3	0%	0%
	34	**0**	**5**	**-30**	**9**	**9.3**	**27%**	**103%**
HEALTH AND WELLBEING	**34**	**0**	**5**	**-30**	**9**	**9.3**	**27%**	**103%**
Total Shropshire Council Planned Work	**576**	**125**	**84**	**-31**	**754**	**572.7**	**99%**	**76%**
CONTINGENCIES								
Advisory Contingency	20	0	0	-12	8	5.3	27%	66%
Fraud Contingency	150	0	0	0	150	98.6	66%	66%
Unplanned Audit Contingency	50	77	-97	0	40	0.0	0%	0%
Other non audit Chargeable Work	116	7	0	-4	119	84.4	73%	71%
CONTINGENCIES	**336**	**84**	**-97**	**-16**	**307**	**188.3**	**56%**	**61%**
Total for Shropshire	**912**	**209**	**-13**	**-47**	**1,061**	**761.0**	**83%**	**72%**
EXTERNAL CLIENTS	**224**	**2**	**0**	**-21**	**205**	**162.4**	**73%**	**79%**
Total Chargeable	**1,136**	**211**	**-13**	**-68**	**1,266**	**923.4**	**81%**	**73%**

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Committee and Date	Item
Committee and Date Audit Committee 6th February 2025 10:00am	Item Public

Internal Audit Risk Management Report 2024/25

Responsible Officer:	Katie Williams	
email: katie.williams@shropshire.gov.uk	Tel:	07584 217067
Cabinet Member (Portfolio Holder):	Lezley Picton, Leader of the Council Brian Williams, Chairman of the Audit Committee. Gwilym Butler, Portfolio Holder – Finance, Corporate Resources and Communities	

1. Synopsis

Following a recent Internal Audit review of the Risk Management system, the overall control environment is assessed as **Reasonable**, with minor control weaknesses identified. The focus of the review was on user compliance with processes around operational and project risks.

2. Recommendations

2.1. The Committee is asked to consider and endorse, with appropriate comment the findings from the review of Risk Management by Internal Audit.

Report

3. Risk Assessment and Opportunities Appraisal

3.1. The management of risk is a key process which underpins successful achievement of the Council's objectives and priorities. It forms part of the Annual Governance Statement and an annual audit is undertaken to ensure that the

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processes and protocols are established and embedded facilitating effective decision making.

3.2. The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998. There are no direct environmental, equalities or climate change consequences arising from this report.

4. Financial Implications

4.1. The Internal Audit plan is delivered within approved budgets. The work of Internal Audit contributes to improving the efficiency, effectiveness and economic management of the wider Council and its associated budgets.

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 adaption. However, the work of the Committee will look at these aspects relevant to the governance, risk management and control environment.

6. Background

6.1. As part of the Public Sector Internal Audit Standards (PSIAS 2120), Internal Audit is required to evaluate the effectiveness, and contribute to the improvement, of the risk management process. Information gathered during audit reviews provides an understanding of the Council's risk management processes and their effectiveness. Internal Audit evaluates the Council's risks relating to governance, operations and information systems. It does this in respect of:

- the achievement of the strategic objectives,
- reliability and integrity of financial and operational information,
- efficiency and effectiveness of operations and programmes,
- safeguarding of assets and,
- compliance with laws, regulations, policies, procedures and contracts.

6.2. To support the PSIAS, the Audit Committee's Terms of Reference include a requirement to review annually the adequacy of the Council's Risk Management arrangements. The last such review was undertaken in January 2023 and was assessed as 'Reasonable.

6.3. The audit review again included the processes for reviewing and updating operational risk registers, the capture and monitoring of project risks and the reporting of risks to Senior Management on a regular basis in line with the Opportunity Risk Management Strategy. Strategic risks are reviewed on a bi-annual basis, the outcome of each review is reported to Executive Directors and Informal Cabinet. In addition, the operational risks are reported to the relevant Assistant Director. There are no formal reporting points for project risks, these are allocated to the appropriate project board for management and review. The Risk Management Team continue to be involved with key projects where resources allow.

6.4. The Risk & Business Continuity Team currently comprises two full time equivalents, following the departure of the Risk & Business Continuity Manager through the Voluntary Redundancy Scheme in autumn 2024. Management of the function is temporarily with the HR & Organisational Development Manager until the new management structures are finalised. Reliance is placed on Managers across the Council to complete operational risk reviews with oversight from Service Managers and Assistant Directors.

6.5. The process for updating operational risks has been reviewed by the Risk & Business Continuity Team and significant changes are due to be introduced in early 2025 following confirmation of the new staff structure, in the form of a Risk Assurance Model. The first 12-month cycle of the Model will be treated as a pilot and a decision will be made as to whether to adopt it formally going forward. It is hoped that the new model will improve Senior Management engagement, however delivery of the new model may be impacted by the recent resource reduction across Senior Management. The model includes monthly reviews of risks between operational and senior managers.

6.6. The Opportunity Risk Management Strategy is reviewed and updated on an annual basis, the last review was completed in July 2024. There is an online training module available for all staff which has been finalised since the previous audit. Face-to-face operational review training sessions for managers have not taken place since the departure of the Risk & Business Continuity Manager due to the reduction in resource available.

Internal Audit Risk Management Report – Executive Summary

6.7. Audit findings are evaluated to provide a level of assurance on the effectiveness of the system of internal control. These evaluations are defined as 'Good', 'Reasonable', 'Limited' and 'Unsatisfactory'. Based on the audit work undertaken, the overall control environment the Risk Management system has been assessed as **Reasonable.**

6.8. Evaluation and testing confirmed that there is generally a sound system of control in place but there is evidence of non-compliance with some of the controls.

Control Objective: Conclusion and Summary of Findings

6.9. The following table shows the audit opinion against each of the four control objectives.

	AUDIT OBJECTIVE	CONCLUSION AND SUMMARY OF FINDINGS
1.	To confirm there is a robust system in place for the identification, assessment, recording and control and monitoring of operational risk.	**This control objective is not achieved.** There is an Opportunity Risk Management Strategy (ORMS) in place which was approved by the Chief Executive in July 2024. The strategy clearly defines roles and responsibilities in relation to risk management. Risks registers demonstrate the link between risks and the outcomes identified in the Shropshire Plan.

	AUDIT OBJECTIVE	CONCLUSION AND SUMMARY OF FINDINGS
		Operational risks are recorded within SharePoint with service areas responsible for updating these as part of their normal management activities. Project risks should be managed through project boards, the risk team support key projects where resources allow. There are many projects ongoing within the Council and this is an area of increased risk. Two significant recommendations were made under this objective in relation to the documentation and training not currently in place for the new Risk Assurance Model due to be introduced early 2025 and some project risk registers not being maintained on SharePoint causing difficulties in ensuring accurate reporting of all project risks. One requires attention recommendation was also made under this objective in relation to out of date information relating to risk management in the Management Essentials handbook and the possibility of the online training module being made mandatory for all staff involved in risk management.
2.	Risk mitigation activities are designed to reduce, or otherwise manage, risk at levels determined to be acceptable to management and the board.	**This control objective is not achieved**. Risks are considered by management and controls should be identified for all risks. Strategic risks are reviewed bi-annually and reported to Executive Directors and Informal Cabinet. Operational Risks are reported to Assistant Directors on a bi-annual basis with an overarching report provided to Directors. The reporting arrangements are in line with the ORMS. One requires attention recommendation was made under this objective in relation to 11.9% of operational risks having a last review date pre-May 2024 and lack of clarity as to whether implementation dates are required for 21.2% of risks as they may be classes as ongoing or cannot be mitigated, therefore a date would not be required. It is worth noting that from May 2024, all Assistant Directors have access to a PowerBi dashboard on which they can view all risks within their area and identify those which have not been updated.
3.	Ongoing monitoring activities are conducted to periodically reassess risk and the effectiveness of controls to manage risk.	**This control objective is achieved**. Operational risks are reviewed bi-annually in line with the ORMS and reported to Senior Management. This will change to a rolling monthly review once the new Risk Assurance Model is implemented, with Assistant Directors playing a key role in risk reviews.

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	AUDIT OBJECTIVE	CONCLUSION AND SUMMARY OF FINDINGS
		All risks are recorded in SharePoint as live documents, they can be updated by Managers at any time.
4.	The Board and management receive periodic reports of the results of the risk management process.	**This control objective is achieved**. Reports in respect of operational risk reviews are considered twice a year by Assistant Directors, which will change once the new Risk Assurance Model is implemented when Assistant Directors will play an active part in monthly risk reviews. Strategic risks are considered quarterly by Informal Cabinet and Executive Directors. In addition to this, the Audit Committee receive a strategic risk update on a six-monthly basis and an annual report on project and operational risks.

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

Risk Internal Audit Review

Local Member: N/A

Appendices

None

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Committee and Date	Item
Audit Committee	
6th February 2025	
10:00am	Public

Internal Audit Annual Plan 2025/26

Responsible Officer:	Barry Hanson		
email:	barry.hanson@shropshire.gov.uk	Tel:	07990 086409
Cabinet Member (Portfolio Holder):	Lezley Picton, Leader of the Council Brian Williams, Chairman of the Audit Committee Gwilym Butler, Portfolio Holder – Finance, Corporate Resources and Communities		

1. Synopsis

A risk based Internal Audit Plan will be developed in line with the strategic objectives of the organisation once the current recruitment campaign.

2. Executive Summary

2.1. This report provides Members with the proposed approach for the risk based Internal Audit Plan for 2025/26. Significant organisational restructure is currently underway with a full consultation with those affected progressing. This is likely to have implications for the Councils existing strategic and operational risks, the extent of which will not be known until the new structure is finalised. It is therefore proposed that a full plan will be bought back to the Audit Committee in July for approval once the new Council structure has been determined and confirmed.

3. Recommendations

3.1. The Committee is asked to accept the position as set out in the report.

Report

4. Risk Assessment and Opportunities Appraisal

4.1.   Under the Audit 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.

4.2.   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.

4.3.   The Internal Audit Annual Plan satisfies both the Public Sector Internal Audit Standards (PSIAS) and the Accounts and Audit Regulations 2015 part 2. The latter sets out the requirements on all relevant authorities in relation to internal control, including requirements in respect of accounting records, internal audit and review of the system of internal control. Specifically:

'A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.'

5. Financial Implications

5.1.   The Internal Audit plan is delivered within approved budgets. The work of Internal Audit contributes to improving the efficiency, effectiveness and economic management of the wider Council and its associated budgets.

6. Climate Change Appraisal

6.1.   This report does not directly make decisions on energy and fuel consumption; renewable energy generation; carbon offsetting or mitigation; or on climate change adaption. However, the work of the Audit Team will look at these aspects relevant to the governance, risk management and control environment of the Council. The majority of audit work will continue to be carried out remotely thereby reducing fuel consumption.

7. Background

7.1.   The provision of a risk based Internal Audit Plan consistent with the Council's goals is an essential part of ensuring probity and soundness of the Council's internal controls, risk exposure and governance framework. The audit plan is usually presented to Audit Committee in advance of the start of the financial year, however, due to imminent and significant changes to the Councils structure and

operating model a full plan will not be developed until the relevant consultations have concluded and confirmed.

7.2. The internal audit risk assessment will be reviewed with the Chief Executive, Executive Directors including the s151 Officer and Assistant Directors to ensure that it is robust and relevant to the needs and risk profile of the Council moving forwards. The detailed plan will be developed from this risk assessment and resources aligned to the plan.

7.3. Whilst a formal plan has not been bought to the Committee for approval a draft plan is in place for work to be completed between April and July 2025 as follows:
   - Completion of the remaining work in progress 2024/25;
   - Follow up audits with low assurance levels and fundamental recommendations.
   - Audits not completed in 24/25
   - Matters arising of a significant nature requiring independent review / comment by Internal Audit.

7.4. During 2024 several Assistant Directors (three) took voluntary redundancy with a further one from 31/3/2025 (total of four). Further review of the Senior Management structures as part of a new operating model, a further reduction is planned with one Executive Director taking voluntary redundancy and a further reduction in the number of Assistant Directors. This is currently in formal consultation stage and due to take effect from 1 March 2025. As part of the council wide Voluntary Redundancy Programme three Heads of Service (reporting to Assistant Directors) have also left the organisation during the financial year.

7.5. Given the significant senior leadership change, a new Council operating model and Council structure is to be defined over the next two months it is not possible to complete a full short-term assessment. It is therefore prudent to wait for this to be completed before undertaking a full audit needs assessment for the 2025/26 financial year. This will allow Internal Audit resources to be targeted on high priority / high risk areas as defined by the new structures.

7.6. As previously reported to the Committee, there are several vacancies within the Internal Audit team. Therefore, any audit plan at this stage would be subject to significant revision. It is therefore a more prudent use of current resources to produce a fully informed plan once resources for the year can be aligned to the new operating model and Council structure once finalised.

7.7. Members will be aware of the ongoing work to right size the organisation for the future. Part of this identified areas where opportunities exist across the Council to reduce the number of posts within the structure overall. This is required to meet the immediate financial challenges that the Council faces. One post has been identified within the Internal audit Structure to contribute to this. Given the number of vacancies held within the team, it will be one of those that is removed from the structure ensuring that the remainder of the team and the remaining four vacancies will remain. I would not ordinarily want to diminish the capacity of Internal Audit but in my view the removal of this vacant post will have a minimal impact overall.

7.8. Full consideration will be given to realigning the Internal Audit team to the new Council structure and operating model, taking into account updated strategic and operational risks in addition to the new Council priorities. This will ensure that the work of the Internal Audit team covers key council deliverables and outcomes, providing assurance on the areas of highest risk.

7.9. The slight delay in the development of the audit plans for 2025/26 will also allow for consideration of any additional business risk areas highlighted as part of the budget setting process for the next financial year and any changes in strategic risks.

8. Conclusions

8.1. To develop a fully informed internal plan for 2025/26 based on the new Council operating model and updated structure. The Internal Audit team will then be realigned to the new Council. This has been considered by the S151 Officer, and he agrees with the proposed approach.

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

Audit universe and resources analysis
Public Sector Internal Audit Standards
CIPFA Audit Committees, Practical Guidance for Local Authorities and Police, 2022 edition
Accounts and Audit Regulations
Risk in Focus – Hot topics for Internal Auditors ECIIA 2023

Local Member:	N/A
Appendices	

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By virtue of paragraph(s) 1, 2, 3, 7 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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