

Shropshire Council
Legal and Democratic Services
Guildhall
Frankwell Quay
Shrewsbury
SY3 8HQ

Date: 17 June 2026

**Committee:
Audit & Governance Committee**

Date: Thursday, 25 June 2026
Time: 10.00 am
Venue: The Shrewsbury Room, The Guildhall, Frankwell Quay, Shrewsbury, SY3 8HQ

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
Service Director- Legal & Governance (Monitoring Officer).

Members of Audit & Governance Committee

Sharon Ritchie-Simmons (Chair)
Kate Halliday (Vice Chairman)
Duncan Kerr
Malcolm Myles-Hook
Mark Owen

Duncan Borrowman
Nigel Lumby
Thomas Clayton
Greg Ebbs

Your Committee Officer is:

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

When attending this meeting, Members are reminded of the three principles of the Jo Cox Foundation and Compassion in Politics Civility Pledge:

1. *Use a civil and constructive tone in debate*
2. *Act with integrity, honesty and compassion*
3. *Behave respectfully towards others, including those I disagree with*

*(Please note that while we strive to live stream meetings, technical issues may occasionally occur. In the event of a technical disruption, the meeting will be paused to try to resolve the issue. Should it not be possible to resume the live stream, the meeting will proceed as scheduled, and a backup recording will be made available after the meeting. Any disruption to the live stream does not affect the legality of the meeting).

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 meetings held on the 5 February 2026 and 14 May 2026 (Pages 1 - 18)

The Minutes of the meetings held on the 5 February 2026 and 14 May 2026 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 12noon on Friday 19 June 2026.

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 12noon on Friday 19 June 2026.

6 Third line assurance: Annual Assurance report of the Audit and Governance Committee to Council 2025/26 (Pages 19 - 34)

The report of the Section 151 Officer is attached.
Contact: Duncan Whitfield (01743) 254928

7 Third line assurance: External Audit, Shropshire Council and Shropshire County Pension Fund Audit Plans (Pages 35 - 98)

The report of the Section 151 Officer is attached.

Contact: Duncan Whitfield (01743) 254928

8 Governance assurance: Audit and Governance Committee Work Plan 2026/27 (Pages 99 - 132)

The report of the Section 151 Officer is attached.

Contact: Duncan Whitfield (01743) 254928

9 First line assurance: Project Management Office Management Update (Pages 133 - 138)

The report of the Service Director for Strategy and Change is attached.

Contact: Paul Clarke (01743) 252421

10 Second line assurance: Annual Whistleblowing report (Pages 139 - 144)

The report of the HR & OD Manager is attached.

Contact: Sam Collins-Lafferty (01743) 252854

11 Third line assurance: Internal Audit Performance Report (Pages 145 - 160)

The report of the Head of Policy and Governance is attached.

Contact: Barry Hanson 07990 086409

12 Third line assurance: Internal Audit Annual Report 2025/26 (Pages 161 - 188)

The report of the Head of Policy and Governance is attached.

Contact: Barry Hanson 07990 086409

13 Date and Time of Next Meeting

The next meeting of the Audit Committee will be held on the 15 July 2026 at 10.00 am.

14 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.

15 Exempt Minutes of the previous meeting held on the 5 February 2026
(Pages 189 - 190)

The Exempt Minutes of the meeting held on the 5 February 2026 are attached for confirmation.

Contact Michelle Dulson (01743) 257719

16 Third Line Assurance: Fraud, Special Investigation and RIPA Update
(Exempted by Categories 1, 2, 3 and 7) (Pages 191 - 194)

The exempt report of the Internal Audit Manager is attached.

Contact: Katie Williams 07584 217067

17 Third line assurance: Contract Rules Exemptions Update (Exempted by
Category 3) (Pages 195 - 212)

The exempt report of the Service Director for Legal and Governance is attached.

Contact: Tim Collard (01743) 252756

This page is intentionally left blank



Committee and Date

Audit & Governance Committee

25 June 2025

AUDIT & GOVERNANCE COMMITTEE

Minutes of the meeting held on 5 February 2026

**In the The Council Chamber, The Guildhall, Frankwell Quay, Shrewsbury, SY3 8HQ
10.00 am - 12.55 pm**

Responsible Officer: Michelle Dulson

Email: michelle.dulson@shropshire.gov.uk Tel: 01743 257719

Present

Councillors Duncan Kerr (Chair), Malcolm Myles-Hook, Mark Owen, Duncan Borrowman, Carl Rowley, Sharon Ritchie-Simmons, Kate Halliday (Vice-Chair) and Nigel Lumby

84 Apologies for Absence / Notification of Substitutes

An apology was received from Mr Jim Arnold (Independent Member).

85 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.

86 Minutes of the previous meeting held on the 27 November 2025

Members raised concerns about the length of Agendas and the number of late reports. It was confirmed that this could be looked at during consideration of the workplan.

RESOLVED:

That the Minutes of the meeting of the Audit Committee held on the 27 November 2025 be approved as a true record and signed by the Chairman

87 Public Questions

A public question had been received from Mr John Palmer. Mr Palmer read his question, and the Chairman provided the response on behalf of the Committee.

A full copy of the question and response provided are attached to the web page for the meeting.

88 Member Questions

There were no questions from Members.

89 First line assurance: Improvement Plan Update

The Committee received the report of the Interim Chief Executive which provided a summary of the arrangements in place to ensure delivery of the Council's Improvement Plan. The Improvement Plan had previously been considered and endorsed by the Transformation and Improvement Overview and Scrutiny Committee, agreed by Cabinet, and approved by full Council in December.

The Service Director for Strategy and Change introduced and amplified the report. He explained that the plan had been developed through engagement with staff at all levels along with elected members, ensuring a range of views informed its aims and priorities. Good levels of awareness and understanding were reported across the organisation and ongoing communications activity were aligned to specific objectives detailed within the report.

He went on to explain that the Improvement Plan had been developed with a clear set of three overall aims, and nine priority programmes of action with governance structures aligned to these aims and priorities. Clear principles and arrangements to ensure accountability and responsibility for delivering the Plan had been established and were summarised at Appendix 1. Risk management and delivery monitoring were facilitated by the Corporate Programme Management Office (PMO).

In terms of capacity to support and enable delivery, the plan's priority programmes were led, resourced, and supported proportionately, drawing on the PMO and senior managers across the organisation. Additional capacity would be aligned as needed. Progress and impact were reported monthly to both the officer leadership board and the externally chaired Improvement Board, using activity milestones and key performance indicators. Periodic reporting to Cabinet and the Transformation and Improvement Overview and Scrutiny Committee was also planned.

In response to a query about cashable savings and their reflection in the financial strategy, the Service Director for Strategy and Change explained that the report focused on arrangements for delivery rather than impact. The financial plan recently submitted to Cabinet and full Council, along with the refreshed transformation programme, would deliver savings and efficiencies set out in the medium-term financial plan and budget for 2026-27. Future reports would detail actions, impacts, and outcomes.

In response to a question regarding the management of capacity issues and the Committee's assurance of the Improvement Plan's deliverability, the Service Director for Strategy and Change confirmed that the Plan comprised a combination of existing programmes (which were already resourced), business-as-usual activities (which were prioritised), and new programmes that would require additional resources. Capacity was overseen by the Programme Management Office, with realignment of senior managers as necessary. Monthly monitoring arrangements were in place to escalate any risks of slippage arising from capacity constraints. It was noted that capacity and the pace of delivery were recognised as key risks to the Plan.

Upon further enquiry about mechanisms to manage shocks and ensure continuity of day-to-day operations, the Service Director for Strategy and Change advised that capacity to deliver remained a recognised risk and was subject to monthly assurance processes. Any risks of slippage were escalated to the leadership board for mitigation.

A query was raised about where the Committee could access the monthly reporting, performance dashboard, and key performance indicators (KPIs). In response, it was confirmed that reporting was undertaken through established internal and external governance mechanisms, including the Leadership Board, Cabinet, Improvement Board, and the Transformation and Improvement Overview and Scrutiny Committee. The Committee was advised that outcomes would be publicly shared within these forums. Furthermore, it was noted that additional capacity was being aligned to support delivery, and that robust business and budget planning cycles would enable effective prioritisation.

In response to a query regarding the sources of assurance and independent validation beyond first-line assurance, the Service Director for Strategy and Change advised that first-line assurance was provided through internal programme management and governance arrangements. Additionally, he confirmed that reporting mechanisms to both internal and external audiences—including the externally chaired Improvement Board, which comprises external members such as representatives from the Local Government Association—served to provide independent assurance.

The Head of Policy and Governance further noted that the internal audit plan for 2026-27 included contingency days specifically allocated for the review of high-risk areas within the improvement programme. He assured the Committee that findings and assurance arising from this work would be reported back to the Committee as the reviews were undertaken.

In response to a query about whether the PWC transformational programme document was being used to inform the improvement plan, it was explained that an independent report funded by the Local Government Association was being commissioned, with stakeholder interviews and review of relevant materials. The report would be shared with the Transformation and Improvement Overview and Scrutiny Committee in the coming weeks and would inform future practice and the improvement plan.

The Chair recommended that the Committee not merely note the report but decide whether sufficient assurance had been received.

RESOLVED:

To agree that adequate assurance had been obtained at this stage; and that the Committee would continue to review internal audit activities as improvements were made, with the understanding that assurance would be reassessed upon the presentation of additional evidence and outcomes.

Councillor Lumby voted against this recommendation.

90 First line assurance: Adult Social Care Outturn Management Update

The Committee received the report of the Interim Chief Executive which provided a progress update of the actions agreed in response to the recommendations in relation to the Adult Social Care Outturn Audit Review.

The Interim Deputy Chief Executive introduced and amplified the report. She confirmed that all recommendations from previous audits were either in progress or complete. The

next audit review was scheduled for May–June 2026, with a current review of finance systems, processes, and capacity ongoing.

A member queried whether assurance could be given that the difficulties which had led to underestimating debt had been embedded in the current system so that these problems did not reoccur, especially regarding budget setting. In response the Interim Deputy Chief Executive reported that significant work had been done to reset budgets, review actuals, and ensure ongoing monitoring. The finance systems were still being reviewed, but resetting budgets and reviewing actuals had been central to the Exceptional Financial Support application and programme of work.

The Service Director for Strategy and Change explained further that it was the complexity of demand pressures and price volatility in adult social care that made forecasting difficult and that the improved use of data and information was needed for more accurate forecasting, especially regarding client numbers. Capacity remained an issue however, but the team were aware of what needed to be done. He confirmed that improving forecasting demand was part of the ongoing work.

Clarity was sought in terms of the status and impact of the one action still in progress which had been due to be completed at the end of last year, relating to documenting savings. It was confirmed that work was ongoing to update dashboards and map savings proposals to the budget. Meetings were ongoing to ensure proposals were properly mapped and removed from the budget as necessary. The process was ongoing to ensure robustness and to prevent recurrence. Future budget processes would require ownership of savings lines and earlier planning to avoid optimism bias.

Concern was raised that Members were being asked to simply note reports whereas it was felt that the Committee should judge whether sufficient assurance had been received.

The Chair proposed that internal audit revisit this area to independently verify that controls were in place, given the material impact of past issues (£15m overspend). This would be considered in the future internal audit work plan.

RESOLVED:

To agreed that the current assurance was first-line only and to proposed that Internal Audit revisit the area to provide independent validation of controls, especially regarding savings documentation and prevention of recurrence.

Councillor Lumby abstained from voting for this recommendation.

91 First line assurance: Supply Contracts Management Update

The Committee received a detailed update from the Service Director for Commissioning on the current position regarding contract and procurement management, together with the range of improvement actions underway across the organisation. She advised that a national framework had been used to undertake a comprehensive self-assessment, the outcomes of which had informed the development of a formal improvement plan. A working document and appendix had been produced to capture the actions required and to monitor progress.

In outlining the resource and capacity position, the Service Director for Commissioning explained that procurement and contract management functions had historically operated with minimal staffing. As a result, internal approval had now been secured for an expanded structure and increased investment in specialist roles. Recruitment activity was in progress, although she noted that competition within the market would mean that the full benefits of the restructuring were likely to be realised over the medium to long term rather than immediately.

The Committee was informed that the existing ERP system functioned solely as a holding place for contract information and did not provide the necessary governance, monitoring, or oversight capabilities. The IT Service had now approved the procurement of a dedicated contract management system. This would ensure all contracts were recorded, provide automated prompts and workflow functions for officers, and enable clear integration with procurement processes.

The Service Director for Commissioning further reported that governance arrangements had been strengthened through the establishment of two commissioning delivery groups responsible for procurement activity. In addition, a new Commissioning and Procurement Board had been created to oversee risks, exemptions, and audit recommendations, and terms of reference were currently being drafted. Work on market management was progressing, with cost avoidance and savings being actively tracked. Examples were provided from social care and procurement negotiations, and further opportunities continued to be identified through category management and spend review boards. She confirmed that a baseline survey of contract management practice would shortly be launched, alongside the development of a contract resource toolkit and associated training, to promote consistency and support culture change across the organisation.

In response to a query about when financial savings or cost avoidance would begin to materialise and what scope existed for more immediate impact, the Service Director for Commissioning explained that the majority of savings achieved to date related to third-party reductions and cost avoidance, including over £1 million in one area. She anticipated that almost £2 million in savings would be realised next year as procurement processes continued to mature, with further opportunities identified in areas such as transport and IT.

The process for selecting the new information platform was queried, along with its anticipated implementation date, and the level of assurance available during the interim period. In response, the Service Director for Commissioning confirmed that the contracts register within the ERP system had already been updated and that a benchmarking survey would be undertaken to highlight any gaps. Immediate follow-up action would take place where required, with the option of additional audit support. The new system was expected to be operational within six months and would enable reporting against high-level KPIs and dashboard measures.

It was queried whether internationally recognised frameworks, such as ISO 9001 or ISO 2400, were being used or whether the organisation relied solely on internal approaches. In response, the Service Director for Commissioning explained that a range of national, regional, and local frameworks were used. Procurement officers were now being engaged at an earlier stage in the commissioning process to support option appraisal and ensure that the most appropriate framework was selected according to the contract type. The

Service Director for Commissioning confirmed her willingness to involve committee members in system review discussions.

The Chair sought clarity from the Head of Policy and Governance regarding when contract management would next be reviewed following the introduction of the new system. The Committee was advised that no fixed date had yet been set but that contingency days had been included in the 2026/27 audit plan to allow Internal Audit to revisit the area once implementation had progressed sufficiently.

Councillor Kidd, Leader of the Council, reiterated the importance of effective contract management, noting it as a priority within the administration's manifesto, and welcomed continued oversight and support from the Committee.

The Committee expressed confidence in progress but stressed the importance of revisiting the topic later to assess results and improvements.

The Chair proposed the following resolution: the committee was assured by the first-line assurance received and that internal audit would be asked to review contract management at a later date to provide independent assurance when the new system was in place.

It was proposed by Councillor Lumby that the wording be amended to reflect that areas requiring improvement had been clearly identified and that work was now actively underway. This amendment was accepted.

The Service Director for Commissioning acknowledged that contract management carried inherent risks due to expenditure levels and statutory obligations and welcomed Committee involvement in shaping the audit brief and assurance expectations.

RESOLVED:

To agree that first-line assurance had been received, that areas for improvement had been identified and that work was underway.

To request Internal Audit review this area in future to provide independent assurance once new systems and processes were embedded.

92 First line assurance: Shirehall Decant Management Update

The Committee received a detailed update from the Service Director for Commissioning on the current position regarding contract and procurement management, together with the range of improvement actions underway across the organisation. She advised that a national framework had been used to undertake a comprehensive self-assessment, the outcomes of which had informed the development of a formal improvement plan. A working document and appendix had been produced to capture the actions required and to monitor progress.

In outlining the resource and capacity position, the Service Director for Commissioning explained that procurement and contract management functions had historically operated with minimal staffing. As a result, internal approval had now been secured for an expanded structure and increased investment in specialist roles. Recruitment activity was

in progress, although she noted that competition within the market would mean that the full benefits of the restructuring were likely to be realised over the medium to long term rather than immediately.

The Committee was informed that the existing ERP system functioned solely as a holding place for contract information and did not provide the necessary governance, monitoring, or oversight capabilities. The IT Service had now approved the procurement of a dedicated contract management system. This would ensure all contracts were recorded, provide automated prompts and workflow functions for officers, and enable clear integration with procurement processes.

The Service Director for Commissioning further reported that governance arrangements had been strengthened through the establishment of two commissioning delivery groups responsible for procurement activity. In addition, a new Commissioning and Procurement Board had been created to oversee risks, exemptions, and audit recommendations, and terms of reference were currently being drafted. Work on market management was progressing, with cost avoidance and savings being actively tracked. Examples were provided from social care and procurement negotiations, and further opportunities continued to be identified through category management and spend review boards. She confirmed that a baseline survey of contract management practice would shortly be launched, alongside the development of a contract resource toolkit and associated training, to promote consistency and support culture change across the organisation.

In response to a query about when financial savings or cost avoidance would begin to materialise and what scope existed for more immediate impact, the Service Director for Commissioning explained that the majority of savings achieved to date related to third-party reductions and cost avoidance, including over £1 million in one area. She anticipated that almost £2 million in savings would be realised next year as procurement processes continued to mature, with further opportunities identified in areas such as transport and IT.

The process for selecting the new information platform was queried, along with its anticipated implementation date, and the level of assurance available during the interim period. In response, the Service Director for Commissioning confirmed that the contracts register within the ERP system had already been updated and that a benchmarking survey would be undertaken to highlight any gaps. Immediate follow-up action would take place where required, with the option of additional audit support. The new system was expected to be operational within six months and would enable reporting against high-level KPIs and dashboard measures.

It was queried whether internationally recognised frameworks, such as ISO 9001 or ISO 2400, were being used or whether the organisation relied solely on internal approaches. In response, the Service Director for Commissioning explained that a range of national, regional, and local frameworks were used. Procurement officers were now being engaged at an earlier stage in the commissioning process to support option appraisal and ensure that the most appropriate framework was selected according to the contract type. The Service Director for Commissioning confirmed her willingness to involve committee members in system review discussions.

The Chair sought clarity from the Head of Policy and Governance regarding when contract management would next be reviewed following the introduction of the new system. The Committee was advised that no fixed date had yet been set but that contingency days had been included in the 2026/27 audit plan to allow Internal Audit to revisit the area once implementation had progressed sufficiently.

Councillor Kidd, Leader of the Council, reiterated the importance of effective contract management, noting it as a priority within the administration's manifesto, and welcomed continued oversight and support from the Committee.

The Committee expressed confidence in progress but stressed the importance of revisiting the topic later to assess results and improvements.

The Chair proposed the following resolution: the committee was assured by the first-line assurance received and that internal audit would be asked to review contract management at a later date to provide independent assurance when the new system was in place.

It was proposed by Councillor Lumby that the wording be amended to reflect that areas requiring improvement had been clearly identified and that work was now actively underway. This amendment was accepted.

The Service Director for Commissioning acknowledged that contract management carried inherent risks due to expenditure levels and statutory obligations and welcomed Committee involvement in shaping the audit brief and assurance expectations.

RESOLVED:

To agree that first-line assurance had been received, that areas for improvement had been identified and that work was underway.

To request Internal Audit review this area in future to provide independent assurance once new systems and processes were embedded.

93 Second line assurance: Strategic Risks Update

The Committee received the report of the Strategy and Scrutiny Manager which provided an overview of the Council's current strategic risks, their associated ratings, and recent changes. It was noted that all strategic risks continued to score highly, reflecting ongoing financial and governance challenges. Two risks had been archived following a Leadership Board review in December. The report was intended to act as a gateway for the committee to identify specific risks requiring deeper examination, with the option to invite responsible officers to future meetings.

During discussion, a member commented that the report had been received only three days prior to the meeting and that it showed little change from the previous version. Concern was also expressed that the risk owner listed for several items had already left the organisation, which was considered unsatisfactory.

Another member raised the issue of linking individual report-level risks to strategic risks and suggested implementing a clearer roll-up measure or numbering system to improve

traceability. A further concern was raised regarding the presence of defined mitigations without clear evidence of reduced exposure, and clarification was sought on which mitigations were currently demonstrating impact.

In response, the presenting officer explained that each strategic risk included a detailed breakdown of controls and mitigations, with executive directors designated as risk owners. Scoring was based on the current position and, although controls were in place, the Council's risk appetite meant that scores remained high. Cyber risk was provided as an example where strong controls were in place, but the potential impact remained significant, preventing the score from reducing.

The Chair queried the scoring methodology, noting that likelihood scores remained at the highest level even after mitigations. The Chair also highlighted two risks for potential deeper review: failure to adhere to governance arrangements, and health and wellbeing of the workforce, questioning the rationale for their respective scoring.

Clarification was requested on whether risks were scored after mitigations and whether a reassessment took place post-treatment. The Strategy and Scrutiny Manager confirmed that scoring reflected the current position and that both existing and additional controls were documented. While the aim was to achieve reductions after mitigations, strategic risks tended to remain high due to the Council's risk appetite.

A member suggested that future reporting should include both raw and mitigated scores to help the committee evaluate the effectiveness of controls. A further query was made regarding whether risk appetite was defined in relation to acceptable levels and whether there was any review of spending on risk reduction. The Strategy and Scrutiny Manager reiterated that while impact was considered, no fiscal value was assigned to risk appetite.

Reference was made to previous training which confirmed that the Council did not use simple multiplication within its scoring model but instead used a weighted methodology to better reflect high-impact, low-likelihood risks.

A councillor questioned the prevalence of high (red) scores and asked whether the register risked becoming a repository for general concerns, rather than a tool supporting decision-making. Links between risk and decision-making—particularly in areas such as cyber security and budget management—were queried. It was noted that the annual governance statement should provide narrative context for risks, including those outside the Council's control. It was also suggested that the risk register should help drive transformation priorities, and it was agreed to review the concerns raised.

A further question was asked about whether the Council used an internationally recognised risk management framework or a local best-practice model. The Strategy and Scrutiny Manager confirmed that the Council's approach aligned with national and international standards and was supported through engagement with relevant local authority networks.

The Chair suggested awaiting the outcome of the ongoing review of risk management, which would be reported to the committee in June. It was proposed that instead of accepting the report as presented, the committee should note the ongoing review and revisit the matter at that time. Further requests were made for future reports to include

clearer narrative to distinguish the relative significance of risks and to show movement in risk scores over time, including both raw and mitigated ratings.

RESOLVED:

To note the concerns raised regarding the current approach to risk management and reporting.

To note that Officers were undertaking a review of risk management, including the presentation of risks to the Committee.

To revisit the issue at its June meeting to assess progress and the embedding of revised arrangements.

94 Third line assurance: Report of the Internal Audit Review of Risk Management

The Committee received the report of the Internal Audit Manager who explained that risk management was fundamental to the Council's governance, decision-making, and delivery of priorities, and provided a key mechanism for the Committee to obtain assurance over internal controls and accountability. The Committee's terms of reference require an annual review of risk management arrangements, which was fulfilled through this internal audit report.

The 2025/26 review covered operational, strategic, and project risks. Although core elements of the framework were in place, the overall assurance opinion was assessed as limited due to weaknesses in compliance with key controls and inconsistencies in risk reporting. Recommendations had been made to strengthen oversight, improve consistency, and enhance assurance processes. Details of the evaluated controls and outcomes were set out in section 6.8 of the report.

During discussion, a member observed that four control objectives had not been achieved and questioned whether "limited" assurance was the appropriate rating, suggesting that the position might indicate an unsatisfactory level of assurance. The Internal Audit Manager clarified that not all objectives were unachieved, as control objectives 2 and 3 had been achieved, whilst 1 and 4 had not. The Internal Audit Manager explained that the balance between limited and reasonable assurance was based on professional judgement, and that an unsatisfactory opinion would apply only if none of the objectives were achieved.

The Chair expressed concern regarding the issues identified, including the leadership board not receiving project risk reports and recommendations from the corporate peer challenge not being reflected in the risk register. It was noted that the Interim Section 151 Officer was reviewing the Council's approach to risk in order to modernise governance and decision-making structures in line with new boards and forums and to ensure effective cascades of information.

Clarification was sought from internal auditors on whether the improvement activities discussed during the meeting were considered sufficient to enhance the internal control environment. The Internal Audit Manager responded that the improvement programme's focus on "getting the basics right" represented an appropriate direction, but it was too early

to assess the impact, as the processes had not yet had time to embed. She added that the Committee was asking appropriate questions and demonstrating a strong understanding of assurance levels, distinguishing between reassurance from oversight functions and assurance provided through internal audit. Assurance on the improvement plan would be available once internal audit work on its implementation had taken place.

The Chair commented on the annual governance statement, noting that the previous Committee had considered it to lack coherence and clarity. The Chair requested that a draft version be circulated to Committee Members for comment prior to publication, given that the next scheduled meeting was in June. Officers confirmed that a draft would be circulated for review and that the annual governance statement, currently scheduled for July, could be brought to the June meeting if it were ready earlier.

RESOLVED:

To note concern regarding the limited assurance rating for risk management whilst recognising that work was underway to address the identified weaknesses.

To agree to revisit the matter at the June meeting to review progress and improvements in the Council's risk management arrangements.

95 Second line assurance: Treasury Strategy 2026/27

The Committee received the report of the Interim Director of Finance for Improvement which proposed the Treasury Strategy for 2026/27. It set out the arrangements for how the council would appropriately manage its arrangements for banking, cash flow management, investments, and borrowing, supporting the delivery of the Medium Term Financial Plan.

The Chair queried the absence of any reference to Exceptional Financial Support (EFS) within the document and asked whether the strategy would require revision should the application be successful. The Interim Director of Finance for Improvement confirmed that the strategy would indeed change depending on the outcome of the EFS process, particularly in relation to the timing and conditions of borrowing. It was explained that the Council had been using available cash to replace internal borrowing for capital projects, but cash levels had now reached the lowest acceptable point, requiring new borrowing from institutions and local authorities. If EFS funding were secured, this would be used to replenish cash reserves; however, external borrowing would be delayed for as long as possible to minimise debt repayment commitments.

Assurance was sought on whether the strategy adequately addressed the resilience of the revenue budget to potential interest rate or borrowing shocks, observing that this risk did not appear to be demonstrated in the paper. In response, the Interim Director of Finance for Improvement stated that such risks were addressed within revenue budget reports rather than the Treasury Strategy. It was confirmed that the forthcoming Cabinet budget included £13 million of additional borrowing, with associated costs incorporated into financial planning, including assumptions linked to EFS and the replenishment of cash. Most of the Council's borrowing was fixed-term and fixed-rate, meaning immediate interest rate changes posed limited impact. However, sustained increases would affect future budgets. A small contingency existed, but prudent management remained essential.

RESOLVED:

To approve the Treasury Management Strategy with the proviso that a supplementary paper be provided setting out contingency planning relating to EFS and to confirm that the implications of EFS were being fully considered within the Council's financial planning.

96 Third line assurance: Internal Audit Performance Report and Revised Annual Audit Plan 2025/26

The Committee received the report of the Head of Policy and Governance which summarised Internal Audit's 2025/26 work to date. It was reported that twelve final audit reports had been issued since the previous meeting, with assurance ratings and service area breakdowns detailed within the report. Five further draft reports were awaiting management responses. Work had also been undertaken for external clients and in relation to grant claim certifications.

It was noted that 59% of audit opinions issued were assessed as good or reasonable, in line with previous years. However, the year-to-date position showed that 53% of opinions were at lower levels of assurance, representing the highest proportion in six years. This trend was highlighted as a concern. Seventy-five recommendations had been made, including one fundamental recommendation relating to budget monitoring. A number of unplanned and advisory pieces of work had also been completed. Details of audits with limited or unsatisfactory assurance were set out in the appendix, and the Head of Policy and Governance invited members to seek further assurance on any of these areas.

A Member asked how the committee could ensure that audit reports were not treated as a box-ticking exercise and that senior officers were taking appropriate action in response to the findings. The Head of Policy and Governance explained that all lower-level assurance reports were escalated to Service Directors and Executive Directors, who received full reports and had the opportunity to comment prior to finalisation. Recommendations were subject to a follow-up process, with management required to provide assurance on implementation when recommendations became due.

The Chair expressed concern about the increasing number of limited and unsatisfactory opinions, particularly those relating to budget monitoring and project management. The Chair emphasised the significance of the Project Management Office in strengthening future financial control and asked the Interim Section 151 Officer whether changes in financial processes would affect the role of the PMO. The Section 151 Officer responded that the PMO would be central to strengthening financial discipline across the organisation, but cultural change was also required to ensure that all staff understood the financial implications of their decisions. It was stressed that the Council must prioritise projects appropriately to avoid overstressing resources.

Concern was raised about the absence of assurance opinions for two audits, and the potential for summary percentages to mask the significance of critical unsatisfactory audits, such as budget monitoring. The Internal Audit Manager clarified that the items without assurance ratings were briefing notes rather than full audits. She explained the process for tracking recommendations that remained outstanding and confirmed that critical audits were prioritised for follow-up and re-audit activity.

The Chair commended the audit team for achieving full staffing levels but reiterated the concern regarding the rise in lower-level assurance opinions. The Chair proposed that the committee request management updates on the two most critical areas identified: budget monitoring and the project management office.

RESOLVED:

To endorse the revised annual audit plan and request that management provide future updates on budget monitoring and the project management office.

97 Third line assurance: Internal Audit Plan 2026/27

The Committee received the report of the Head of Policy and Governance which provided Members with the proposed risk based Internal Audit Plan for 2026/27. The Committee was advised that the plan was risk-based and aligned with the Council's strategic objectives, supporting assurance on the effectiveness of internal controls, governance, and risk exposure. It also underpinned the annual opinion of the Chief Audit Executive and was designed to comply with global internal audit standards.

The plan covered key areas including governance, ethics, IT governance, risk management, and fraud management. The annual risk assessment, undertaken with senior leadership and the Section 151 Officer, ensured that audit activity remained aligned with the Council's risk profile. The Head of Policy and Governance explained that the plan reflected wider organisational challenges, including transformation and improvement activity, workforce pressures, financial constraints, and recommendations from external auditors.

The Committee was informed that Appendix A provided a summary of planned work, totalling 1,446 audit days allocated to Shropshire Council and 158 days for external clients. A contingency allocation had been included to support assurance on improvement programme workstreams, with the detailed scope to be developed as the year progresses. The plan would remain agile and responsive, with any significant changes brought back to the Committee for consideration.

During discussion, a member sought clarification on the term "external clients." The Head of Policy and Governance confirmed that these included the Shropshire County Pension Fund, West Mercia Energy, Oswestry Town Council, and Cornovii Developments, and noted that these services were delivered on a chargeable basis.

A further comment was made regarding cross-referencing strategic risks within the plan. It was noted that acronyms should be applied consistently across related documents. It was confirmed that definitions were provided within Appendix C and it was agreed to ensure consistency in future reporting.

RESOLVED:

To endorse the Internal Audit Annual Plan for 2026/27.

98 **Governance assurance: Draft Audit Committee Work Plan and Future Training Requirements**

The Committee received the report of the Head of Policy and Governance which provided a proposed work plan and sought discussion and agreement around a learning and development plan for Members to ensure that they were well informed and appropriately skilled.

It was explained that the work plan had been structured to demonstrate how the work of the Committee supported the delivery of its terms of reference and the assurance level required. The plan covered the core statutory elements required of the Committee. It was noted that additional reports requested during the year, such as management updates arising from limited or unsatisfactory audit opinions, were not included within the core plan.

An overview of training delivered during 2025/26 was provided, including sessions on interpreting audit performance reports, understanding financial statements, undertaking committee self-assessment, reviewing sector guidance, and training on risk management and treasury management. The Committee's proposed training programme for 2026/27 was summarised, with three half-day sessions scheduled for June, September and January, covering core knowledge areas and specialist topics as outlined in the accompanying appendix.

During discussion, a member raised concerns regarding the volume of agenda items and the potential duplication of topics such as risk management. It was suggested that the Committee should consider how to consolidate its workload and focus on the most significant issues. The Chair acknowledged the concerns and responded that statutory requirements dictated much of the agenda content, though improvements in agenda management could assist in reducing duplication, subject to available officer resources.

A further suggestion was made that the ordering of reports could be improved to aid clarity. It was also proposed that the Committee should exercise caution when requesting additional reports for future meetings, in order to avoid creating an unmanageable workload. The Chair agreed that discipline was necessary in this regard, noting that additional meetings could be called, if necessary, but that the Committee should ensure its requests remained proportionate.

RESOLVED:

To approve the annual work plan and the future learning and development programme for 2026/27.

99 **Date and Time of Next Meeting**

Members noted that the next meeting of the Audit & Governance Committee would be held on 25 June 2026 at 10.00 am.

100 **Action Log**

The Chair acknowledged that the log had not been maintained effectively and confirmed that it would be reviewed and improved ahead of future meetings. It was explained that the purpose of the Action Log was to track actions arising from the Committee and to assist with his annual report to Council.

A member commented that action logs should be mandatory for all meetings and observed inconsistency across Committees in their use. The Chair responded that although actions determined by the Committee were recorded in the minutes, the Action Log was a helpful tool for annual reporting and may benefit from clearer specification. It was suggested that best practice from other Audit Committees be examined when revising the format.

The Committee agreed to note the Action Log at this stage and to revisit its format and use at the next meeting.

101 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 1, 2, 3 and 7 of the Council's Access to Information Rules, the public and press be excluded during consideration of the following items.

102 Exempt Minutes of the previous meeting held on the 27 November 2025

RESOLVED:

That the Exempt Minutes of the meeting of the Audit Committee held on the 27 November 2025 be approved as a true record and signed by the Chairman.

103 Third line assurance: Contract Rules Exemptions Update (Exempted by Category 3)

The Committee received the exempt report of the Assistant Director of Legal and Governance which provided an update on the exemptions sought from the Council's Contract Procedure Rules and the reasoning for approving or rejecting them.

RESOLVED:

To note the contents of the report.

Signed (Chairman)

Date:



<p><u>Committee and Date</u></p> <p>Audit & Governance Committee</p> <p>INSERT NEXT MEETING DATE</p>

AUDIT & GOVERNANCE COMMITTEE

Minutes of the meeting held on 14 May 2026

**In the The Council Chamber, The Guildhall, Frankwell Quay, Shrewsbury, SY3 8HQ
12.00 - 12.10 pm**

Responsible Officer: Michelle Dulson

Email: michelle.dulson@shropshire.gov.uk Tel: 01743 257719

Present

Councillors Duncan Borrowman, Thomas Clayton, Greg Ebbs, Duncan Kerr, Malcolm Myles-Hook, Mark Owen, Sharon Ritchie-Simmons, Kate Halliday and Nigel Lumby

1 Election of Chairman

It was proposed, seconded and duly **RESOLVED**

That Councillor Sharon Ritchie Simmons be elected Chairman of the Audit and Governance Committee for the forthcoming municipal year

2 Apologies for Absence

There were no apologies for absence

3 Appointment of Vice Chairman

It was proposed, seconded and duly **RESOLVED**

That Councillor Kate Halliday be appointed Vice-Chairman of the Audit and Governance Committee for the forthcoming municipal year

Signed (Chairman)

Date:

This page is intentionally left blank



Committee and Date

Audit and Governance Committee
25th June 2026

Council
16th July 2026

Item

Public

Audit and Governance Committee Annual Assurance Report to Council 2025/26

Responsible Officer:	Duncan Whitfield		
email:	duncan.whitfield@shropshire.gov.uk	Tel:	01743 254928
Cabinet Member (Portfolio Holder):	Heather Kidd, Leader of the Council Sharon Ritchie-Simmons, Chair of the Audit and Governance Committee Roger Evans, Portfolio Holder – Finance		

1. Synopsis

A key part of the Audit Committee’s role is to report annually to Full Council on the Committee’s findings, conclusions and recommendations. Audit Committee has some concerns and in the light of the Chief Audit Executive’s opinion can only provide limited assurance.

2. Executive Summary

- 2.1 Attached to this report is the Audit and Governance Committee’s Annual Assurance Report to Council for 2025/26. This provides Council with limited assurance that it has in place adequate and effective governance, risk management and internal control frameworks; internal and external audit functions and financial reporting arrangements that can be relied upon and which contribute to the high corporate governance standards that this Council expects and maintains consistently.
- 2.2 The Audit and Governance Committee recognises and is concerned about the limitations identified in the internal control framework as reported in the Chief Audit Executive’s Opinion and the potential impact on value for money.

3. Recommendations

3.1 The Audit and Governance Committee is asked to consider and comment on the contents of the Draft Annual Assurance report for 2025/26 before forwarding to Council with the recommendation below.

Recommendation to Council

3.2 Council is asked to:

- a) Endorse the Audit and Governance Committee's opinion that it has operated effectively in accordance with its terms of reference.
- b) Note the limited assurance provided over the Council's Governance, Risk management and internal control arrangements.

Report

4. Risk Assessment and Opportunities Appraisal

4.1. The Audit and Governance Committee's Annual Assurance Report is part of the overall internal control arrangements and risk management process. The Committee objectively examines and evaluates the adequacy of the control environment through the reports it receives and in turn can provide assurances to Council on its governance, risk management and internal control frameworks; internal and external audit functions and financial reporting arrangements that inform the Annual Governance Statement. Internal Audit work covers all strategic risk areas as identified in the Internal Audit Plan. Strategic, operational and project risks relevant to the system or process under review are considered in the scoping of every audit assignment.

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 requirements or consequences of this proposal.

5. Financial Implications

5.1. There are no direct financial implications arising directly from this report.

6. Climate Change Appraisal

6.1. There are no climate change issues arising directly from this report.

7. Background

- 7.1. A key part of the Audit and Governance Committee's role is 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. In addition, the Committee should report to Council where they have added value, improved or promoted the control environment and performance in relation to its Terms of Reference and the effectiveness of the Committee in meeting its purpose and functions.
- 7.2. The Audit and Governance Committee has a well-established role within the Council, and it is important that an Annual Assurance report based on the work of the Committee is produced and recommended to Council. In compiling this assurance report, information provided at the Audit Committee meeting on 25th June 2026 has also been considered.
- 7.3. In addition, this report has been reviewed to ensure its continuing compliance with CIPFA's Audit Committees, Practical Guidance for Local Authorities and Police, 2022 edition. This requires the Audit Committee to be held to account on a regular basis by the Council specifically in relation to:
- 7.4. Whether the;
- committee has fulfilled its agreed terms of reference;
 - committee has adopted recommended practice;
 - development needs of committee members have been assessed and whether committee members are accessing briefing and training opportunities;
 - committee has assessed its own effectiveness, or been the subject of a review, and the conclusions and actions from that review and,
 - what impact the committee has on the improvement of governance, risk and control within the Council.
- 7.5. The annual assurance report to Council for 2025/26, attached to this report, is an aid to addressing the key areas where the Committee should be held to account.

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

- CIPFA's Audit Committees, Practical Guidance for Local Authorities and Police, 2022 edition
- CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022
- Audit and Governance Committee reports 2025/26
- Internal Audit Annual Report 2025/26

Local Member: N/A

Appendices

Appendix A - Draft Audit Committee Annual Assurance Report 2025/26

AUDIT COMMITTEE ANNUAL ASSURANCE REPORT FINANCIAL YEAR 2025/26

STATEMENT FROM THE CHAIRMAN OF THE AUDIT COMMITTEE

1. Governance in and of the public sector continues to be high profile with the Chartered Institute of Public Finance and Accountancy (CIPFA) supporting good practice in local government. In Shropshire we have a Code of Corporate Governance which is reviewed annually in line with the best practice issued by CIPFA and SOLACE; we have also produced an Annual Governance Statement, again in line with best practice and legislative requirements. Being well managed and well governed are important attributes in helping to improve performance and in reducing the risk of failing to achieve our objectives and providing good service to our community.
2. Shropshire Council has an Audit and Governance Committee that is long established in seeking to maintain and improve our governance procedures. The Committee is a key component of the Council's corporate governance arrangements and a major source of assurance of the Council's arrangements for managing risk, maintaining an effective control environment and reporting on internal and external audit functions and financial and non-financial performance.
3. This year the Committee has held seven planned meetings including the meeting held on 25th June 2026. The committee have received and considered a substantial number of reports across key areas of the Council's activity (**see Annex A**).
4. Membership of the Audit and Governance Committee for 2025/26 was made up of the following Councillors: Duncan Kerr (Chair), Kate Halliday (Vice Chair), Malcolm Myles-Hook, Rhys Gratton, Mark Owen, Duncan Borrowman, Carl Rowley, Sharon Ritchie-Simmons and Nigel Lumby. Substitutes were invited to attend and contribute at all meetings and training. An independent member, Jim Arnold was appointed in January 2023, but resigned from this position in January 2026. The recruitment of a new independent member is currently under consideration with an anticipated completion during the summer.
5. The benefits to the Council of operating an effective Audit Committee are:
 - Maintaining public confidence in the objectivity and fairness of financial and other reporting.
 - Reinforcing the importance and independence of internal and external audit and any other similar review process; for example, reviewing and approving the Annual Statement of Accounts and the Annual Governance Statement.
 - Providing a sharp focus on financial reporting both during the year and at year end, leading to increased confidence in the objectivity and fairness of the financial reporting process.
 - Assisting the co-ordination of sources of assurance and, in so doing, making management more accountable.

- Providing additional assurance through a process of independent and objective review.
 - Raising awareness within the Council of the need for governance, internal control and the implementation of audit recommendations.
 - Providing assurance on the adequacy of the Council's risk management arrangements and reducing the risk of illegal or improper acts.
6. The Committee continues to have a professional and arm's length relationship with Grant Thornton, the Council's external auditors, who attend all meetings of the Committee to offer their advice where needed.
7. The Committee undertakes a substantial range of activities and works closely with both internal and external auditors and the Chief Finance Officer (Executive Director of Resources /Section 151 Officer) in achieving our aims and objectives. We have put together a work and development plan for the year to enable key tasks to be considered and completed.
8. As Chair of the Committee, I see training as a key priority for members to undertake our roles effectively. The Committee has undertaken a full and extensive programme in 2025/26. Training has been received in relation to:
- The role of the Audit Committee and Interpreting Internal Audit Performance Reports
 - Interpreting the Financial Statements
 - Audit Committee Self Assessment and Skills Framework
 - The Role of the Audit Committee (LGA Training)
 - Risk Management
 - Treasury Management
9. Members also have access to CIPFA's Better Governance Forum network which provides specific information in the form of regular briefings, training events, and an informative web site.

Details of Reports/Information Received

10. **Annex A** provides a summary of the key reports and information received by the Audit and Governance Committee at its meetings. These appear categorised in the areas which, under the Terms of Reference, the Committee have a responsibility to consider and report upon. They are
- Governance;
 - Risk management framework;
 - Controls, including specific focus on:
 - Contracts and partnerships
 - Fraud, corruption and whistleblowing
 - Value for money
11. Following receipt of the reports the Audit and Governance Committee:
- Resolved that there were reasonable arrangements for corporate governance and where improvements are required there is a clear improvement plan with dedicated lead officers that will be monitored by Members.

- Resolved that the risk management and assurance framework was not operating as intended and that improvements were needed in this area.
 - Recognise the increased risks in the control environment and resolved that there is still a need to ensure continual monitoring by management and members alike on the internal control environment.
 - Resolved that there were effective arrangements for the prevention and detection of fraud and corruption, and for enabling whistleblowing (confidential reporting).
 - Resolved that there was evidence of effective arrangements in place to support Value for Money but recognised the links to good financial management and sound internal controls in minimising opportunities for waste and fraud and maximising income and use of all assets, and the need to ensure continual monitoring by management and members alike given the reported direction of travel of the internal control environment.
 - Resolved that Financial Statements reflected the Council's true position, were complete including all transactions, and were prepared in accordance with International Financial Reporting Standards.
12. The Chief Audit Executive has offered Limited Assurance for the 2025/26 year on the Council's framework for governance, risk management and internal control. There are a continuing and increased number of high and medium risk rated weaknesses identified in key individual assignments that are significant in aggregate but where discrete parts of the system of internal control remain unaffected. Given that this is the 7th year reporting a limited assurance opinion, it is critical for the Council to demonstrate improvements in governance, internal control, and risk management throughout the 2026/27 period. The findings of this report highlight the need for a proactive approach in addressing the areas rated limited or unsatisfactory assurance during 2025/26.
13. The loss of key officers through the Council's voluntary redundancy programme, interim roles including those in statutory positions place further pressure on the delivery of the required improvement activities and required transformation works. This coupled with the statutory recommendation from the External Auditors highlights the scale of the challenges ahead. Credible and serviceable plans are required to reduce reliance on exceptional financial support in the medium to long term.
14. The Chief Audit Executive's overall opinion on the control environment has been "Limited" for seven years. The Committee shares the concern that there has been no demonstrable improvement in the internal control environment during 2025/26. There is a significant risk that this position is accepted as the norm and puts further pressure on the achievement of the Council's aims and objectives as set out in the Improvement Plan, People Plan, New Directions and corporate plan. It is therefore crucial that appropriate action is taken to reverse this position.
15. This will require a culture change across the organisation and embedding of the values and principles of audit and governance in every part of the Council. This will not be an easy task as the Council faces the following challenges:

- a) For seven years in succession the Council has only received a limited assurance on the Council's framework for governance, risk and internal control from the Chief Audit Executive.
- b) The Council faces an unprecedented financial situation which was adjudged to be perilous three years ago and has worsened since then with external audit identifying significant weakness in financial stability and governance and issuing a statutory recommendation. There is likely to be a corresponding increase in public scrutiny as tough decisions have to be made focussing attention on efficiency, effectiveness, value for money and good governance.
- c) The latest update of the strategic risk register shows a very significant increased risk of failure of officers and members to adhere to governance arrangements.

Annual Statement of Assurance

16. Based on:

- The work carried out by the Internal and External Auditors and their reports presented to this Committee;
- Reports from service managers and;
- The work carried out by the Section 151 Officer, Head of Policy and Governance and their reports presented to this Committee

The Audit and Governance Committee recognises and is concerned about the limitations identified in the internal control framework and the impact on value for money. Therefore on balance, the Committee can provide limited assurance, founded on those reports, explanations and assurances received, that the Council has in place adequate and effective governance, risk management and internal control systems; internal, external audit functions and financial reporting arrangements that can be relied upon and which contribute to the high corporate governance standards that this Council expects.

Signed

Date

On behalf of the Audit and Governance Committee

ANNEX A

Summary of assurance reports received by Audit and Governance Committee

Governance

- **Management report - ; Annual Governance Statement (AGS) and a review of the effectiveness of the Council's internal controls and Shropshire's Code of Corporate Governance**

Report of the Section 151 Officer on the effectiveness of the system of internal controls and the production of the Annual Governance Statement is due to be presented to the July Audit and Governance Committee meeting, a draft version is not yet available. Compliance with the Corporate Governance Code for 2025/26 has been as reasonable. It confirmed the Council's commitment to the principles of good corporate governance.

- **Annual Review of Audit and Governance Committee Terms of Reference**

Report of the S151 Officer which ensures that the Council continues to provide an effective Audit and Governance Committee. Terms of Reference are considered and approved by members annually. Changes were made to the name of the Committee from the Audit Committee to the Audit and Governance Committee to better reflect its role. The size of the Committee was increased by four to ensure that all political groups can be represented. The changes were approved by Council on 17th July 2025.

- **Annual Audit and Governance Committee Self-Assessment**

The report of the Section 151 Officer which asked members to review and comment on compliance with the Chartered Institute of Public Finance and Accountancy's guidance on the function and operation of audit committees. There is significant compliance with the code and an improvement plan to address areas of partial compliance.

- **Internal Audit Charter and Mandate**

Report of the Chief Audit Executive which set out the requirement for an annual review of the Internal Audit Charter and Mandate which had been completed. The Charter demonstrates how Internal Audit complies with Global Internal Audit Standards. The Audit and Governance Committee approves the Charter which incorporates the mandate, mission, code of ethics, definition and core principles of Internal Audit. Minor changes were made to better align with GIAS.

- **Draft Audit Committee Annual Work Plan and Future Training Requirements 2026/27**

Report of the Chief Audit Executive which provided a proposed Audit and Governance Committee work plan and sought discussion and agreement around a learning and development plan for members to ensure they were well informed and appropriately skilled to fulfil their role. Therefore ensuring the integrity of the financial reporting and governance of the Council.

- **Internal Audit Recruitment Update**

The Committee requested an update from the Chief Audit Executive following their concerns regarding the level of Internal Audit resources. The report provided members with the current Internal Audit structure and confirmed increased capacity following a successful recruitment campaign. One post remained vacant and one was deleted to achieve the savings target.

The Audit and Governance Committee resolved that there were reasonable arrangements for corporate governance and where improvements are required there is a clear improvement plan with dedicated lead officers that will be monitored by Members.

Risk Management Framework

➤ **Management report: Strategic risks update**

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

Reports during the year set out the existing strategic risk exposure. There were 10 strategic risks on the strategic risk register at the time of the biannual review in June 2025 with one in draft. Nine of these were high risk and one was medium. The report provided the rationale for the increased risk scores and noted that 100% of strategic risks were above the tolerance level. A strategic risk regarding the Economic Growth Strategy had been archived.

Members noted that no risks had improved over the last two years and questioned the effectiveness of mitigating actions.

As part of the review in December 2025 strategic risks were reassessed. Eight were assessed as high risk.. Two strategic risks relating to safeguarding children and the impact of increased waiting lists in DoLs, OT and SI.

Three strategic risks were scores at the maximum level of 25, those being:

- Failure to protect and manage the impact of a targeted cyber attack on ICT systems used by the Authority.
- Inability to contain overall committed expenditure within the current available resources within this financial year.
- Inability to set a balanced budget for a given year within the MTFS

Strategic risks are monitored to enable achievement of Council priorities and outcomes and are linked, where appropriate, with the Annual Governance Statement Targeted Outcomes.

➤ **Internal Audit report of the review of Risk Management Audit 2025/26**

The report of the Internal Audit Manager summarised the detailed findings identified in the Internal Audit review of risk management of which the overall control environment had been assessed as limited, with evidence of non-compliance with some key controls. The Committee received assurance from the Strategy and Scrutiny Manager that work was underway to address the weaknesses identified.

➤ **Internal Audit Annual plan 2026/27**

The Committee received the report of the Head of Policy and Governance outlining the proposed risk based Internal Audit Plan for 2026/27. The plan covered key areas including governance, ethics, IT governance, risk management, and fraud management. The annual risk assessment, undertaken with senior leadership and the Section 151 Officer, ensured that audit activity remained aligned with the Council's risk profile. The plan reflected wider organisational challenges, including transformation and improvement activity, workforce pressures, financial constraints, and recommendations from external auditors.

The Audit and Governance Committee resolved that the risk management and assurance framework was not operating as intended and that improvements were needed in this area.

Controls

➤ **Management Update: Agency and Consultancy Staff Management Update**

The Committee requested a management update following an Unsatisfactory audit opinion which followed two previous limited assurances.

The HR and OD Manager presented the report from the Service Director for Enabling which reported that 10 recommendations had been implemented and two remained in progress with an anticipated implementation date in early 2027.

➤ **Management Report: Children's Social Care Budget Management Update**

Members requested a management update an update following a limited audit opinion.

The Director of Children's Services outlined the seven recommendations and confirmed that four would be taken forward at pace whilst some deadlines may need to extend into October due to the preparation for the recent Ofsted inspection.

➤ **Management Update: Internal Control Management Update**

Committee members requested a management update from the Leader and Interim Chief Executive following six years of limited assurance from the Chief Audit Executive.

The Interim Chief Executive and Leader of the Council outlined the actions taken to address the Committee's concerns including greater management oversight, the publication of an improvement plan and establishing an independently chaired Improvement Board. Members were reassured by the improvements underway but remained concerned about ongoing operational and cultural changes. The Interim Chief Executive committed to providing updates to each Audit and Governance Committee.

➤ **Management Update: Adult Social Care Outturn Update**

The Audit Committee received a report from the Interim Chief Executive providing an update on the issues that contributed to the significant changes in the financial position between period 11 and 12 during 2024/25. An Internal Audit review had been commissioned which made six recommendations, including one fundamental issue. Management assurance was provided that the fundamental recommendation has been implemented and most other recommendations were expected to be fully

implemented by the next Committee meeting in February 2026. A further update was requested to be presented to the June 2026 Committee.

A further report was presented at the February 2026 Committee meeting, management assurance was provided that three recommendations had been implemented, including the fundamental recommendation regarding reporting actuals in budget monitoring. Three recommendations remain in progress. An update will be provided by Internal Audit to a future meeting when a follow up review has been completed.

➤ **Management Update: The Lantern**

Members received an update regarding the actions taken to address four repeated unsatisfactory audit assurance opinion. The establishment had been subject to repeated audits of its income collection and letting arrangements and had consistently failed to implement the agreed actions despite management assurances previously provided to the Committee. Management assurances were provided that all recommendations had been addressed following the implementation of a new booking system. The Committee agreed that Internal Audit would report back in June or July 2026 once they had completed a follow up audit.

➤ **Management Update Deferred Payments Management Update**

The Committee received a management update following an unsatisfactory audit opinion, this area had previously been assessed as limited in 2021/22. Management assurance was provided that all recommendations had either been completed or were in advanced progress. The Committee agreed that Internal Audit would report back at a future meeting once they had completed a follow up audit.

➤ **Management Update: Improvement Plan Update**

The Committee received a report from the Interim Chief Executive which provided a summary of the arrangements in place to ensure delivery of the Council's Improvement Plan. The report was introduced by the Service Director for Strategy and Change.

Members agreed that adequate assurance had been obtained at this stage and assurance would be reassessed upon the presentation of additional evidence and outcomes.

➤ **Management Update: Supply Contracts Management Update**

The Committee received a management update following an Internal Audit briefing note outlining the decision to postpone the scheduled audit. This area had been previously assessed as limited in 2019/20.

The Service Director for Commissioning provided an update on the current position together with a range of improvement actions following their own self-assessment against a national framework.

➤ **Management Update: Shirehall Decant Management Update**

The Committee requested a management update on the project to dispose of the Shirehall following a limited Internal Audit assurance report.

The Head of Property and Development provided an update on progress made in implementing the report recommendations, one was reported as implemented and two were reported to be due for implementation by 31/03/26.

➤ **Internal Audit performance report and revised annual audit plan 2025/26**

Report of the Chief Audit Executive provided Members with an update of the work undertaken by Internal Audit throughout the year. By September Members were informed that 26 final reports had been issued which included one fundamental recommendation. Revisions were made to the plan following a successful recruitment campaign.

By the year end the Chief Audit Executive informed members that 60 final reports had been issued which included four fundamental recommendations.

Lower assurance levels and fundamental recommendations were separately identified throughout the year. Where appropriate, members requested management updates at subsequent meetings which are detailed in this report.

➤ **Internal Audit Annual Report 2025/26**

Report of the Chief Audit Executive on achievements against the revised internal audit plan for 2025/26 and the annual internal audit assurance. The Chief Audit Executive gave limited assurance for the year that the Council's framework for governance, risk management and internal control is sound and working effectively.

Revisions were made to the plan to reflect both changing resources and risks. There are a continuing and increased number of high and medium risk rated weaknesses identified in key individual assignments that are significant in aggregate but where discrete parts of the system of internal control remain unaffected.

The Audit and Governance Committee recognise the increased risks in the control environment and resolved that there is still a need to ensure continual monitoring by management and members alike on the internal control environment.

Controls: Fraud, Corruption and Whistleblowing

➤ **Fraud, special investigation and Regulation of Investigatory Powers Act (RIPA) update (Exempted by categories 2, 3 and 7)**

Members are provided with exempt reports of the Internal Audit Manager providing an update on the current fraud and special investigations undertaken by Internal Audit and current RIPA activity.

Following the departure of the postholder under the voluntary redundancy programme there are currently no arrangements in place for RIPA activity. The last update was received in July 2024 with the interim arrangements still yet to be decided.

➤ **Annual review of Counter Fraud, Bribery and Anti-Corruption Strategy and activities, including an update on the National Fraud Initiative**

The report of the Chief Audit Executive outlined the measures undertaken in the last year to evaluate the potential for the occurrence of fraud, and how the Council managed these risks with the aim of prevention, detection and subsequent reporting of fraud, bribery and corruption. Members were provided with an update of the national fraud landscape and sector best practice guidance.

➤ **Fraud Investigation Options**

The report of the Section 151 Officer considered the motion referred to the Audit and Governance Committee by Council regarding the proposal to create a dedicated Counter Fraud Team. Following the consideration of a number of options the Committee agreed to refer this back to Cabinet to decide on the best way forward and recommended the setting up of a Task and Finish Group.

Cabinet considered the proposal at their meeting on 11th March 2026 and resolved that the Section 151 officer will prepare a proposal for the 2027/28 budget to create a corporate fraud team, dependent on an appropriate budget being identified

➤ **Annual Whistleblowing report**

Report of the HR and OD Manager which provides an update on the cases reported under the Whistleblowing arrangements will be reported to this committee meeting.

The Audit and Governance Committee resolved that there were effective arrangements for the prevention and detection of fraud and corruption, and for enabling whistleblowing (confidential reporting).

Controls: Value for Money

Sound internal controls lead to the effective, efficient and economic use of Council resources (VFM), assurances are taken from the robustness of the internal control environment, management of risks, soundness of governance and any additional reports add weight to these.

➤ **External Audit: Auditors Annual Report**

Report of the Engagement Lead (Grant Thornton) summarising the work undertaken, a key element of which is the Council's Value for Money (VFM) arrangements for the year ending 31 March 2025.

➤ **Contract Rules Exemptions Update (exempted by category 3)**

Report of the Service Director Legal and Governance on exemptions to the corporate procurement rules ensures transparency, accountability and oversight in the procurement process. This also provides assurance to the Audit and Governance Committee that these exemptions are granted in line with the approved policy and ensures that the Council is not exposed to unnecessary financial, legal or reputational risk.

The Audit and Governance Committee resolved that there was evidence of effective arrangements in place to support Value for Money but recognised the links to good financial management and sound internal controls in minimising opportunities for waste and fraud and maximising income and use of all assets, and the need to ensure continual monitoring by management and members alike given the reported direction of travel of the internal control environment.

Financial Reporting

➤ **External Audit: Letter on the Financial Position Based on Period 4**

The Committee received the External Auditor's letter highlighting their concerns about the Council's financial position and the potential need for a Section 114 notice if the position did not improve significantly and rapidly.

➤ **External Audit: Shropshire County Pension Fund Interim Audit Findings (Information) 2024/25**

Report of the Engagement Lead (Grant Thornton) summarised the interim findings for the year ended 31 March 2025 on the audit of the Pension Fund financial statements. It confirmed that there were no issues around the Fund's ability to continue as a going concern and that it was intended to issue an unqualified opinion to the Pensions Committee.

➤ **External Audit: Draft Auditors Annual Report**

The Committee received the report of the Engagement Lead from Grant Thornton which highlighted the Council's Financial Challenges. The report included one statutory and three key recommendations that focussed on financial resilience. The Committee referred the Auditor's report to Council as it was not in the Committee's remit to provide a response.

➤ **External Audit: Shropshire Council Audit Findings Report 2024/25**

In November 2025 the Committee received the report from the Engagement Lead which set out progress with the audit, current findings and the timeline for the audit opinion being agreed. The opinion was delayed pending receipt of a capitalisation directive from the Ministry of Housing, Communities and Local Government (MHCLG)

➤ **Financial outturn report 2025/26**

The report from the Section 151 Officer providing details of the revenue outturn position for the Council and the full year capital expenditure and financing of the Council's capital programme will be presented at the July 2026 Committee meeting.

➤ **Approval of the Council's Statement of Accounts including a review of accounting policies**

November 2025: The Committee received the report of the Section 151 Officer which provided the final approval of the Statement of Accounts for 2024/25 noting the minor amendments and unadjusted misstatement.

Treasury Management

➤ **Annual Treasury Report 2025/26**

The report of the Section 151 Officer setting out the borrowing and investment outturn for 2025/26, will be presented to this meeting together with the Treasury limits and Prudential Indicators.

➤ **Treasury Strategy 2025/26 mid-year report**

The report of Section 151 Officer provided Members with an economic update for the first six months of 2025/26, along with reviews of the Treasury Strategy 2025/26 and Annual Investment Strategy, the Council's investment portfolio for 2025/26, the Council's borrowing strategy for 2025/26, any debt rescheduling taken and compliance with Treasury and Prudential limits for 2025/26.

➤ **Treasury Strategy 2026/27**

Report of the Section 151 Officer which proposed the Treasury Strategy for 2026/27. It set out the arrangements for how the council would appropriately manage its arrangements for banking, cash flow management, investments, and borrowing, supporting the delivery of the MTFS. He explained that the report set out the current market conditions that the Council were working within along with the prudential indicators which gave a measure of the financial viability from a capital point of view and a borrowing point of view for the organisation. The strategy was approved with the proviso that a supplementary paper be provided setting out the contingency planning relating to Exceptional Financial Support.

The Audit and Governance Committee resolved that Financial Statements reflected the Council's true position, were complete including all transactions, and were prepared in accordance with International Financial Reporting Standards.



Committee and Date
 Audit and Governance Committee
 25th June 2026
 10:00 am

Item

Public

External Audit Plans 2025/26

Responsible Officer:	Duncan Whitfield
email:	Duncan.Whitfield@shropshire.gov.uk
Cabinet Member (Portfolio Holder):	Heather Kidd, Leader of the Council Sharon Ritchie-Simmons, Chair of the Audit and Governance Committee Roger Evans, Portfolio Holder – Finance

1. Synopsis

This report provides members with the planned External Audit works covering the 2025/26 financial year for Shropshire Council and the Shropshire County Pension fund. The report will be presented to Committee by the Grant Thornton External Audit Partner.

2. Executive Summary

2.1. The scope of the external audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). GT are responsible for forming and expressing an opinion on the Council and Pension Fund financial statements that have been prepared by management with the oversight of those charged with governance (the Pensions Committee), and consider whether there are sufficient arrangements in place at the Fund.

3. Recommendations

3.1. The Committee is asked to note with appropriate comment the 2025/26 Audit plans for Shropshire Council and Shropshire County Pension Fund.

Report

4. Risk Assessment and Opportunities Appraisal

4.1. 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. There are no direct financial implications arising directly from this report.

6. Climate Change Appraisal

6.1. There are no climate change issues arising directly from this report.

7. Background

7.1. This External Audit Plans for both Shropshire Council and the Shropshire County Pension Fund provide an overview of the planned scope and timing of the statutory audit of Shropshire Council ('the Council') and Group for those charged with governance.

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

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

Local Member: All

Appendices

Appendix A – The 2025/26 Audit Plan for Shropshire Council

Appendix B – The 2025/26 Audit Plan for Shropshire County Pension fund

The Audit Plan for Shropshire County Council

Page 37

Year ending 31 March 2026

March 2026



Page 38

Contents

Section	Page
The Backstop	03
Introduction and headlines	04
Risks identified and Other matters	05
Our approach to materiality	16
IT audit strategy	18
Interim audit work	19
Value for money arrangements	20
Logistics, our team and communications	26
Fees and related matters	28
Independence considerations	30
Communication of audit matters with those charged with governance	35
Escalation policy	37
Financial reporting changes	38
Group audit	39

The Backstop

The Future of the Backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations require audited financial statements to be published by a specific date. The upcoming backstop dates are as follows:

- for years ended 31 March 2026 by 31 January 2027
- for years ended 31 March 2027 by 30 November 2027; and
- for years ended 31 March 2028 by 30 November 2028.

The Regulations are supported by the National Audit Office's (NAO) Code of Audit Practice 2024. The backstop dates were introduced to clear the backlog of historic financial statements and support the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

Our Work

In order to meet future statutory deadlines, for 2025/26 we will be working towards an internal deadline of 30 November 2026, as a dry run for future years. The 2024/25 audit was substantially complete at the time of the Audit and Governance Committee in November 2025 (although the receipt of final confirmation of Exceptional Financial Support delayed final sign-off) which demonstrates that the overall timeline set for delivering the audit is achievable. Efficient delivery will continue to rely on the strong cooperation we have experienced to date, including timely responses, clear communication and the provision of good-quality working papers. Maintaining this approach will support us in completing the audit in line with the agreed timetable.

Introduction and headlines



Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Shropshire Council ('the Council') and Group for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued the Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Shropshire Council. We draw your attention to these documents.

Scope of our Audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council's and Group's financial statements that have been prepared

by management with the oversight of those charged with governance (the Audit & Governance Committee); and we consider whether there are sufficient arrangements in place at the Council and Group for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that arrangements are in place to use resources efficiently in order to maximise the outcomes that can be achieved as defined by the Code of Audit Practice.

The audit of the financial statements does not relieve management or the Audit & Governance Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council and Group and is risk based.

Introduction and headlines (continued)

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of control
- Valuation of Land and Buildings (Council)
- Valuation of Council dwellings (Council)
- Valuation of Investment Property (Council)
- Valuation of Gross pension liability (Council)

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £16.34m (PY £14.72m) for the Council which equates to 1.92% for the Council of your prior year gross operating costs for the year. Our internal guidelines mean that component materiality is capped at 95% of group materiality. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. In the previous year audit, we have not identified material adjustments in the financial statements therefore we have increased performance materiality from 65% to 75%.

Clearly trivial has been set at £817k (PY £736k) for the council.

Group Audit

The Council is required to prepare group financial statements that consolidate the financial information of

- Shropshire Towns and Rural Housing (STARH) Ltd
- West Mercia Energy
- West Mercia Supplies (Pensions)
- Cornovii Developments Limited (CDL)
- Biodynamic Carbon Ltd

Group planning materiality has been set at £17.200m (PY 15.495m), which equates to 2.00% of your prior year gross operating costs for year for the group.

Clearly trivial has been set at £860k (PY 774.8k) for the Group.

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has identified the following risks of significant weakness:

- Financial sustainability
- Governance

More detail is included from page 20.

Audit logistics

Our interim visit will take place in March & April 2026, and our final visit will take place in July to November. Our key deliverables are this Audit Plan, our Audit Findings Report, our Auditor's Report and Auditor's Annual Report.

Our proposed fee for the audit is £420,970 (PY: £419,504) for the Council, subject to the Council delivering a good set of financial statements and working papers, no significant changes in scope to the Audit, management being responsive to audit requests and providing sufficient appropriate audit evidence when requested.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Audit team’s assessment	Planned audit procedures
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.</p> <p>Risk relates to Council & Group</p>	<p>The Council faces external scrutiny of its spending, and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Evaluate the design effectiveness of management controls over journals • Analyse journals listings and determine the criteria for selecting high risk unusual journals • Test unusual journal recorded during the year and after the draft accounts stage for appropriateness and corroboration • Gain an understanding for the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence • Evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Page 42



“In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK).” (ISA (UK) 315).

In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK) 550).

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>The revenue cycle includes fraudulent transactions</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue</p> <p>Risk relates to</p> <p>Council and Group</p>	<p>We have identified and completed a risk assessment of all revenue streams for the Council and Group. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue. This is due to the following:</p> <ul style="list-style-type: none"> • There is little incentive to manipulate revenue recognition • Opportunities to manipulate revenue recognition are very limited • The culture and ethical frameworks of local authorities (including Shropshire Council, mean that all forms of fraud are seen as unacceptable <p>Therefore, we do not consider this to be a significant risk for Shropshire Council.</p>	<p>Despite the rebuttal of this risk, we will still undertake a significant level of work on the Councils's revenue streams as they are material. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.</p> <p>We will:</p> <ul style="list-style-type: none"> • Evaluate the Council's accounting policy for recognition of income for appropriateness and compliance with the Code • Update our understanding of the system for accounting for the income and evaluate the design of associated processes and controls • Agree on a sample basis relevant income and year end debtors /income accruals to invoices and cash payment or other supporting evidence • Carry out testing on sample basis of invoices issued in the period prior to and following 31 March 2026 to determine whether income is recognised in the correct accounting period, in accordance with the amounts billed to the corresponding parties • Income for national non-domestic rates and Council tax is predictable and therefore we will conduct substantive analytical procedures • For other grants we will sample test items to agree back to supporting documentation and subsequent receipt, considering accounting treatment where appropriate



Management should expect engagement teams to challenge them in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. Management should also expect to provide engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

Significant risks identified (continued)

Significant risk

The expenditure cycle includes fraudulent transactions

Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.

Risk relates to

Council & Group

Audit team's assessment

We have identified and completed a risk assessment of all expenditure streams for the Council. We have considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams and concluded that there is not a significant risk. This is due to the following:

- Expenditure is primarily related to employee costs
- Lack of incentive to manipulate financial results, coupled with an overall strong control environment.

Therefore, we do not consider this to be a significant risk for Shropshire Council.

Planned audit procedures

Despite the rebuttal of this risk, we will still undertake a significant level of work on the Council and Group's expenditure streams as they are material. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.

We will:

- Evaluate the Council's accounting policy for recognition of expenditure for appropriateness and compliance with the Code;
- Update our understanding of the system for accounting for the expenditure and evaluate the design of associated processes and controls;
- Agree on a sample basis relevant expenditure and year end payables and accruals to invoices or other supporting evidence;
- We will carry out testing on sample basis of invoices received in the period prior to and following 31 March 2026 to determine whether expenditure is recognised in the correct accounting period, in accordance with the amounts billed to the corresponding parties.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>Valuation of Land and Buildings</p> <p>Risk relates to</p> <p>Council</p>	<p>The valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority and group financial statements is not materially different from the current value or fair value (for surplus assets) at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified valuation of other land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • Evaluate the competence, capabilities and objectivity of the valuation expert • Write to the valuer to confirm the basis on which the valuation is carried out to ensure that the requirements of the CIPFA Code are met • Challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding • Test revaluations made during the year to see if they have been input correctly into the Council's asset register • Evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end. • For assets that don't go through formal valuation, we will review the indices selected, including assessing their relevance and reasonableness for the associated asset classes. • Confirm the correct application of the indices to the underlying asset categories and verify the mathematical accuracy of the indexation calculations. • Ensure the resulting valuation movements and disclosures in the financial statements are appropriate and comply with the Code

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>Valuation of Council Dwellings</p> <p>Risk relates to</p> <p>Council</p>	<p>The Council is required to revalue Council dwellings annually. The Council uses the 'Beacon Approach' where representative properties are revalued, rather than each individual property. A social discount factor is then applied to reflect the fact the properties cannot be sold on the open market.</p> <p>This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.</p> <p>We therefore identified valuation of Council dwellings, particularly revaluations and impairments, as a Significant Risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • Evaluate the competence, capabilities and objectivity of the valuation expert • Write to the valuer to confirm the basis on which the valuation is carried out to ensure that the requirements of the CIPFA Code are met • Challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding • Consider and evaluate the reasonableness of the Beacon properties, to which other properties were allocated, and the appropriateness of variances thereto • Test revaluations made during the year to see if they have been input correctly into the Council's asset register.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>Valuation of Investment Property</p> <p>Risk relates to</p> <p>Council & Group</p>	<p>The Council carries out a rolling programme that ensures that all Investment Properties required to be measured at current value is revalued at least every 5 years and are subject to an annual desktop review, in year where a full valuation is not undertaken.</p> <p>This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.</p> <p>We will focus our audit attention on those assets that have large/unusual changes in valuation or approaches to valuation, including key inputs, has changed. The risk will be pinpointed as part of our final accounts work, once we have understood the population of assets revalued. We will report an updated risk assessment of land and buildings in our Audit Findings Report.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • Evaluate the competence, capabilities and objectivity of the valuation expert • Write to the valuer to confirm the basis on which the valuation is carried out to ensure that the requirements of the CIPFA Code are met • Challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding • Test revaluations made during the year to see if they have been input correctly into the Council's asset register

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>Valuation of the Gross Pension Liability</p> <p>Risk relates to Council</p>	<p>The Gross Pension Liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in the key assumptions.</p> <p>The methods applied in the calculation of IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.</p> <p>The source data used by the actuaries to produce the IAS 19 estimates is provided by the administering authorities and employers. We do not consider this to be a significant risk as this easily verifiable.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund liability is not materially misstated and evaluate the design of associated controls • Evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work • Assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuations • Assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability • Test the consistency of the pension fund liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary • Undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report • Obtain assurances from the auditor of the Shropshire County Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund

Other risks identified

Other risks are, in the auditor’s judgement, those where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for another risk is lower than that for a significant risk, and they are not considered to be areas that are highly judgemental, or unusual in relation to the day-to-day activities of the business.

Risk	Description	Planned audit procedures
<p>Exceptional financial support</p> <p>Risk relates to Council</p>	<p>Due to its deteriorating financial position, the Council has been informed by MHCLG that it is likely to be in receipt of Exceptional Financial Support (EFS) in 2025/26 amounting to £71.4m</p> <p>Due to the significance of EFS to the Council, we identified the presentation and disclosure of exceptional financial support a risk requiring special audit consideration.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Evaluate the Council’s accounting policy for recognition of external financial support for appropriateness • Gain an understanding of the Council’s system for accounting for exceptional financial support and evaluate the design of associated controls • Test a sample of balances • Ensure disclosures in the accounts are appropriate

Page 49



“The auditor determines whether there are any risks of material misstatement at the assertion level for which it is not possible to obtain sufficient appropriate audit evidence through substantive procedures alone. The auditor is required, in accordance with ISA (UK) 330 (Revised July 2017), to design and perform tests of controls that address such risks of material misstatement when substantive procedures alone do not provide sufficient appropriate audit evidence at the assertion level. As a result, when such controls exist that address these risks, they are required to be identified and evaluated.”

(ISA (UK) 315)

Other risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>Capitalisation of the North-West Relief Road projects costs</p> <p>Risk relates to</p> <p>Council</p>	<p>Included in the Council's Assets Under Construction balance as at 31 March 2025 are costs relating to the North-West Relief Road project of £32.2m.</p> <p>The project was initially paused on 23 June 2025, and approval was sought from the Council on 26 February 2026 to formally cancel the project.</p> <p>Under the CIPFA Code of Practice, expenditure may only be capitalised where it meets the definition and recognition criteria of an asset. Expenditure relating to cancelled or abandoned projects must be written off to revenue and cannot remain on the Balance Sheet as AUC.</p> <p>Given the material value of the balance, the judgement involved in determining whether any element remains recoverable, and the requirement to fully derecognise and expense the cancelled project, there is a significant risk of material misstatement relating to the classification, valuation and presentation of AUC.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Obtain and evaluate management's assessment of the project cancellation and the resulting accounting treatment. • Review supporting evidence (e.g., decision papers, Cabinet reports, capital programme updates) confirming cancellation. • Confirm that the full value of non-recoverable spend is written off to revenue in accordance with the Code. • Review accounting entries, impairments and derecognition adjustments for accuracy. • Assess adequacy of disclosures relating to project cancellation and associated financial impact.

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the financial statements
 - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act)

- application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
- issuing an advisory notice under section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Description

Determination

We have determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Council and Group, including consideration of factors such as stakeholder expectations, sector developments, financial stability and reporting requirements for the financial statements

Page 52

Planned audit procedures

We determine planning materiality in order to:

- establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements
- assist in establishing the scope of our audit engagement and audit tests
- determine sample sizes and
- assist in evaluating the effect of known and likely misstatements in the financial statements.

Other factors

An item does not necessarily have to be large to be considered to have a material effect on the financial statements

An item may be considered to be material by nature when it relates to instances where greater precision is required.

Reassessment of materiality

Our assessment of materiality is kept under review throughout the audit process

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Our approach to materiality (continued)

Description	Amount (£)	Qualitative factors considered
Materiality for the Group financial statements	£17.2m	This benchmark is determined as a percentage of the Council's group gross expenditure in the prior year (£860.866m), which has been amended to 2% (1.8% in the prior year).
Materiality for the Council financial statements	£16.34m	This benchmark is determined as a percentage of the Group's materiality benchmark (£17,200m) using 95% as a baseline.
Triviality for the Group financial statements	£0.86m	We have used 5% of group materiality level as our threshold for reporting issues
Triviality for the Council financial statements	£0.817m	We have used 5% of Council materiality level as our threshold for reporting issues
Materiality for specific transactions, balances or disclosures	£0.021m	We have identified senior officer remuneration as a balance where we will apply a lower materiality level, as these are considered sensitive disclosures. We have set a materiality of £0.021m.

Page 53



Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audits and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audits will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach. We will perform the indicated level of assessment:

IT application	Audit area	Planned level IT audit assessment
Unit 4 ERP	Financial reporting and payment system	<p>Detailed understanding of the IT general controls covering the design and implementation effectiveness.</p> <p>We will complete the following tasks as part of the IT Audit:</p> <ul style="list-style-type: none"> • Evaluate changes to the design and implementation effectiveness for security management; change management and technology infrastructure controls. • Perform high level walkthroughs, inspected supporting documentation and analysis of configurable controls in the above areas.
Active Directory	N/A	<p>Detailed understanding of the IT general controls covering the design and implementation effectiveness.</p> <p>We will complete the following tasks as part of the IT Audit:</p> <ul style="list-style-type: none"> • Evaluate changes to the design and implementation effectiveness for security management; change management and technology infrastructure controls. • Perform high level walkthroughs, inspected supporting documentation and analysis of configurable controls in the above areas.

Interim Audit Work

Details of work to be conducted at interim:

The backstop date is moving earlier in the year, as a result and to ensure that all work can be completed by this date, we will be using an interim visit as a key part of the audit approach. Interim visits should be treated with the same importance as final accounts and will include regular catch-ups between management and the audit team to facilitate this work. An indicative plan of the areas that we would cover at interim is set out below, this will be finalised and agreed with management prior to the commencement of our interim visit.

Description	Work commentary
Review of prior year recommendations	We will perform a review of the Council's progress against audit recommendations we have raised in the prior year.
Advance testing areas	We will select samples and perform advance testing on: <ul style="list-style-type: none"> • fees and charges • Material grant income • operating expenditure • ControCC expenditure • Precepts and Levies • PFI Unitary Payments invoice testing.
Significant / one-off transactions / changes in policy	We will perform review of the significant / one-off transaction / change in policy and identify elements for further testing where appropriate. We will inquire/perform a review of the Council's approach to the 2025/26 capitalisation direction

Value for Money Arrangements

Approach to Value for Money work for the period ended 31 March 2026

The National Audit Office updated its Code of Audit Practice in November 2024. The Code expects auditors to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report a commentary each year under the specific reporting criteria and where significant weaknesses in arrangements are identified. The new Code requires auditors to share a draft Auditor’s Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This new deadline requirement was introduced from November 2025. The three specified reporting criteria are set out below:

Page 56

Financial sustainability

How the Council plans and manages its resources to ensure it can continue to deliver its services.



Governance

How the Council ensures that it makes informed decisions and properly manages its risks.



Improving economy, efficiency and effectiveness

How the Council uses information about its costs and performance to improve the way it manages and delivers its services.



We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our AAR. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. Any significant weaknesses identified will be reflected in our AAR and included within our audit opinion.

Risks of significant weakness in VFM arrangements

Initial Risk assessment of the Council’s VFM arrangements

The Code of Audit Practice 2024 (the Code) sets out that the auditor’s work is likely to fall into three broad areas: planning; additional risk-based procedures and evaluation; and reporting. We undertake initial planning work to inform this Audit Plan and the assumptions used to derive our fee. Consideration of prior year significant weaknesses and known areas of risk is a key part of the risk assessment for 2025/26. We will continue to evaluate risks of significant weakness and if further risks are identified, we will report these to those charged with governance. We set out our reported assessment below:

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 57</p> <p>Financial sustainability</p>	<p style="text-align: center; color: red; font-weight: bold; font-size: 2em;">R</p> <p>Pervasive weaknesses in arrangements were identified and a statutory recommendation raised in relation to the current and medium-term financial position of the Council, along with issues of budget monitoring and reporting.</p> <p>Two key recommendations were raised relating to the council’s savings plans leading to the sustainability challenges facing the council and Dedicated Schools Grant deficit.</p> <p>One improvement recommendation was raised relating to the Council’s capital reporting.</p>	<p>There is a risk of significant weakness in arrangements for identifying and managing a structural deficit.</p> <p>This risk of significant weakness follows directly from the Statutory Recommendation raised in the AAR for 2024/25</p>	<p>Our audit testing will include procedures to identify and monitor progress with actions in the new Improvement Plan, Capital Strategy, Financial Strategy and Internal Audit recommendation on budget monitoring. We will also include procedures to:</p> <ul style="list-style-type: none"> • Identify and evaluate progress with the capital programme in 2025/26. • Review final outturn for 2025/26 and Assess the effectiveness of arrangements after a financial emergency was declared in September 2025, • Review the effectiveness of budget monitoring arrangements for identifying and mitigating any specific areas of overspend in year. • Review of progress in implementing Internal Audit recommendation on budget monitoring. • Test progress with actions to respond to recommendations from the July 2025 corporate peer review.

- G No significant weaknesses or improvement recommendations.
- A No significant weaknesses, improvement recommendation(s) made.
- R Significant weaknesses in arrangements identified and key recommendation(s) made.

Risks of significant weakness in VFM arrangements (continued)

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
----------	------------------------------------	-------------------------	---------------------------------------

Page 58
 Financial Sustainability
 (continued)

R

Pervasive weaknesses in arrangements were identified and a statutory recommendation raised in relation to the current and medium-term financial position of the Council, along with issues of budget monitoring and reporting.

Two key recommendations were raised relating to the council’s savings plans leading to the sustainability challenges facing the council and Dedicated Schools Grant deficit.

One improvement recommendation was raised relating to the council’s capital reporting.

Risk of significant weakness in arrangements for identifying achievable savings.

Risk of significant weakness in arrangements to manage the DSG deficit.

Risk of significant weakness in arrangements for consistent financial and operational planning.

Our audit testing will:

- Review of progress with savings plans by year end and progress with arrangements for future transformation.
- We will obtain a copy of the DSG Recovery Plan and monitor progress against it. This will include considering year end outturn on DSG and direction of travel for the overall size of the deficit.
- Testing to evaluate the impact of planning to transfer assets to town and parish councils; head office relocation; and new management structure
- We will confirm that the new operating model is working as expected in 2025/26 and establish whether there has been a post implementation review or lessons learnt exercise in relation to this.

- G No significant weaknesses or improvement recommendations.
- A No significant weaknesses, improvement recommendation(s) made.
- R Significant weaknesses in arrangements identified and key recommendation(s) made.

Risks of significant weakness in VFM arrangements (continued)

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 59 Governance</p>	<p style="text-align: center; color: red; font-weight: bold; font-size: 2em;">R</p> <p>Risk of significant weakness identified in relation to North West Relief Road. Risk also identified in relation to addressing of Internal Audit recommendations. One key recommendation raised relating to the “Limited Assurance” opinion from the Head of Policy and Governance (Internal Audit). One statutory recommendation that relates to governance issues with budget monitoring and reporting that impacted on the 24/25 outturn position.</p>	<p>Risk of significant weakness in arrangements for identifying and managing risk and operating internal controls</p>	<p>We will: monitor the Council's progress with delivering the following actions (which it committed to in November 2025)</p> <ul style="list-style-type: none"> • We will carry out procedures to determine whether the findings from IA on the system of risk management are actioned. • Our audit will include checks on progress with IA recommendations and also checks on Internal Audit progress reports to consider the direction of travel with their recommendations. We will conduct procedures to confirm the rate at which IA recommendations are implemented. • We will review progress and arrangements for monitoring the 2024/25 AGS Action Plan. We will compare how many actions are closed during 2025/26 and how many are rolled forward to 2025/26 AGS to assess management's appetite for continuous improvement. • We will confirm whether the governance risk on the Strategic Risk Register overlaps with risk management and internal audit governance issues we are already aware of, or whether this is a separate issue we need to address

- G No significant weaknesses or improvement recommendations.
- A No significant weaknesses, improvement recommendation(s) made.
- R Significant weaknesses in arrangements identified and key recommendation(s) made.

Risks of significant weakness in VFM arrangements

(continued)

Criteria	2024/25 Assessment of arrangements	2025/26 Risk assessment	2025/26 risk-based procedures planned
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 60</p> <p>Governance</p>	<p>R</p> <p>Risk of significant weakness identified in relation to North West Relief Road. Risk also identified in relation to addressing of Internal Audit recommendations. One key recommendation raised relating to the “Limited Assurance” opinion from the Head of Policy and Governance (Internal Audit). One The statutory recommendation that relates to governance issues with budget monitoring and reporting that impacted on the 24/25 outturn position.</p>	<p>A new risk of significant weakness was identified relating to arrangements for senior staff continuity, skills and capacity - rapid changes in CEO and s151 roles in 2025/26, and other planned management restructuring and redundancies.</p>	<p>We will:</p> <ul style="list-style-type: none"> Identify and document change overs in senior leadership and any other actual/ planned changes in management structure Evaluate the continuity of governance and oversight during periods of changeover. Assess effectiveness of arrangements to maintain skills and knowledge during periods of changeover. Identify and assess arrangements for management restructuring and potential redundancies and the mitigations put in place for continuity of knowledge and experience.
<p>Improving economy, efficiency and effectiveness</p>	<p>G</p> <p>No risks of significant weakness was identified however an improvement recommendation made in relation to the recommendations raised in the LGA Peer Review</p>	<p>No risks of significant weakness identified</p>	<p>As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage.</p> <p>No risks of significant weakness reported. We will follow up improvement recommendation made regarding the LGA Peer Review.</p>

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendation(s) made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Risks of significant VFM weaknesses

As part of our initial planning work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources where we needed to perform additional procedures. The risks we have identified are detailed on the table overleaf along with the further work we will perform. We will continue to review the Council's arrangements and report any further risks of significant weaknesses we identify to those charged with governance. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the table below.

Potential types of recommendations

Page 61



Statutory recommendation

Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the Council to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

Auditors may also include areas for improvement or to keep in view even if they do not identify any underlying significant weaknesses in arrangements. These recommendations set out actions for consideration which are not a result of identifying significant weaknesses in arrangements, but which if not addressed could increase the risk of a significant weakness in future periods.

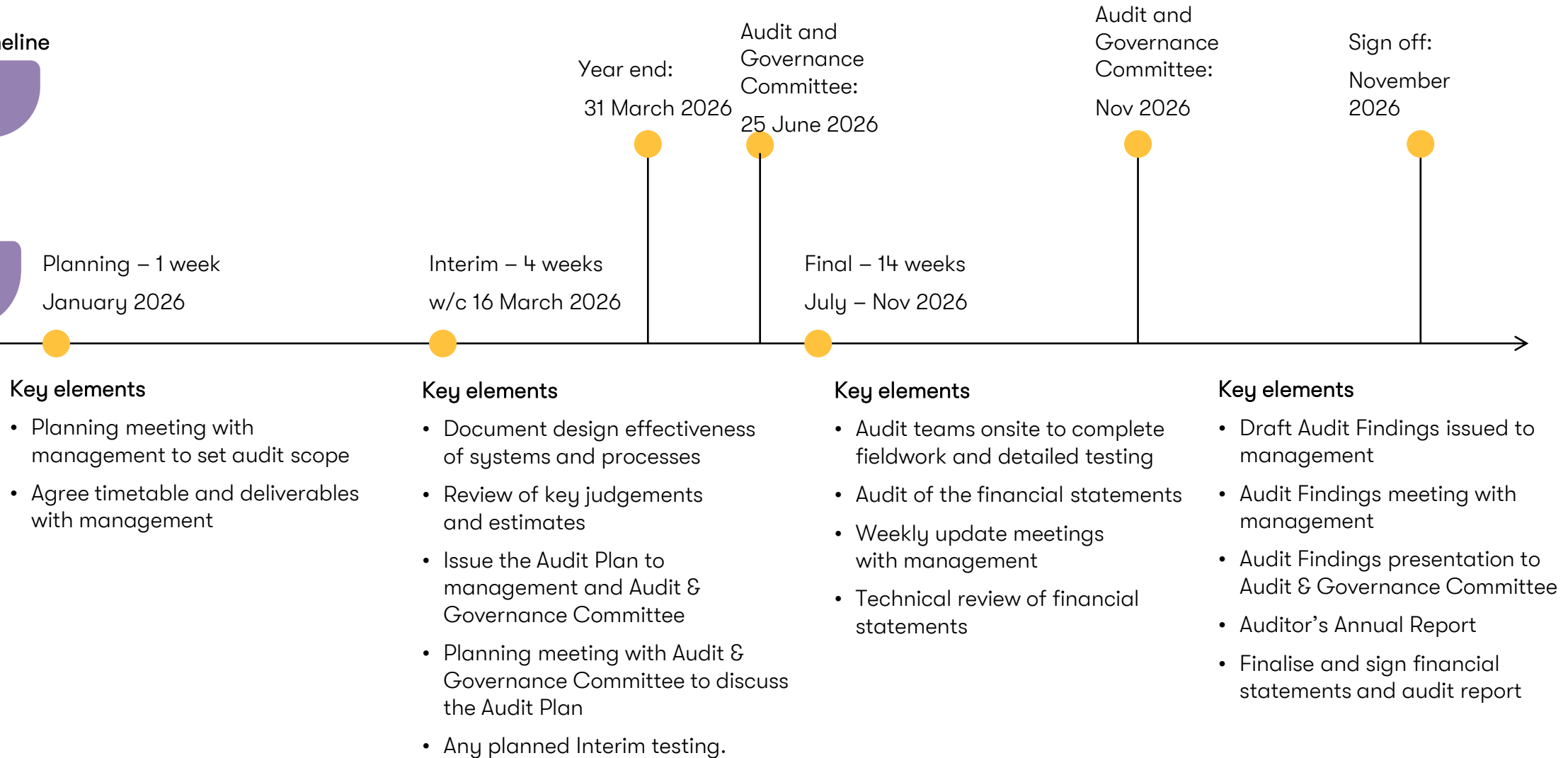
Logistics

The audit timeline

Key Dates

Audit phases:

Page 62



Our team and communications

Grant Thornton core team

Avtar Sohal

Engagement Lead/Key Audit Partner

- Key contact for senior management and Audit Committee
- Overall quality assurance

Page 63

Terry Tobin

Senior Audit Manager

- Audit planning
- Resource management
- Performance management reporting

Zizopho Khonza

In-charge

- On-site audit team management
- Day-to-day point of contact
- Audit fieldwork

Pool of specialists and other technical specialists (e.g. IT audit)

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none"> • Annual client service review 	<ul style="list-style-type: none"> • The Audit Plan • The Audit Findings • Auditor’s Annual Report 	<ul style="list-style-type: none"> • Audit planning meetings • Audit clearance meetings • Communication of issues log 	<ul style="list-style-type: none"> • Technical updates
Informal communications	<ul style="list-style-type: none"> • Open channel for discussion 		<ul style="list-style-type: none"> • Communication of audit issues as they arise 	<ul style="list-style-type: none"> • Notification of up-coming issues

Our fee estimate

Our fee estimate

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the Council will:

- prepare good quality sets of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant estimates made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.
- Our fee estimate also assumes that you will engage suitably competent experts to assist management in the following areas:
 - Property, Plant and Equipment
 - Pensions

Page 64

Previous year

In 2024/25 the scale fee set by PSAA was £400,504. The actual fee charged for the audit, including audit of subsidiary companies (where applicable) was £419,504.

Company	Audit Fee for 2024/25 (£)	Proposed fee for 2025/26 (£)
Shropshire Council Audit	400,504	420,970
IFRS 16	10,000	0
Additional Group procedures	9,000	9,000
Total (Exc. VAT)	419,504	429,970

Our fee estimate (continued)

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2024\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2023 PSAA awarded a contract of audits for the Council to begin with effect from 2023/24. The scale fee set out in the PSAA contract for the 2025/26 audit is £420,970.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous Audit Year or opinion issued (but not before 1 December 2025)
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here [Fee Variations Overview – PSAA](#)

Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms. In this context, we confirm there are no matters that we are required to report:

As part of our assessment of our independence at planning, we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Council & Group that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Council & Group.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Council & Group as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Council & Group .
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Council & Group's board, senior management or staff (that would exceed the threshold set in the Ethical Standard).

The only matter we wish to bring to your attention is that our PFI team have been engaged to carry out some work for your waste contractor Veolia. We have ensured appropriate safeguards are in place including ensuring the PFI team have no access to any information held by the audit team and requiring the audit team to confirm adherence to strict protocols around our work and information barriers obtained during the course of the audit.

The firm and each covered person and network firms have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Following this consideration we can confirm that we are independent at planning and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for

the current year.

Fees and non-audit services

The following tables below sets out the non-audit services that we have been engaged to provide or charged from the beginning of the financial year to date as well as the threats to our independence and safeguards have been applied to mitigate these threats.

The below non-audit services are consistent with the group's policy on the allotment of non-audit work to your auditor.

None of the below services were provided on a contingent fee basis

For the purposes of our audit, we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to Shropshire Council. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fees as detailed below

Assurance Service Fees

Service	Fees £	Threats Identified	Safeguards applied
Teachers' Pension Return (2024/25) 2025/26 fee TBC	12,500	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is low in comparison to the total fee for the audit and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level. To mitigate against the self review threat, the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants. To mitigate against the management threat, ie acting in the capacity of management, the scope of the work does not include making decisions on behalf of management or recommending or suggesting a particular course of action for management to follow.
Certification of Housing Capital receipts grant (2024/25) 2025/26 fee TBC	10,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is expected to be low in comparison to the total fee for the audit and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level. To mitigate against the self review threat, the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants. To mitigate against the management threat, ie acting in the capacity of management, the scope of the work does not include making decisions on behalf of management or recommending or suggesting a particular course of action for management to follow.

Fees and non-audit services (continued)

Assurance Service Fees

Service	Fees £	Threats Identified	Safeguards applied
Comparative review of the approach to rail devolution and comparison to WMRE blueprint. (WMCA is primary customer)	75,000	<ul style="list-style-type: none"> • Self Interest • Self review 	This fee is related to work where WMCA is the primary customer, with Shropshire Council only impacted if this comes to fruition. The level of this fee taken on its own is not considered a significant threat to independence as the fee for this work is expected to be low in comparison to the total fee for the audit and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed, one-off fee and there is no contingent element to it. These factors all mitigate the perceived self interest threat to an acceptable level. To mitigate against the self review threat, we are not producing any reports that would lead to figures in the financial statements. Additionally, there is a separate team that does this work and the advisory team would not work on the audit. The audit team would also not work on the advisory work.
Part of 2024/25 2025/26 fee TBC	45,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is expected to be low in comparison to the total fee for the audit and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level. To mitigate against the self review threat, the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants. To mitigate against the management threat, ie acting in the capacity of management, the scope of the work does not include making decisions on behalf of management or recommending or suggesting a particular course of action for management to follow
Audit of subsidiary company Shropshire Towns and Rural Housing Limited (STaRH) (Fee is paid for by STaRH Housing)	38,200	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is expected to be low in comparison to the total fee for the audit and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
North-West Relief Road	TBC	Self-interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is expected to be low in comparison to the total fee for the audit and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	●	●

Page 69

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Communication of audit matters with those charged with governance (Continued)

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Page 70

Our communication plan	Audit Plan	Audit Findings
Views about the qualitative aspects of the Council & Group’s accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

Escalation Policy

The Backstop

The Department for Levelling Up, Housing and Communities have introduced an audit backstop date on a rolling basis to encourage timelier completion of local government audits.

As your statutory auditor, we understand the importance of appropriately resourcing audits with qualified staff to ensure high quality standards that meet regulatory expectations and national deadlines. It is the Council's responsibility to produce true and fair accounts in accordance with the CIPFA Code by the statutory deadline and respond to audit information requests and queries in a timely manner.

Escalation Process

To help ensure that accounts audits can be completed on time in the future, we have introduced an escalation policy. This policy outlines the steps we will take to address any delays in draft accounts or responding to queries and information requests. If there are any delays, the following steps should be followed:

Step 1 - Initial Communication with Strategic Finance Manager (within one working day of statutory deadline for draft accounts or agreed deadline for working papers)

- We will have a conversation with the Strategic Finance Manager to identify reasons for the delay and review the Authority's plans to address it. We will set clear expectations for improvement.

Step 2 - Further Reminder (within two weeks of deadline)

- If the initial conversation does not lead to improvement, we will send a reminder explaining outstanding queries and information requests, the deadline for responding, and the consequences of not responding by the deadline.

Step 3 - Escalation to S151 Officer (within one month of deadline)

- If the delay persists, we will escalate the issue to the S151 Officer, including a detailed summary of the situation, steps taken to address the delay, and agreed deadline for responding..

Step 4 - Escalation to the Audit Committee (at next available Audit Committee meeting or in writing to Audit Committee Chair within 6 weeks of deadline)

- If senior management is unable to resolve the delay, we will escalate the issue to the audit committee, including a detailed summary of the situation, steps taken to address the delay, and recommendations for next steps.

Step 5 - Consider use of wider powers (within two months of deadline)

- If the delay persists despite all efforts, we will consider using wider powers, e.g. issuing a statutory recommendation. This decision will be made only after all other options have been exhausted. We will consult with an internal risk panel to ensure appropriateness.

Aim

By following these steps, we aim to ensure that delays in responding to queries and information requests are addressed in a timely and effective manner, and that we are able to provide timely assurance to key stakeholders including the public on the Authority's financial statements.

Financial reporting changes

Changes to the CIPFA Code of practice on local authority accounting for 2025/26

The main change is a revaluation expedient for property, plant and equipment. From 1 April 2025, revaluations are required once every five years or on a five-year rolling basis with indexation in intervening years. This is a substantial change to the accounting for non current asset, that may require engagement with valuers, changes to underlying systems, asset records and accounting treatment.

New or revised accounting standards that are expected to be adopted by the CIPFA Code in future years.

Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

The International Accounting Standards Board (IASB) issued amendments to IFRS 9 and IFRS 7 to improve the reporting of nature-dependent electricity contracts, such as power purchase agreements (PPAs). These contracts, which secure electricity from sources like wind and solar power, can vary due to uncontrollable factors like weather. The amendments clarify the 'own-use' requirements, permit hedge accounting for these contracts, and introduce new disclosure requirements to help users of the accounts understand their impact on an entity's financial performance and cash flows. The amendments are expected to be adopted by the CIPFA Code for **2026/27**.

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities (including settling financial liabilities using an electronic payment system), adds guidance on the solely payment of principal and interest (SPPI) criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the CIPFA Code for **2026/27**.

IFRS 18 Presentation and Disclosure in the Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the comprehensive income and expenditure statement as well as introduce specific disclosure requirements. Some of the key changes are:

- introducing new defined categories for the presentation of income and expenses
- introducing specified totals and subtotals, for example the mandatory inclusion of 'Operating profit or loss' subtotal
- disclosure of management defined performance measures
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 will be effective in the UK from 1 January 2027 and so could impact the CIPFA Code from **2027/28**.

Group audit scope and risk assessment

Component	Risk of material misstatement to the group	Planned audit approach and level of response required under ISA (UK) 600 Revised	Response performed by	Risks identified	Auditor
Shropshire Council	Yes	Audit of the entire financial information of the component	Group auditor	Please refer to pages 6 -12	Grant Thornton UK
Cornvoii Development Limited (CDL)	No	Audit of one or more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements	Component auditor	Stock quantities are incorrect Figures used for the consolidation incorrect Consolidation not completed correctly	Grant Thornton UK
Shropshire Towns and Rural Housing (STARH) Ltd	No	Analytical procedures at group level	Group auditor	N/A	Grant Thornton UK
West Mercia Energy	No	Analytical procedures at group level	Group auditor	N/A	Grant Thornton UK
West Mercia Supplies (Pensions)	No	Analytical procedures at group level	Group auditor	N/A	Grant Thornton UK
Biodynamic Carbon Ltd	No	Analytical procedures at group level	Group auditor	N/A	Grant Thornton UK

Group audit scope and risk assessment (continued)

In accordance with ISA (UK) 600 Revised, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Key changes within the group

Page 74

There has been no changes to the group from prior year. Our work undertaken at the planning stage and discussions with management have confirmed this.

Fraud and litigation

We have not been made aware of any actual or attempted frauds in the year during our planning procedures performed to date. Should any factors arise in relation to fraud risk or actual or attempted fraud we ask that you inform us of this at the earliest possible opportunity.

Involvement in the work of component auditors

In order to use the work of the component auditor, we will require the ability to access relevant component auditor documentation to complete our group audit. The nature, time and extent of our involvement in the work of Azets Audit Services will begin with a discussion on risks, guidance on designing procedures, participation in meetings, followed by the review of relevant aspects of the Azets Audit Services audit documentation and meeting with appropriate members of management.

We will also require that the component auditor is independent under the independence requirements of the FRC and this may be stricter than the requirements for completing their local reports.

If we are unable to secure access to the component auditor's working papers we will report the impact of such impediments on the audit of the group financial statements.

Where a member of the Grant Thornton International network is involved, we will communicate to them your policy on non-audit services. You will ensure that each component entity within your group is aware of your policy.



© 2026 Grant Thornton. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton International Ltd (GTIL) and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

This page is intentionally left blank

The Audit Plan for Shropshire County Pension Fund

Page 77

Year ending 31 March 2026

March 2026



Page 78

Contents

Section	Page
Introduction and headlines	03
Significant risks identified	05
Other matters	08
Our approach to materiality	10
IT audit strategy	12
Interim audit work	13
Logistics	14
Our team and communications	15
Our fee estimate	16
Independence considerations	18
Communication of audit matters with those charged with governance	19
New and future standards and reporting requirements	21

Introduction and headlines



Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Shropshire County Pension Fund ('the Fund') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued the Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end, and what is expected from the audited body. Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of the Fund. We draw your attention to these documents in the links below.

- [Terms of Appointment from 2023/24 - PSAA](#)
- [Statement of responsibilities of auditors and audited bodies from 2023/24 audits - PSAA](#)

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Fund's financial statements that have been prepared by management with the oversight of those charged with governance (the Pensions Committee), and we consider whether there are sufficient arrangements in place at the Fund.

The audit of the financial statements does not relieve management or the Pensions Committee of their responsibilities. It is the responsibility of the Fund to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Fund is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Fund's business and is risk-based.

Introduction and headlines (Continued)



Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- management override of control
- valuation of level 3 investments.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £44.9 million (PY £38.8 million) for the Fund, which equates to 1.71% of your gross investment assets as at 31 March 2025.

We have determined a lower specific planning materiality for the Fund Account of £14.3 million (PY £14.3 million), which equates to 10% of prior year gross expenditure on the fund account.

Clearly trivial has been set at £2.2 million (PY £1.9 million).

Audit logistics

Our interim visit will take place in March 2026, and our final visit will take place in June and July. Our key deliverables are this Audit Plan, Auditor's Report, Auditor's Consistency Statement and our Audit Findings Report.

Our proposed fee for the audit is £90,404 (PY: £87,340) for the Fund, subject to the Fund delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) and we, as a Firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Audit team’s assessment	Planned audit procedures
<p>Management override of controls</p> <p>Significant</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.</p>	<p>We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals • analyse the journals listing and determine the criteria for selecting high risk unusual journals • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gain an understanding of the accounting estimates and critical judgements applied by management and consider their reasonableness with regard to corroborative evidence • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions

Page 81



“In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgement, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK).” (ISA (UK) 315).

In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK) 550).

Significant risks identified (continued)

Significant risk

The revenue cycle includes fraudulent transactions

Rebutted

Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue

Audit team's assessment

We have identified and completed a risk assessment of all revenue streams for the Fund. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams, because:

- there is little incentive to manipulate revenue recognition
- opportunities to manipulate revenue recognition are very limited
- the culture and ethical frameworks of public sector bodies, including the Fund, mean that all forms of fraud are seen as unacceptable.

Therefore, we do not consider this to be a significant risk for the Fund.

Planned audit procedures

We do not consider this to be a significant risk for the Fund and have therefore rebutted it. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.



Management should expect engagement teams to challenge management in areas that are complex, significant or highly judgemental which may be the case for accounting estimates, going concern, related parties and similar areas. Management should also expect to provide engagement teams with sufficient evidence to support their judgements and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

Significant risks identified (continued)

Significant risk

Significant

Valuation of level 3 investments

The valuations of level 3 investments are a significant accounting estimate based on unobservable inputs and hence there is a risk of material misstatement due to error and/or fraud.

Audit team's assessment

By their nature Level 3 investment valuations lack observable inputs. These valuations therefore represent a significant accounting estimate by management in the financial statements due to the size of the balance (£606.6 million as at 31 March 2025) and the sensitivity of the estimate to changes in key assumptions. We have therefore identified the valuation of Level 3 investments as a significant risk.

Planned audit procedures

We will:

- document and evaluate management's processes for valuing Level 3 investments
- obtain and review the audited financial statements of the investment accounts, where these are at a different reporting date to the Fund's financial statements:
 - the valuations will be compared to the year-end reporting date after accounting for cashflows, and
 - obtain and review the corresponding investment manager report (capital statement) as at the investment accounts audit date with the audited accounts and follow up significant differences
- independently obtain and review the corresponding investment manager reports (capital statements) as at the reporting date and compare to the financial statements
- review purchase and sale transactions of investments near the reporting date where appropriate
- review the guidelines under which investments have been valued at the date of the investment accounts and the Fund accounts
- review management's classification of the assets
- obtain and review investment manager service auditor report on design and operating effectiveness of relevant internal controls where appropriate
- undertake sample testing of purchases and sales to prime documentation across the period to support our reconciliation of the opening and closing balances.

Other matters

Other work

The Fund is administered by Shropshire Council (the 'Council'), and the Fund's accounts form part of the Council's financial statements.

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read any other information published alongside the Council's financial statements to check that it is consistent with the Fund's financial statements on which we give an opinion and is consistent with our knowledge of the Authority.

We consider our other duties under legislation and the Code, as and when required, including:

- giving electors the opportunity to raise questions about your 2025/26 financial statements, consider and decide upon any objections received in relation to the 2025/26 financial statements
- issue of a report in the public interest or written recommendations to the Fund under section 24 of the Act, copied to the Secretary of State
- application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
- issuing an advisory notice under Section 29 of the Act.

- We carry out work to satisfy ourselves on the consistency of the Fund's financial statements included in the Fund's annual report with the audited Fund's accounts.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Other matters (Continued)

2025 triennial valuation

Under Regulation 62 of the Local Government Pension Scheme Regulations 2013 the Fund must obtain an actuarial valuation of its assets and liabilities every three years. The latest valuation is as at 31 March 2025 (due to be published in April 2026). The purpose of the valuation is to set employer contribution rates for the period from 1 April 2026 to 31 March 2029. It also provides the source data for actuaries to prepare their estimate of the actuarial present value of promised retirement benefits at the Fund level, as required under *IAS 26 - Accounting and Reporting by Retirement Benefit Plans*, and provides the base for actuaries to roll forward their estimates and assumptions from the triennial valuation to annually estimate individual employers' pension liabilities between triennial revaluations as required by *IAS 19 - Employee Benefits*.

The data used by actuaries to produce IAS 19 liabilities and assets can be broadly split into two categories:

- 1) Individual member data used to calculate the triennial valuation liabilities and assets which the IAS 19 liabilities and assets are based on.
- 2) Data used to carry out the roll-forward calculation from the triennial valuation liabilities and assets to the IAS 19 liabilities and assets. This data is provided by administering authorities and the relevant employers.

As auditors, we therefore need to test the individual member data used by the actuaries in their triennial valuation calculations (Item 1) against independent records every three years and Item 2 testing is carried out annually. The work for Item 1 will involve picking a sample of members across actives, deferrals and pensioners and testing a number of separate data sets within each category. Item 2 testing is included within the annual scale fee but Item 1 is additional work that will be need to be subject to a fee variation of £5,000. Our proposed fee variation is included on Page 16.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Matter & Description

Determination

We have determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Fund, including consideration of factors such as stakeholder expectations, sector developments, financial stability and reporting requirements for the financial statements

Page 86

Other factors

An item does not necessarily have to be large to be considered to have a material effect on the financial statements

Reassessment of materiality

Our assessment of materiality is kept under review throughout the audit process

Planned audit procedures

We determine planning materiality in order to:

- establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements
- assist in establishing the scope of our audit engagement and audit tests
- determine sample sizes, and
- assist in evaluating the effect of known and likely misstatements in the financial statements.

An item may be considered to be material by nature when it relates to instances where greater precision is required.

Additionally, there may be items which we feel would benefit from a lower specific materiality for those account balances (e.g. benefits payable within the Fund Account). Details of lower specific materialities applied can be found on the next page.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

Our approach to materiality (Continued)

Materiality	Amount (£)	Qualitative factors considered
Headline materiality for the Fund's financial statements	44.90m	Headline Materiality for planning equates to 1.71% of your gross investment assets as at 31 March 2025. We deem this to be a level above which errors or omissions would alter the economic decisions of users of the accounts.
Specific materiality for Fund Account: a lower specific materiality for the fund account will be applied to the audit of all fund account transactions, except for investment transactions, for which headline materiality will be applied.	14.25m	Materiality for the Fund Account for planning equates to 10% of gross expenditure (in the fund account) as at 31 March 2025. We deem this to be a level above which errors or omissions would alter the economic decisions of users of the accounts.
Trivial matters - reporting threshold	2.20m	We will report to you all misstatements identified in excess of the reporting threshold, in addition to any matters considered to be qualitatively material. Trivial threshold is based on a percentage (5%) of the overall materiality. No significant issues noted in prior year and no significant change in business processes or control environment.

Page 87



Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audit and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audit will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

We plan to rely on the operation of those business process controls and will therefore also carry out testing on the operation of the ITGCs in use to mitigate the risks from IT relevant to those controls. This is to gain assurance that the relevant controls have been operating effectively throughout the period.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach, we will perform the indicated level of assessment:

Page 88

IT application	Audit area	Planned level IT audit assessment
Business World – Unit 4	Financial reporting	<ul style="list-style-type: none"> ITGC assessment (design, implementation and operating effectiveness)
Altair	Member Data	<ul style="list-style-type: none"> ITGC assessment (design, implementation and operating effectiveness)

Interim Audit Work

Details of work to be conducted at interim:

The backstop date is moving earlier in the year, as a result and to ensure that all work can be completed by this date, we will be using interim visit as a key part of the audit approach. Interim visits should be treated with the same importance as final accounts and will include regular catch-ups between management and the audit team to facilitate this visit.

Description	Work commentary
Advance testing areas	We have selected a sample for detailed testing for M1-9 based on interim data provided for the following areas: <ul style="list-style-type: none"><li data-bbox="351 556 955 592">• Employees and Employers contributions<li data-bbox="351 606 573 642">• Benefits paid<li data-bbox="351 656 840 692">• Investment purchases and sales<li data-bbox="351 706 547 742">• Lump sums<li data-bbox="351 756 713 792">• Triennial member data<li data-bbox="351 806 751 835">• Member data movements

Logistics

The audit timeline

Key Dates:

Pensions Committee:
20 March 2026

Year end:
31 March 2026

Pensions committee:
18 Sept 2026

Sign off:
Work complete by September 2026, sign off by November 2026

Audit phases:

Planning – 1 week
Jan 2026

Interim – 2 weeks
March 2026

Final – 7 weeks
June – July 2026

Completion – 1 week
September 2026

Page 90

Key elements

- Planning meeting with management to set audit scope
- Planning requirements checklist to management
- Agree timetable and deliverables with management and Pensions Committee

Key elements

- Document design effectiveness of systems and processes
- Any planned advance testing
- Issue the Audit Plan to management and Pensions Committee

Key elements

- Audit teams onsite to complete fieldwork and detailed testing
- Weekly update meetings with management

Key elements

- Draft Audit Findings issued to management
- Audit Findings meeting with management
- Draft Audit Findings issued to Pensions Committee
- Audit Findings presentation to Pensions Committee
- Finalise and sign financial statements and audit report

Our team and communications

Grant Thornton core team

Avtar Sohal

Key Audit Partner

- Key contact for senior management and Pensions Committee
- Overall quality assurance

Elliot Baker

Audit Manager

- Audit planning
- Resource management
- Performance management reporting

Zizipho Khonza

In-charge

- On-site audit team management
- Day-to-day point of contact
- Audit fieldwork

Page 9

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none"> • Client Surveys 	<ul style="list-style-type: none"> • The Audit Plan • The Audit Findings • Auditor’s Annual Report 	<ul style="list-style-type: none"> • Audit planning meetings • Audit clearance meetings • Communication of issues log 	<ul style="list-style-type: none"> • Technical updates
Informal communications	<ul style="list-style-type: none"> • Open channel for discussion 		<ul style="list-style-type: none"> • Communication of audit issues as they arise 	<ul style="list-style-type: none"> • Notification of up-coming issues

As part of our overall service delivery, we may utilise colleagues who are based overseas, primarily in India and the Philippines. Those colleagues work on a fully integrated basis with our team members based in the UK and receive the same training and professional development programmes as our UK based team. They work as part of the engagement team, reporting directly to the In-charge and Manager and will interact with you in the same way as our UK based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.

Our fee estimate

Our fee estimate:

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the Fund will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made while preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.

Page 92

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2024\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2017, PSAA awarded a contract of audit for Shropshire County Pension Fund to begin with effect from 2018/19. This contract was re-tendered in 2023 and Grant Thornton have been re-appointed as your auditors. The scale fee set out in the PSAA contract for the 2025/26 audit is £90,404.

Description

Description	Audit Fee for 2024/25 (£)	Proposed fee for 2025/26 (£)
Shropshire County Pension Fund Audit	86,240	90,404
IAS 19 letters to auditors of bodies outside the NAO code	1,100	1,100
2025 triennial valuation data testing	-	5,000
Other	-	-
Total (Exc. VAT)	87,340	96,504

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous Audit Year or opinion issued
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here [Fee Variations Overview – PSAA](#)

Fees and non-audit services

The following tables below sets out the non-audit services charged from the beginning of the financial year to year end ie 31 March 2026, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

The below non-audit services are consistent with the Fund's policy on the allotment of non-audit work to your auditor

None of the below services were provided on a contingent fee basis

For the purposes of our audit, we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to Shropshire County Pension Fund. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fees as detailed in the table below.

Grant Thornton UK LLP also acts as the statutory auditor of Shropshire Council. The fees for the audit and non-audit services charged for this entity are reported in its Audit Plan. We consider that such services and fees do not impair our independence.

Assurance Service Fees

Service	£	Threats Identified	Safeguards applied
Audit Related Assurance			
CAS 19 Assurance letters for Admitted Bodies outside of the NAO Code of Audit Practice (£1,100 per letter and received one request in 2024/25 which we anticipate being repeated)	£1,100 per letter	Self-Interest (because this is potentially a recurring fee)	<p>The level of this recurring fee taken on its own is not considered a significant threat to independence as the total fee for this work is £1,100 in comparison to the total proposed fee for the audit of £90,404 and relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.</p> <p>We have not prepared the financial information on which our assurances will be used by the requesting auditor to form an opinion on as part of their opinion on the financial statements of the admitted body. Any decisions whether to change controls over, or edits required to, financial information arising from our findings will be a matter for informed management.</p> <p>The scope of the work does not include making decisions on behalf of management or recommending or suggesting a particular course of action for management to follow. We may make recommendations to the Fund in respect of control weaknesses, in the same way as we would in an audit of financial statements. Informed management understand the operation of systems and can challenge our recommendations as appropriate.</p>
Total	£1,100		

Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms). In this context, there are no matters that we are required to report:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Fund and/or Administering Authority that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Fund and/or Administering Authority or investments in the Fund and/or Administering Authority held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Fund/Administering Authority as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Fund and/or Administering Authority.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Fund's and/or Administering Authority's board, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We confirm that there are no significant facts or matters that impact on our independence at planning as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person and network firms have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Communication of audit matters with those charged with governance

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Page 95

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●

Communication of audit matters with those charged with governance (continued)

Our communication plan	Audit Plan	Audit Findings
Views about the qualitative aspects of the Fund’s accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

New and future standards and reporting requirements

New or revised accounting standards that have been adopted by the CIPFA Code for 2025/26

Amendments to IAS 21 – Lack of Exchangeability

IAS 21 *The Effects of Changes in Foreign Exchange Rates* has been amended by the IASB to clarify how an entity should assess whether a currency is exchangeable and how it should determine an appropriate spot exchange rate when exchangeability is lacking. The amendments introduce more detailed guidance on identifying a lack of exchangeability and on estimating a spot exchange rate in such circumstances. These amendments have been adopted by the Code from 1 April 2025.

IFRS 17 – Insurance Contracts

IFRS 17 Insurance Contracts was issued by the IASB in May 2017 and has been adopted by the CIPFA Code for local authority accounting from 1 April 2025. The standard introduces a new comprehensive framework for the recognition, measurement, presentation and disclosure of insurance contracts, replacing IFRS 4. Key features of IFRS 17 include the introduction of revised measurement models for insurance liabilities, the contractual service margin to defer unearned profit, new presentation requirements and significantly enhanced disclosures aimed at improving transparency and comparability.

New or revised accounting standards that are expected to be adopted by the CIPFA Code in future years.

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities (including settling financial liabilities using an electronic payment system), adds guidance on the solely payment of principal and interest (SPPI) criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the CIPFA Code for [2026/27](#).



© 2026 Grant Thornton. All rights reserved.

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.



Committee and Date

Audit and Governance Committee

25th June 2026

10:00am

Item

Public

Review of the Audit and Governance Committee's Annual Work Plan 2026/27

Responsible Officer:	Duncan Whitfield		
email:	Duncan.Whitfield@shropshire.gov.uk	Tel:	01743 254928
Cabinet Member (Portfolio Holder):	Heather Kidd, Leader of the Council Sharon Ritchie-Simmons Chair of the Audit and Governance Committee Roger Evans, Portfolio Holder – Finance		

1. Synopsis

Audit and Governance 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 and Governance 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 an opportunity for the committee to review its workplan for the year ahead following a change in membership.
- 2.2. The Audit and Governance Committee work plan and learning and development sessions for members will be met from within approved budgets.

3. Recommendations

- 3.1. The Committee is asked to consider any changes it wishes to make to the previously agreed workplan.

Report

4. Risk Assessment and Opportunities Appraisal

- 4.1. By identifying the key topics to be considered at the Audit and Governance Committee meetings and receiving appropriate learning and development sessions in respect of their roles and responsibilities, 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. There are no financial implications arising directly from this report.

6. Climate Change Appraisal

- 6.1. There are no climate change issues arising directly from this report.

7. Background

- 7.1. The Audit and Governance Committee workplan was presented to and approved by the Committee in February 2026. The work plan demonstrates how reports to the Audit and Governance Committee contribute to the delivery of the Committee's Terms of Reference and what assurances they provide. This forms the core work of the Committee, however, throughout the year additional reports may be requested e.g. management updates on limited or unsatisfactory assurance areas. These requests will be considered as part of the action log review at the end of each meeting.
- 7.2. Given the change in the Committee's membership at the Council meeting in May 2026 the opportunity has been taken to revisit the workplan to ensure it includes all of the assurance areas the Committee requires alongside the requirements of the terms of reference for the Committee.
- 7.3. A report from the Chief Executive on delivery of the improvement plan was scheduled to be reported to each committee meeting, however this is now being reported to Cabinet and has therefore been removed.
- 7.4. The Chief Audit Executive update on the quality assurance and improvement programme has been moved from June 2026 to February 2027 as an external inspection is due to take place late 2026.

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

Audit and Governance Committee Workplan approved in February 2026

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 and Governance Committee Work Plan 2026/27

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
Core business 25 June 2026		
Chief Executive: Improvement Plan Update	<p>To provide assurance on the progress made delivering the Council's Improvement Plan.</p> <p>Ensure there is a robust plan in place that is subject to scrutiny and challenge.</p> <p>Ensure that clear performance measures are in place and are reported on regularly.</p> <p>Ensure that appropriate mechanisms are in place to identify, manage or mitigate risks associated with delivery of the Improvement Plan.</p>	The Committee can require relevant officers, members and agencies to attend at any meeting where such attendance would be expedient to the work of the Committee.
Internal Audit: Performance Report and Revised Annual Audit Plan	<p>Understand the level of assurances being given based on audit work and the impact on the Council's governance, risk and control environment.</p> <p>Ensure management action is taken to improve controls / manage risks identified.</p> <p>Encouraging ownership of the internal control framework by appropriate managers.</p> <p>Confirm appropriate progress being made on the delivery of the audit plan and performance targets.</p>	<p>To consider reports from the Chief Audit Executive on Internal Audit's performance during the year. 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.</p> <p>To consider summaries of specific internal audit reports as requested.</p> <p>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</p>

Page 102

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
	<p>Understand any resourcing issues because of changes to the plan.</p>	<p>concerns about progress with the implementation of agreed actions.</p> <p>To approve significant interim changes to the risk based internal audit plan and resource requirements, including approval of significant additional consulting services as advised by the Chief Audit Executive and agreed by the Section 151 Officer.</p> <p>To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.</p> <p>To monitor progress in addressing risk-related issues reported to the committee; Seek assurances that action is taken by management in risk related issues identified by auditors and inspectors; Resolve any outstanding differences between internal and external auditors and management when action or major recommendations have not been agreed.</p>
<p>Internal Audit: Annual Opinion Report.</p>	<p>Chief Audit Executive's overall opinion on the Council's internal control environment.</p> <p>Performance against the revised internal audit plan.</p>	<p>To consider the Chief Audit Executive's annual report, specifically:</p> <p>a) The statement of the level of conformance with the Global Internal Audit Standards and Local</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
	<p>Provides a review of the effectiveness of the systems of internal control.</p>	<p>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.</p>
<p>Internal Audit: Annual Assurance Report of the Audit and Governance Committee to Council.</p>	<p>Provide assurance that the Committee has adequately discharged its terms of reference and has positively contributed to how well the Council is run.</p> <p>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.</p>	<p>To publish an annual report on the work of the Committee by reporting 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.</p> <p>To report to Council where the Audit and Governance Committee wish to raise concerns within their remit, have added value, improved or promoted the control environment and performance in relation to the Terms of Reference and the effectiveness of the Committee in meeting its purpose and functions.</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
Service Director Enabling: Annual Whistleblowing Report.	Provide assurance that the Council's whistleblowing arrangements are effective, trusted and compliant and that concerns about wrongdoing are being handled appropriately.	To review the assessment of fraud risks and potential harm to the Council from fraud, bribery and corruption.
Section 151 Officer: Annual Treasury Report.	<p>Provide assurance on the treasury activities for the Council, including the investment performance of the team.</p> <p>Provides assurance on adherence to the CIPFA Treasury Management Code of Practice, a framework that sets out how public bodies should manage their borrowing, investments, and cash flows, ensuring effective risk control, transparency, and good governance in all treasury activities.</p>	<p>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.</p> <p>To review the treasury risk profile and adequacy of treasury risk management procedures and assurances on treasury management in accordance with best practice.</p> <p>To consider, review and, as necessary approve the mid-year Treasury Strategy Report and Annual Treasury Report before submission to Full Council.</p>
Internal Audit: Fraud, Special 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).	<p>To review the assessment of fraud risks and potential harm to the Council from fraud, bribery and corruption.</p> <p>To monitor the counter-fraud, bribery and corruption strategy, actions and resources.</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
		To consider and review reports on Internal Audit investigations including frauds and consideration of recommendations for strengthening internal controls.
Monitoring Officer: Contract Rules Exemptions Update	To provide assurance that any departure from the Council's Contract Procedure rules is lawful, justified and appropriately controlled in line with the delegations to Officers.	To consider the Council's arrangements for securing value for money, supporting standards and ethics and review assurances and assessments on the effectiveness of these arrangements.
External Audit: Shropshire Council Audit Plan 2025/26.	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 support the quality and effectiveness of the external audit process and to comment on the scope and depth of external audit work to ensure it gives value for money and complies with ethical standards. To consider, review and, as appropriate, approve the External Auditor's work plan, including comments on the scope and depth of external audit work to ensure it gives value for money.
Other assurance		
External Audit: Pension Fund Audit Plan 2025/26	Evidence that the External Auditor understands the Pension Fund's business, risk, challenges and opportunities it is facing. Explanation of its audit	To consider specific reports as agreed with the External Auditor and other inspection agencies.

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
	<p>approach and the scope of its plans for the Pension Fund.</p>	<p>To consider, review and, as appropriate, approve the External Auditor's work plan, including comments on the scope and depth of external audit work to ensure it gives value for money.</p>
Core business 15 July 2026		
<p>Section 151 Officer: Financial Outturn report.</p>	<p>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.</p> <p>Provides details of the potential risks affecting the balances and financial health of the Council.</p> <p>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.</p>	<p>To review and if necessary, approve 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.</p> <p>When required, to approve the Annual Statement of Accounts or before submission to Full Council for such approval.</p> <p>To consider the Council's arrangements for securing value for money and review assurances and assessments on the effectiveness of these arrangements.</p>
<p>Section 151 Officer: 2025/26 Statement of Accounts.</p>	<p>Ensure that the narrative report to the accounts help the public understand the Council's financial management of public funds.</p>	<p>To review and if necessary, approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
	<p>Where a meeting is held before the 31st July, to agree that the Executive Director (s151 Officer) be authorised to make any minor adjustments to the Statement of Accounts prior to the 31st July.</p>	<p>from the financial statements or from the audit that need to be brought to the attention of the Council.</p> <p>When required, to approve the Annual Statement of Accounts or before submission to Full Council for such approval.</p>
<p>Section 151 Officer: Annual Governance Statement (AGS) and Code of Corporate Governance.</p>	<p>Confirm that the final Annual Governance Statement accurately reflects the Committee's understanding of how the Council is run.</p> <p>Gain assurance that management have progressed the agreed actions associated with the significant issues / key risks identified in the Annual Governance Statement.</p> <p>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.</p>	<p>To consider, review and, as appropriate, approve 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 and assurances on how effectively the Seven Principles of Public Life are supported.</p> <p>To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.</p> <p>To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
		To consider and review a report on the adequacy of the Council's corporate governance arrangements.
Strategy and Scrutiny Manager: Risk Management Annual report	<p>To understand the current strategic risk exposure together with recent modifications and planned changes to strategic risk management within the Council.</p> <p>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.</p> <p>Gain assurance that both operational and project risks are managed in accordance with the corporate opportunity risk management strategy.</p>	<p>To monitor the effective development and operation of risk management in the Council.</p> <p>To consider, review and, as appropriate, approve a report on the strategic risks of the Council and a review of the adequacy of the Council's risk management arrangements.</p>
Other assurance		
None planned		
Core business 25 September 2026		
Chief Executive: Improvement Plan Update	<p>To provide assurance on the progress made delivering the Council's Improvement Plan.</p> <p>Ensure there is a robust plan in place that is subject to scrutiny and challenge.</p>	The Committee can require relevant officers, members and agencies to attend at any meeting where such attendance would be expedient to the work of the Committee.

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
	<p>Ensure that clear performance measures are in place and are reported on regularly.</p> <p>Ensure that appropriate mechanisms are in place to identify, manage or mitigate risks associated with delivery of the Improvement Plan.</p>	
<p>Strategy and Scrutiny Manager: Strategic Risks Update.</p>	<p>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.</p> <p>Provide information to confirm to the Audit and Governance 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.</p>	<p>To monitor the effective development and operation of risk management in the Council.</p> <p>To consider, review and, as appropriate, approve a report on the strategic risks of the Council and a review of the adequacy of the Council's risk management arrangements.</p>
<p>Internal Audit: Performance report and revised Annual Audit Plan.</p>	<p>Understand the level of assurances being given based on audit work and the impact on the Council's governance, risk and control environment.</p> <p>Ensure management action is taken to improve controls / manage risks identified.</p>	<p>To consider reports from the Chief Audit Executive on Internal Audit's performance during the year. 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.</p> <p>To consider summaries of specific internal audit reports as requested.</p>

Page 110

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
	<p>Encouraging ownership of the internal control framework by appropriate managers.</p> <p>Confirm appropriate progress being made on the delivery of the audit plan and performance targets.</p> <p>Understand any resourcing issues because of changes to the plan.</p>	<p>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.</p> <p>To approve significant interim changes to the risk based internal audit plan and resource requirements, including approval of significant additional consulting services as advised by the Chief Audit Executive and agreed by the Section 151 Officer.</p> <p>To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.</p> <p>To monitor progress in addressing risk-related issues reported to the committee; Seek assurances that action is taken by management in risk related issues identified by auditors and inspectors; Resolve any outstanding differences between internal and external auditors and management when action or major recommendations have not been agreed.</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
Internal Audit: Annual Review of Audit and Governance Committee Terms of Reference.	Ensures the Audit and Governance Committee continues to benefit the Council by providing an effective service assessed against current best practice.	<p>To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.</p> <p>An annual review of the Terms of Reference for the Audit and Governance Committee, making any recommendations for significant changes in them to Full Council.</p>
Internal Audit: Annual review of Internal Audit Charter and Mandate.	Assurance that effective corporate governance arrangements are maintained in the Council, part of which is evidenced by a current Internal Audit Charter. The Council complies with the Global Internal Audit Standards and CIPFA application note for the UK public sector.	<p>To approve the Internal Audit Charter and Mandate incorporating the mission, code of ethics, definition and core principles of Internal Audit.</p> <p>To consider, review and, as appropriate, approve proposals for any revision of the Internal Audit Charter and Mandate.</p>
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.	<p>To review the assessment of fraud risks and potential harm to the Council from fraud, bribery and corruption.</p> <p>To monitor the counter-fraud, bribery and corruption strategy, actions and resources.</p> <p>To consider and review reports on Internal Audit investigations including frauds and consideration of</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
		recommendations for strengthening internal controls.
Monitoring Officer: Contract Rules Exemptions Update	To provide assurance that any departure from the Council's Contract Procedure rules is lawful, justified and appropriately controlled in line with the delegations to Officers.	To consider the Council's arrangements for securing value for money, supporting standards and ethics and review assurances and assessments on the effectiveness of these arrangements.
External Audit: Audit progress report and sector update.	<p>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.</p> <p>The paper also includes:</p> <ul style="list-style-type: none"> • 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. 	<p>To consider specific reports as agreed with the External Auditor and other inspection agencies.</p> <p>To support the quality and effectiveness of the external audit process and to comment on the scope and depth of external audit work to ensure it gives value for money and complies with ethical standards</p> <p>To consider, review and, as appropriate approve The External Auditor's Progress and Findings; and Annual Reports following completion of the annual audit of the Accounts.</p>
Other assurance		
External Audit: Shropshire County Pension Fund Interim	Seek assurance over the adequacy of the External Audit opinion on the financial statements and the Council's value for money arrangements.	To consider the External Auditor's report to those charged with governance on issues arising from the audit of the accounts.

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
Audit Findings Report 2025/26	Ensure any issues / risks identified are being effectively managed.	To consider, review and, as appropriate approve The External Auditor's Progress and Findings; and Annual Reports following completion of the annual audit of the Accounts.
Core business 26 November 2026		
Chief Executive: Improvement Plan Update	<p>To provide assurance on the progress made delivering the Council's Improvement Plan.</p> <p>Ensure there is a robust plan in place that is subject to scrutiny and challenge.</p> <p>Ensure that clear performance measures are in place and are reported on regularly.</p> <p>Ensure that appropriate mechanisms are in place to identify, manage or mitigate risks associated with delivery of the Improvement Plan.</p>	The Committee can require relevant officers, members and agencies to attend at any meeting where such attendance would be expedient to the work of the Committee.
Section 151 Officer Final Approval of Statement of Accounts	<p>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.</p> <p>Consider the outcome of the External Audit and the appropriateness of management responses.</p>	To review and if necessary, approve 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.

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
	<p>Seek assurance that the Council has appropriate accounting policies in place to ensure that items are treated correctly in the accounts.</p> <p>Agree that the Executive Director (s151 Officer) and the Chairman of the Audit and Governance Committee sign the letter of representation in relation to the financial statements on behalf of the Council and send to the External Auditor.</p>	<p>When required, to approve the Annual Statement of Accounts or before submission to Full Council for such approval.</p>
<p>Internal Audit: Annual review of Counter Fraud, Bribery and Anti-Corruption Strategy and activities.</p>	<p>Confirm that the Council's counter fraud activity is targeted and effective.</p> <p>Ensure that appropriate progress is being made on the delivery of the Counter Fraud plan.</p> <p>Ensure that lessons have been learnt – understand fraud risks facing the Council and actions being taken to reduce the risk</p> <p>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</p>	<p>To monitor the counter-fraud, bribery and corruption strategy, actions and resources.</p> <p>To review the assessment of fraud risks and potential harm to the Council from fraud, bribery and corruption.</p> <p>To consider, review and, as appropriate approve the annual review and re-affirmation of the Council's Counter Fraud, Bribery and Anti-Corruption Strategy to ensure on-going training and awareness of all staff regarding Counter Fraud and Anti-Corruption measures.</p>

Page 115

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
	<p>strategy's continuing and important role in the corporate governance and internal control framework.</p> <p>Provides an update and assurances on the outcomes of the National Fraud Initiative.</p>	
<p>Internal Audit: Performance Report and revised Annual Audit Plan.</p>	<p>Understand the level of assurances being given based on audit work and the impact on the Council's governance, risk and control environment.</p> <p>Ensure management action is taken to improve controls / manage risks identified.</p> <p>Encouraging ownership of the internal control framework by appropriate managers.</p> <p>Confirm appropriate progress being made on the delivery of the audit plan and performance targets.</p> <p>Understand any resourcing issues because of changes to the plan.</p>	<p>To consider reports from the Chief Audit Executive on Internal Audit's performance during the year. 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.</p> <p>To consider summaries of specific internal audit reports as requested.</p> <p>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.</p> <p>To approve significant interim changes to the risk based internal audit plan and resource requirements, including approval of significant additional consulting services as advised by the</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
		<p>Chief Audit Executive and agreed by the Section 151 Officer.</p> <p>To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.</p> <p>To monitor progress in addressing risk-related issues reported to the committee; Seek assurances that action is taken by management in risk related issues identified by auditors and inspectors; Resolve any outstanding differences between internal and external auditors and management when action or major recommendations have not been agreed.</p>
<p>Section 151 Officer: Treasury Strategy Mid-Year report.</p>	<p>Provide assurance on the treasury activities for Shropshire Council, including the investment performance of the internal Treasury team.</p> <p>Provides assurance on adherence to the CIPFA Treasury Management Code of Practice, a framework that sets out how public bodies should manage their borrowing, investments, and cash flows, ensuring effective risk control, transparency, and good governance in all treasury activities.</p>	<p>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.</p> <p>To review the treasury risk profile and adequacy of treasury risk management procedures and assurances on treasury management in accordance with best practice.</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
		To consider, review and, as appropriate, approve the mid-year Treasury Strategy Report and Annual Treasury Report before submission to Full Council.
Section 151 Officer: Annual Audit and Governance Committee Self-Assessment.	<p>Confirmation that the Audit and Governance Committee is working effectively and where any further improvements are identified to improve its overall effectiveness, there are plans to implement these.</p> <p>CIPFA's guidance on the audit committee knowledge and skills framework emphasises that members should collectively possess appropriate governance, financial, risk, audit and ethical competencies, with regular evaluation and targeted training to ensure the committee remains effective and well-skilled.</p>	<p>To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.</p> <p>All Members of the Audit and Governance Committee should have, or acquire as soon as possible after appointment: -</p> <ul style="list-style-type: none"> • An understanding of the objectives and current significant issues facing the Council. • An understanding of the Council's structure including key relationships with external partner organisations. • An understanding of any relevant legislation or other rules governing the operation of the Council. • A broad understanding of the local government environment, its accountability structures and current, major initiatives. <p>CIPFA recommends that the Audit Committee should corporately possess an appropriate level of knowledge/skills/experience in: -</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
		<ul style="list-style-type: none"> • The Council's governance and regulatory frameworks. • Understanding of the wider governance environment in which the Council operates and the accountability structures within that environment. • Financial management and accounting including accounting concepts and standards. • Risk management. • Audit. • Counter fraud. • Treasury management. <p>The Committee should receive appropriate levels of training.</p>
<p>Internal Audit: Fraud, Special Investigations and RIPA update.</p>	<p>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.</p>	<p>To review the assessment of fraud risks and potential harm to the Council from fraud, bribery and corruption.</p> <p>To monitor the counter-fraud, bribery and corruption strategy, actions and resources.</p> <p>To consider and review reports on Internal Audit investigations including frauds and consideration of</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
		recommendations for strengthening internal controls.
Monitoring Officer: Exemptions Update	To provide assurance that any departure from the Council's Contract Procedure rules is lawful, justified and appropriately controlled in line with the delegations to Officers.	To consider the Council's arrangements for securing value for money, supporting standards and ethics and review assurances and assessments on the effectiveness of these arrangements.
External Audit: Shropshire Council Audit Findings Report 2025/26	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. To consider, review and, as appropriate approve The External Auditor's Progress and Findings; and Annual Reports following completion of the annual audit of the Accounts.
External Audit: Auditors Annual Report 2025/26 (VFM)	To provide assurance on the adequacy of the arrangements the Council has in place for securing value for money. Under the Local Audit and Accountability Act 2014 External Audit are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) Code of	To consider the External Auditor's annual letter, relevant reports, and the report to those charged with governance. To consider the Council's arrangements for securing value for money, supporting standards and ethics and review assurances and assessments on the effectiveness of these arrangements.

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
	Audit Practice requires External Audit to assess arrangements for: <ul style="list-style-type: none"> - financial sustainability - governance - improving economy, efficiency and effectiveness. 	To consider, review and, as appropriate approve The External Auditor's Progress and Findings; and Annual Reports following completion of the annual audit of the Accounts.
Other assurance		
None planned.		
Core business 4 February 2027		
Chief Executive: Improvement Plan Update	To provide assurance on the progress made delivering the Council's Improvement Plan. Ensure there is a robust plan in place that is subject to scrutiny and challenge. Ensure that clear performance measures are in place and are reported on regularly. Ensure that appropriate mechanisms are in place to identify, manage or mitigate risks associated with delivery of the Improvement Plan.	The Committee can require relevant officers, members and agencies to attend at any meeting where such attendance would be expedient to the work of the Committee.
Strategy and Scrutiny 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	To monitor the effective development and operation of risk management in the Council.

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
	<p>robust. Strategic risks are a key aspect of the Annual Governance Statement. Provide information to confirm to the Audit and Governance 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.</p>	<p>To consider, review and, as appropriate, approve a report on the strategic risks of the Council and a review of the adequacy of the Council's risk management arrangements.</p>
<p>Section 151 Officer: Annual review of Internal Audit: Quality Assurance and Improvement Programme (QAIP).</p>	<p>That Internal Audit complies with the Global Internal Audit Standards and UK Local Government Application Note and is effective in doing so. That there is an improvement programme in place to ensure that any identified gaps are addressed.</p>	<p>To consider reports from the Chief Audit Executive on Internal Audit's performance during the year, these will include reports on:</p> <ul style="list-style-type: none"> • the results of the Quality Assurance and Improvement Programme; and • instances where the Internal Audit function does not conform to the Global Internal Audit Standards and Local Government Application Note, considering whether the non-conformance should be included in the Annual Governance Statement. <p>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.</p>

Page 122

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
		<p>To consider and review a report on the Internal Audit system and ongoing Quality Assurance and Improvement Programme.</p> <p>To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of Internal Auditing of the Chief Audit Executive. To approve and periodically review safeguards to limit such impairments.</p>
<p>Section 151 Officer: Treasury Strategy.</p>	<p>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 Treasury Management activities and reduce any potential for financial loss.</p> <p>Provides assurance on adherence to the CIPFA Treasury Management Code of Practice, a framework that sets out how public bodies should manage their borrowing, investments, and cash flows, ensuring effective risk control, transparency, and good governance in all treasury activities.</p>	<p>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.</p> <p>To consider, review and, as appropriate, approve the Treasury Strategy Reports including the Annual Investment Strategy and Minimum Revenue Provision Policy before submission to Full Council.</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
Internal Audit: Report of the Audit Review of Risk Management.	Provides independent assurance on the overall control environment for 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.	<p>To monitor the effective development and operation of risk management in the Council.</p> <p>To consider, review and, as appropriate, approve a report on the strategic risks of the Council and a review of the adequacy of the Council's risk management arrangements.</p>
Internal Audit: Performance report and revised Annual Audit Plan.	<p>Understand the level of assurances being given based on audit work and the impact on the Council's governance, risk and control environment.</p> <p>Ensure management action is taken to improve controls / manage risks identified.</p> <p>Encouraging ownership of the internal control framework by appropriate managers.</p> <p>Confirm appropriate progress being made on the delivery of the audit plan and performance targets.</p> <p>Understand any resourcing issues because of changes to the plan.</p>	<p>To consider reports from the Chief Audit Executive on Internal Audit's performance during the year. 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.</p> <p>To consider summaries of specific internal audit reports as requested.</p> <p>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.</p> <p>To approve significant interim changes to the risk based internal audit plan and resource requirements, including approval of significant</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
		<p>additional consulting services as advised by the Chief Audit Executive and agreed by the Section 151 Officer.</p> <p>To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.</p> <p>To monitor progress in addressing risk-related issues reported to the committee; Seek assurances that action is taken by management in risk related issues identified by auditors and inspectors; Resolve any outstanding differences between internal and external auditors and management when action or major recommendations have not been agreed.</p>
<p>Internal Audit: Draft Annual Internal Audit risk-based plan 2027/28.</p>	<p>That the Internal Audit Plan focuses on the key risks facing the Council and is adequate to support the Chief Audit Executive's opinion.</p> <p>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.</p>	<p>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.</p> <p>To make appropriate enquiries of both management and the Chief Audit Executive to determine if there are any inappropriate scope or resource limitations.</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
	<p>Ensure that the Internal Audit Resource has sufficient capacity and capability to deliver the plan.</p> <p>Seek an understanding of what assurances Internal Audit will be providing the Committee to help it discharge its terms of reference.</p> <p>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.</p>	<p>To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.</p>
<p>Internal Audit: Draft Audit and Governance Committee annual work plan and future training requirements 2027/28.</p>	<p>Assurance that the agreed plan of work for the year ahead will deliver against the terms of reference of the Audit and Governance Committee and that Members will receive appropriate learning and development to deliver their responsibilities effectively.</p> <p>Gain assurance that the Committee is complying With CIPFA's guidance for Audit Committees and ensuring Members regularly evaluate their knowledge and skills linked to identify training needs.</p>	<p>To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.</p> <p>In carrying out the core functions the Audit and Governance Committee will approve an annual work plan.</p>
<p>Internal Audit: Fraud, Special Investigations and RIPA update.</p>	<p>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.</p>	<p>To review the assessment of fraud risks and potential harm to the Council from fraud, bribery and corruption.</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
		<p>To monitor the counter-fraud, bribery and corruption strategy, actions and resources.</p> <p>To consider and review reports on Internal Audit investigations including frauds and consideration of recommendations for strengthening internal controls.</p>
Monitoring Officer: Exemptions Update	To provide assurance that any departure from the Council's Contract Procedure rules is lawful, justified and appropriately controlled in line with the delegations to Officers.	To consider the Council's arrangements for securing value for money, supporting standards and ethics and review assurances and assessments on the effectiveness of these arrangements.
External Audit: Audit progress report and sector update.	<p>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.</p> <p>The paper also includes:</p> <ul style="list-style-type: none"> • 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. 	<p>To consider specific reports as agreed with the External Auditor and other inspection agencies.</p> <p>To support the quality and effectiveness of the external audit process and to comment on the scope and depth of external audit work to ensure it gives value for money and complies with ethical standards.</p> <p>To consider, review and, as appropriate approve The External Auditor's Progress and Findings; and Annual Reports following completion of the annual audit of the Accounts.</p>

Appendix A: Audit and Governance Committee Work Plan – 2026/27

Report	Assurances Required / Being Sought	Relevancy – Terms of Reference
Other assurance		
None planned		

Audit and Governance Committee Work Plan 2026/27 Summary

Audit and Governance Committee Work Plan 2026/27	14 May 2026	11 June 2026	25 June 2026	15 July 2026	11 Sept 2026	25 Sept 2026	26 Nov 2026	21 Jan 2027	4 Feb 2027	Report originator
Training Sessions		✓			✓			✓		
Regular Committees			✓	✓		✓	✓		✓	
Election of Chair and Vice Chair	✓									Part of Council meeting
Improvement Plan Update			✓			✓	✓		✓	Chief Executive
Performance Report and Revised Annual Audit Plan			✓			✓	✓		✓	Internal Audit
Annual Opinion Report			✓							Internal Audit
Annual review of Internal Audit: Quality Assurance and Improvement Programme (QAIP)			✓						✓	Section 151 Officer
Annual Assurance Report of the Audit and Governance Committee to Council			✓							Internal Audit
Annual Whistleblowing report			✓							Service Director Enabling
Annual Treasury Report			✓							Section 151 Officer
Fraud, Special Investigations and RIPA Update.			✓			✓	✓		✓	Internal Audit
Contract Rules Exemptions Update			✓			✓	✓		✓	Monitoring Officer
Shropshire Council Audit Plan 2025/26			✓							External Audit
Pension Fund Audit Plan 2025/26			✓							External Audit
Financial Outturn Report				✓						Section 151 Officer

Page 129

Audit and Governance Committee Work Plan 2026/27	14 May 2026	11 June 2026	25 June 2026	15 July 2026	11 Sept 2026	25 Sept 2026	26 Nov 2026	21 Jan 2027	4 Feb 2027	Report originator
2025/26 Statement of Accounts – preparation of draft and sign off (Statutory deadline 31 May 2026 ¹)				✓						Section 151 Officer
Annual Governance Statement (AGS) and Code of Corporate Governance				✓						Section 151 Officer
Risk Management Annual Report				✓						Strategy and Scrutiny Manager
Strategic Risks Update						✓			✓	Strategy and Scrutiny Manager
Annual review of Audit and Governance Committee Terms of Reference						✓				Internal Audit
Annual review of Internal Audit Charter and Mandate						✓				Internal Audit
Shropshire County Pension Fund Interim Audit Findings Report 2025/26						✓				External Audit
Audit progress report and sector update.						✓			✓	External Audit
Final Approval of Statement of Accounts							✓			Section 151 Officer
Annual review of Counter Fraud, Bribery and Anti-Corruption Strategy and activities							✓			Internal Audit
Treasury Strategy Mid-Year Report							✓			Section 151 Officer

Page 130

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

Audit and Governance Committee Work Plan 2026/27	14 May 2026	11 June 2026	25 June 2026	15 July 2026	11 Sept 2026	25 Sept 2026	26 Nov 2026	21 Jan 2027	4 Feb 2027	Report originator
Annual Audit and Governance Committee Self-Assessment							✓			Section 151 Officer
Shropshire Council Audit Findings Report 2025/26							✓			External Audit
Auditors Annual Report 2025/26 (VFM)							✓			External Audit
Treasury Strategy									✓	Section 151 Officer
Report of the Audit Review of Risk Management									✓	Internal Audit
Draft Annual Internal Audit Risk Based Plan 2027/28									✓	Internal Audit
Draft Audit and Governance Committee annual work plan and future training requirements 2027/28									✓	Internal Audit

Page 131

Key to table

Committee dates - fixed
Training dates



**Audit & Governance
Committee 25th June
2026**

Item

Public

Programme Management Office Project Management 2025/26: Management Update

Responsible Officer:	Paul Clarke, Service Director – Strategy & Change
email:	Paul.clarke@shropshire.gov.uk
Cabinet Member (Portfolio Holder):	Cllr Alex Wagner

1. Purpose

This report provides the Committee with an update on progress since an internal audit review of project management within the Council’s Programme Management Office (PMO). The review, carried out August-September 2025, provided an overall assurance rating of ‘limited’, along with several recommendations that the service has subsequently responded to. The response is summarised in this report to provide assurance to the Committee that relevant actions and improvements have been made since the audit review.

2. Executive Summary

- 2.1. The scope of the audit review was ‘to review the adequacy, effectiveness and consistency of project management within the PMO.’ It included the review of governance structures, risk and resource management and performance monitoring, to ensure that projects are delivered on time, within budget, and in alignment with the Council’s strategic objectives.
- 2.2. There are four levels of assurance provided by Audit Services: Good, Reasonable, Limited and Unsatisfactory. The Audit review of PMO project management gave an assurance level of ‘Limited’. Recommendations are provided in four categories of: Best Practice, Requires Attention, Significant and Fundamental. The Audit of PMO project management made seven recommendations - four of which were categorised as ‘significant’ and three that ‘require attention’. The management response and subsequent action to all recommendations are summarised in Section 4 below.

- 2.3. Significant change has occurred since the review was undertaken, including the development of an organisation Improvement Plan, the arrival of a new Service Director (Strategy & Change), and a wider review of the PMO. All of these have impacted on the role of the PMO over the past few months, and are helping to position and equip it to provide the programme delivery support, governance and assurance, and programme office function the council needs moving forward, to support the scale of transformation and savings it now needs to deliver as part of its financial sustainability. Effective project and programme management will continue to be essential, and the actions taken in response to the audit review will strengthen the arrangements for this.
- 2.4. The Improvement Plan, approved by Full Council in December 2025, includes priority actions and activity that have since developed the role of PMO and the approaches it takes – including:
- development and implementation of a new Improvement Plan governance arrangements (summarised in a previous report to the Committee on 05/02/26)
 - a new monitoring framework including assurance reporting by the PMO
 - a review, refresh and relaunch corporate guidance, standards and templates for project and programme management

3. Recommendations

- 3.1. That the Audit & Governance Committee note the updates set out in the report.

Report

4. Response to Audit recommendations

- 4.1. The table below updates members on the progress against each of the Audit recommendations made, providing an update to management responses provided previously:

Recommendation	Management Action	Review Date
<p>The future of the PMO should be agreed by Leadership Board in Autumn 2025, including funding and resourcing. It should then be communicated to all relevant parties, including substantive managers of the seconded officers, to allow for future planning.</p> <p>All staff changes should be approved by the Workforce Board in line with Council processes, where appropriate.</p> <p>Following the departure of the Service Director for Strategy</p>	<p>A new Service Director for Strategy & Change started in January 2026 and secondments and fixed term contracts across the team have been extended for an additional period in order to provide short term stability and allow time for a wider review of the current arrangements, roles and functions so they better align with what the organisation requires going forwards. These extensions were progressed in accordance with relevant council processes and approved by the Workforce Board, and included engagement with substantive managers of seconded officers. A health check by Local Partnerships was commissioned and has helped to inform the review by providing observations on the current</p>	30/09/2026

<p>in September, key duties, including Project Sponsorship, should be reallocated to ensure business continuity</p>	<p>arrangements and proposals for future to ensure they are in line with best practices.</p>	
<p>Following the cross-council review of project management being led by the PMO, a consistent approach and structure should be adopted council-wide for project management, and a central register should be maintained to allow for oversight and the planning of resources required from other teams. This should be finalised in conjunction with other project management teams across the Authority and clear, strategic direction should be provided Council-wide to ensure consistency.</p> <p>Clear responsibility for updating savings lines (non PMO projects) on the Pipeline Scoring Matrix should be agreed and communicated. Monitoring of updates to the Pipeline should then be allocated and missing information followed up for the savings lines. The tasks within the monitoring role could be shared between the PMO and Finance to ensure there is no duplication and consistency across departments.</p> <p>Accurate and up to date savings information is key for the Council's financial planning.</p>	<p>Programme 6 of the Council's Improvement Programme includes a commitment to <i>Review, refresh and relaunch corporate guidance, standards and templates for project and programme management.</i></p> <p>A review of PMO guidance, standards and templates has now been completed. Re-establishing the cross council Project Management Community, once the new PMO structure and arrangements have been confirmed, will be an opportunity for all project management practitioners and teams across the Council to share best practice and work towards a consistent corporate approach and standards.</p> <p>A process for monitoring all benefits, including savings, is currently being developed by the PMO in partnership with Finance, for all proposals agreed through the Budget Transformation and Change Review Panel.</p>	30/09/2026
<p>A review of project and programme management guidance documents should be carried out to ensure they are reflective of current practice and in particular the introduction and use of the PMO SharePoint site.</p>	<p>A review of PMO guidance, standards, procedures and templates has now been completed in accordance with our Improvement Plan. They now need launching, promoting and embedding across the organisation at an appropriate time to align with future PMO arrangements.</p>	30/09/2026
<p>The Gateway approvals process, including the approvals board, should be defined and documented. Membership of the approvals board should be</p>	<p>The Budget Transformation and Change Review Panel has now been established and will fulfil the requirements of a gateway process. A central Projects Register and Benefits Register has been developed and is managed and</p>	As part of monthly reporting cycle to Transformation & Change Board, at Leadership Board.

<p>representative of each directorate and to include a project management specialist(s). All projects should then be presented for approval by the Board and decisions should be recorded.</p> <p>All relevant approval should be documented within the Master Project Document (MPD) for each project.</p>	<p>maintained by the PMO to track all transformation and change projects, the organisational investment made in those (including transformation funding and enabling services support), and the anticipated return in terms of benefits and savings.</p>	
<p>All stakeholders for projects should be identified and documented within the MPD, alongside details of how they will be communicated with, including frequency, delivery and required content. This will improve accountability and aid decision making.</p> <p>Any changes to stakeholders should be reflected in the MPD.</p>	<p>A stakeholder register has been created to go with the project artifact. Accountable and responsible officers are listed on the Projects and Benefits Registers. Benefits tracking and monitoring by the PMO will ensure that there is regular engagement and communication with those stakeholders.</p>	30/09/2026
<p>All PMO project risks should be included in reporting to Audit Committee.</p> <p>To enable this, all required details for project risks should be captured in a reportable format, defined between the PMO and the Risk & Business Continuity Officer.</p> <p>Details should include risk rating, exposure and implementation date of mitigating actions and opportunities as well as risks, in line with the Opportunity Risk Management Strategy.</p> <p>Recommendation to be addressed in conjunction with the Risk & Business Continuity Officer</p>	<p>Risk ratings are aligned, central location has been created for use by all of the PMO team and trial use has begun. Portfolio Managers and the Risk & Business Continuity Officer are working cooperatively and collaboratively on this and will review any further amendments.</p>	30/09/2026
<p>An actual income to date column should be added to the Pipeline and populated for each project, where applicable.</p> <p>Where possible the data should be linked to the MTFS savings data held by finance</p>	<p>This has been superseded by the Budget Transformation and Change Review Panel arrangements which include a benefits monitoring process, being developed by the PMO and Finance in partnership to ensure a single version of figures including return on investment, income assumptions and non-financial benefits</p>	30/09/2026

to ensure accuracy and consistency. This would allow for an overall view of all PMO-driven income.		
--	--	--

5. Risk Assessment and Opportunities Appraisal

- 5.1. This is an information report providing the Committee with details of the work undertaken by the Programme Management Office in response to the Audit and therefore a risk assessment and opportunities appraisal has not been carried out

6. Financial Implications

- 6.1 There are no financial implications arising directly from this report.

7. Climate Change Appraisal

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

8. Background

- 8.1. The PMO was established at Shropshire Council in 2023 as part of a broader transformation under the Council's new operating model, with the primary role of supporting transformation projects across the Council. This was driven by the need to become a more agile, efficient and future-ready organisation in response to financial pressures and evolving local government demands. The PMO now also has a key role in the governance and assurance of the Improvement Plan.
- 8.2. The Audit was undertaken at a time of significant change – including the departure of the Service Director for Strategy in September, the ending of a strategic transformation partner arrangement, the declaration of a financial emergency by Cabinet, and the subsequent development of an organisational improvement plan. The scope of the Audit was focussed on specific elements of operational practice of the PMO role rather than the strategic role of PMO in the delivery and assurance of service transformation, organisational improvement, and savings and benefits realisation.
- 8.3. The Council's Leadership Board are committed to the continuation and further development of a PMO function, recognising the important role it plays in supporting and assuring the delivery of service transformation, organisational improvement and financial savings. Key activities related to the Improvement Plan, Budget Transformation and Change Review Panel and the Council's portfolio of transformation require key involvement from the PMO going forwards. This will help to establish the role of the team within the organisation and the key processes required.

9. Conclusions

- 9.1. There has been both action to address issues raised by the audit recommendations and also a changing operating context since the audit was undertaken, including the development of an Improvement Plan and the Budget, Transformation and Change Review Panel both of which have shaped the development of the PMO role, focus and approaches.

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

[Report to full Council 11/12/25](#)

[Improvement Plan](#)

Local Member: N/A

Appendices [Please list the titles of Appendices]



Committee and Date

Audit Committee
Date 25 June 2026

Item

Public

Annual Whistleblowing Report 2025/26

Responsible Officer:	Sam Collins – Lafferty, HR and OD Manager		
email:	sam.collins-lafferty@shropshire.gov.uk	Tel:	01743 252854
Cabinet Member (Portfolio Holder):	<i>Cllr Roger Evans</i>		

1. Synopsis

Whistleblowing provides a process for concerns to be raised in relation to work, such as fraud, adult/child protection or harassment and bullying allegations. This report provides an update to the Shropshire Council Audit Committee on the number of whistleblowing cases raised regarding Council employees over the last financial year.

2. Executive Summary

- 2.1 The Whistleblowing “Speaking up about Wrongdoing” process forms a key element of the Councils Corporate Governance arrangements. This report provides an update to the Shropshire Council Audit Committee on the number of cases raised regarding Council employees over the last financial year (excluding school-based employees).
- 2.2 The Whistleblowing Policy is available to all staff via the Intranet pages and is also available to them, along with members, contractors, partners and the public, via the [website](#); allowing it to be accessed from any computer
- 2.3 In 2025/26 there were forty-one whistleblowing reports, this is an increase of thirteen compared to the previous year.
- 2.4 Whistleblowing reports in 2025/26 have been predominately via email. The most reported theme was council tax/NDR. Four cases were referred to an external third party.
- 2.5 The Council Whistleblowing process provides an effective route to enable employees, elected members, contractors and others to raise concerns about fraud, corruption, adult/child protection or harassment and bullying allegations.

3. Recommendations

The Audit Committee is asked to:

- a. Consider and approve, with appropriate comments on the contents of the report

Report

4. Risk Assessment and Opportunities Appraisal

- 4.1. The Council has in place an effective Counter Fraud, Bribery and Anti-Corruption Strategy. The Council proactively encourages the detection of fraud and irregularities and the appropriate management of them. The Whistleblowing policies contribute to our zero tolerance of fraud, bribery and corruption.
- 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.

5. Financial Implications

- 5.1. The management and investigation of issues raised in response to this policy are met from 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; or on climate change adaptation. Therefore, no effect.

7. Background

- 7.1. This is an annual report to Audit Committee on whistleblowing arrangements.
- 7.2. The Whistleblowing Policy is available to all staff via the Intranet pages and is also available to them, along with members, contractors, partners and the public, via the [website](#); allowing it to be accessed from any computer/mobile device. This is particularly important as it allows staff to access the policy outside of a work environment, where they may be reluctant to be seen accessing the Whistleblowing policy.
- 7.3. Whistleblowing occurs when a worker and/or individual reports suspected wrongdoing in the public interest. This may include concerns about:
 - risks to health and safety
 - environmental damage
 - criminal offences
 - breaches of the law
 - attempts to conceal wrongdoing

- 7.4 The route for raising a concern depends on whether the worker feels able to report it to their employer. They should first check their contract or ask Human Resources whether a whistleblowing procedure is in place. If they feel able, they should report the matter to their employer. If not, they may report it to a prescribed person or body.
- 7.5 A worker may report concerns to a prescribed person or body if they believe their employer will conceal the wrongdoing, treat them unfairly for reporting it, or has failed to act after the matter was raised.
- 7.6 A worker must not be dismissed for whistleblowing. If they are, they may claim unfair dismissal, provided the legal criteria for protection are met.
- 7.7 Protected whistleblowing disclosures, known as *qualifying disclosures*, include concerns about:
- risks to health and safety
 - environmental damage
 - criminal offences
 - breaches of the law
 - concealment of wrongdoing
 - miscarriages of justice
- 7.8 Protection applies to employees, agency workers, trainees, and some self-employed workers who are supervised or work off-site. It also covers school and sixth-form college workers, and some NHS workers under specific contractual arrangements. A worker is protected if they reasonably believe the information is true, that they are reporting it to the appropriate person, and that the disclosure is in the public interest.
- 7.9 Protection against dismissal does not apply where the worker breaks the law in making the disclosure, for example by breaching the Official Secrets Act, or where the information is protected by legal professional privilege. Workers who are not employees cannot claim unfair dismissal, but they may claim detrimental treatment.
- 7.10 A worker dismissed for whistleblowing may bring a claim to an employment tribunal. If the tribunal finds the dismissal unfair, it may order reinstatement or compensation. Compensation may be reduced by up to 25% if the tribunal finds the worker acted dishonestly. Workers who are bullied for whistleblowing may also bring a tribunal claim against their employer or colleagues.

8. Additional Information

8.1 2025/26 Whistleblowing Reports

- 8.1.1 In 2025/26, there were forty-one cases reported under the whistleblowing arrangements for Shropshire Council. Reports have predominately been received via email (thirty-five), with phone (three) and letter (three) accounting for the reports

received this year. The most reported theme was in relation to Council tax/NDR (fourteen).

8.1.2 2025/2026 Table of Whistleblowing reports and outcomes

Theme	Number
Council Tax/NDR	14
Staffing	8
Benefits	7
Theft/Fraud	4
Safeguarding	4
Tenancy Fraud	2
Other	2
Outcomes for all themes	Number
No Case to Answer (NCTA)	10
Third Party Referral	4
Management Action	2
Recovery	2
Managed via other procedure/policy	1
Ongoing	22
Method of Communication	Number
Email	35
Phone	3
Letter	3

8.2 Comparison to previous years

8.2.1 There has been a 46% increase in the number of incidents reported than in the preceding year, this is an increase of thirteen cases. The preferred route of “blowing the whistle” in 2025/26 being via email. The number of incidents reported in the last five years are shown in Table 8.2.5. The number of cases reported can fluctuate year on year. The policy is periodically reflected in email updates and news items on the Intranet throughout the year.

8.2.2 When comparing the route of report to previous years, reporting routes have shifted noticeably over recent years. In 2021/22, all reports were submitted via email. Prior to 2020, verbal reporting was often the preferred route; the move towards email reporting reflects the increase in hybrid working arrangements since 2020. In 2022/23, reports were received through a mix of channels (11 email, 16 phone, 2 letter). In 2023/24, this pattern narrowed, with reports primarily via phone (13) and email (8). In 2024/25, email became the preferred route again, with twenty reports submitted by email and six by phone, indicating a continued preference for email reporting methods.

8.2.3 Table of Whistleblowing Reports for last five years

Year	Case	% Change
25-26	41	46% increase

24-25	28	22% increase
23-24	23	21% decrease
22-23	29	16% increase
21-22	25	29% decrease

8.2.4 The number of whistleblowing cases has fluctuated over the past five years, with a marked increase in the most recent year. These fluctuations can be viewed in the context of whistleblowing as a positive indicator of confidence in reporting arrangements rather than solely as a measure of wrongdoing. In particular, the increase in 2025/26 is likely to reflect increased awareness of whistleblowing routes, greater confidence that concerns will be taken seriously, and improved accessibility of reporting mechanisms, rather than symbolise a rise in wrongdoing. This is evidenced by just over half of the investigated reports resulting in NCTA.

8.3 Key developments in Whistleblowing legislation 2025/26

- 8.3.1 In 2025/26, there were significant developments in the UK whistleblowing framework relevant to the Council’s approach, including a government [review of whistleblowing framework](#) new statutory protections from April 2026, and the publication of a new [Anti Corruption Strategy](#).
- 8.3.2 On 14 July 2025, the Department for Business and Trade published its review of the effectiveness of the whistleblowing framework in Great Britain, signalling continued national focus on the adequacy of whistleblowing protections and arrangements.
- 8.3.3 From April 2026, sexual harassment is treated as a qualifying disclosure under updated whistleblowing protections, strengthening protection for workers who raise such concerns. [Strengthening protections for whistleblowers](#)
- 8.3.4 The Economic Crime and Corporate Transparency Act 2023, reinforces the need for effective internal whistleblowing arrangements. In particular, the new failure to prevent fraud offence from 01 September 2025 which increases the importance of proportionate controls, including clear and trusted routes for raising concerns. [Offence of 'failure to prevent fraud' introduced by ECCTA](#)
- 8.3.5 These developments underline the importance of maintaining accessible, well-promoted and effective whistleblowing arrangements as part of the Council’s wider governance, fraud prevention and assurance framework.

8.4 Planned Activities for coming year

Planned activity for 2026/27 will focus on further strengthening staff awareness of, and confidence in, the Council’s whistleblowing arrangements. Key actions will include refreshed induction content, a coordinated programme of internal communications, the use of building-based posters and mandatory training on bullying and harassment in the workplace, including clear guidance on how to raise concerns and speak up safely. Communications activity will be aligned with national awareness initiatives, including Whistleblowers Awareness Month in June 2026.

9. Conclusions

- 9.1 The 2025/26 reporting year demonstrates that the Council's 'Speaking up about Wrongdoing' process forms a key element of the Councils Corporate Governance arrangements. The procedure remains visible, accessible and effective, with an increase in disclosures indicating continued confidence in the process. While the volume and themes of cases vary from year to year, the arrangements continue to provide an important mechanism for identifying concerns at an early stage and supporting appropriate action. Continued promotion of the policy, alongside training and awareness activity in 2026/27, will help ensure that employees, elected members, contractors, partners and all other relevant parties remain confident to speak up safely and in the public interest.

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

None

None

Local Member: *Cabinet Member Cllr Heather Kidd (Leader of the Council)*
Cllr Sharon Ritchie-Simmons (Chair of Audit Committee)
Cllr Roger Evans (Portfolio Holder Finance)

Appendices:

N/A



Committee and Date

Audit and Governance Committee

25th June 2026

10:00 am

Item

Public

Internal Audit Performance 2025/26

Responsible Officer:	Barry Hanson		
email:	barry.hanson@shropshire.gov.uk	Tel:	07990 086409
Cabinet Member (Portfolio Holder):	Heather Kidd, Leader of the Council Sharon Ritchie-Simmons, Chair of the Audit and Governance Committee Roger Evans, Portfolio Holder – Finance		

1. Synopsis

This report summarises Internal Audit’s work in the final quarter of 2025/26 to inform the year end opinion. 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 final two and a half months of the 2025/26 Internal Audit Plan.
- 2.2. One good, nine reasonable and five limited assurance opinions have been issued. The 15 final reports contained 117 recommendations, none of which were fundamental.
- 2.3. 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. Recommendations

- 3.1. The Committee is asked to consider and endorse, with appropriate comment
 - a) the performance of Internal Audit against the 2025/26 Audit Plan.

- b) Identify any action(s) it wishes to take in response to any low assurance levels brought to Members' attention, especially where they are repeated (para 8.8).

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. Internal Audit work covers all strategic risk areas as identified in the plan. Strategic, operational and project risks are considered in every Internal audit assignment.
- 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:
- '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 Global Internal Audit Standards (GIAS) as applied in the UK Public Sector.
- 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. There are no financial implications arising directly from this report.

6. Climate Change Appraisal

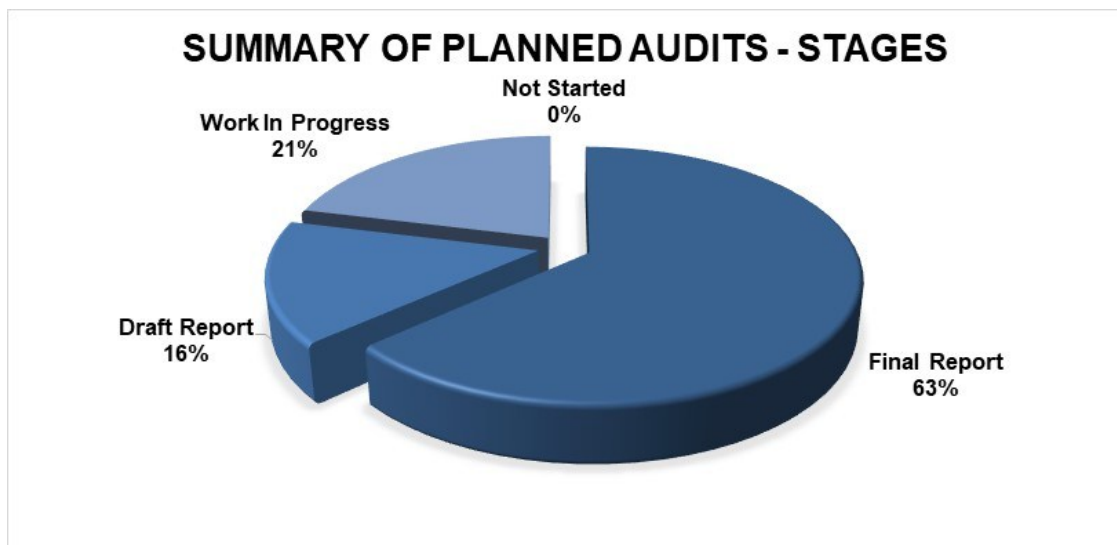
- 6.1. There are no climate change issues arising directly from this report.

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 and Governance Committee is the governing body with delegated authority under the Constitution to monitor progress on the work of Internal Audit.
- 7.2. The 2025/26 Internal Audit Plan was presented to, and approved by the Audit Committee at the 16th July 2025 meeting, with adjustments being approved in September, November and February. This report provides an update on progress made against the plan up to 31st March 2026.

8. Performance Against the Plan 2025/26

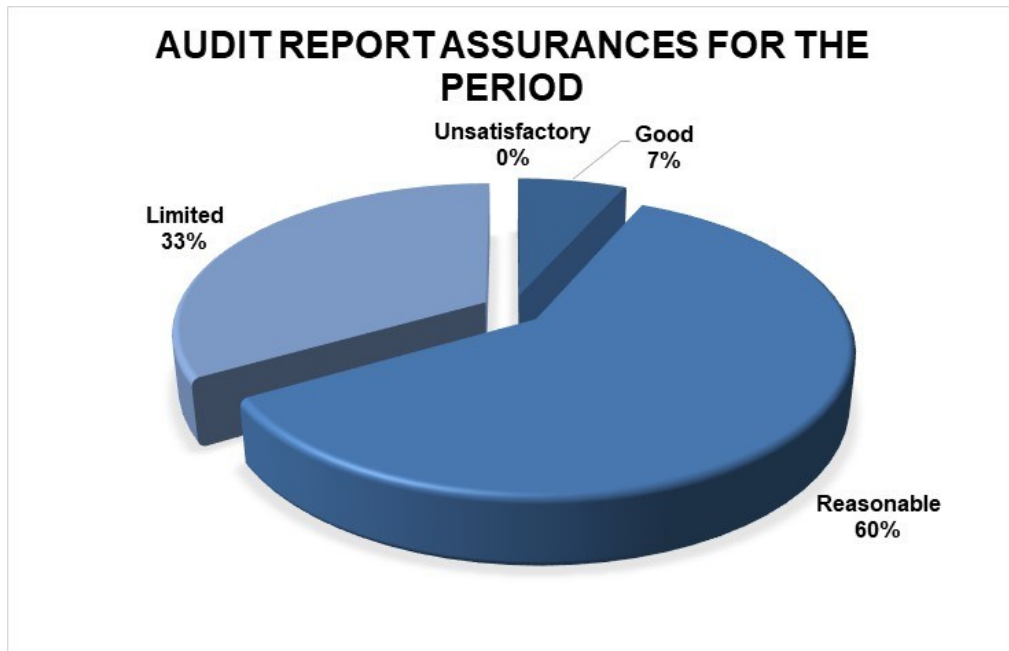
- 8.1. The 2025/26 plan provides for a total of 1,302 audit days. Over the year there have been changes to planned audit activity which has been adjusted to reflect changes in resources and risks.
- 8.2. Results of all audit work undertaken have been reported to the Audit and Governance Committee throughout the year and contribute directly to the CAE year end opinion.
- 8.3. In total, 15 final reports have been issued in the period from 12th January to 31st March 2026, all are listed with their assurance rating and broken down by service area at paragraph 8.4. The following chart shows performance against the approved Internal Audit Plan for 2025/26:



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

Audit Name	Audit Opinion				Recommendations				Direction of Travel
	Good	Reasonable	Limited	Unsatisfactory	Fundamental	Significant	Requires Attention	Best Practice	
Continuing Healthcare Funding Follow Up		1				2			↑
Liquid Logic IT Application (Childrens and Adults)		1				1	5	2	↔
Children's Social Care Budget Management Follow Up			1			4			↔
Section 17 Payments Follow Up			1			2	3		↔
Care Act - Market Shaping		1				1	5		N/A
Adults Direct Payments			1			6	5		↔
Outdoor Partnerships Follow Up	1						2		N/A
Workforce Board		1				2	6		N/A
NFI - Purchase Ledger Duplicate Matches						3	6		N/A
Debt Recovery			1			4	5		↓
Organisational Workforce Resilience			1			5	4		N/A
Microsoft Intune - Follow Up		1				1	4	1	↑
Solar Winds Network Monitoring		1				1	3		N/A
Northgate - Revenues and Benefits IT Application		1					5		↔
Active Directory Analytics							10		N/A
Highways- Other Major Contracts (Grounds Maintenance)						4	1		N/A
Transport Management Office Follow Up		1				1	6		↑
Feedback and Insight Follow Up		1				3	4		↑
Total	1	9	5	0	0	40	74	3	
Percentage	7%	60%	33%	0%	0%	34%	63%	3%	

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



8.6. The overall spread of recommendations agreed with management following each audit review are as follows:



8.7. In the period from 12th January to 31st March 2026, 10 reports have been issued providing good or reasonable assurances and accounting for 67% of the opinions delivered. This represents a decrease in the higher levels of assurance for this period, compared to the previous year outturn of 58%. This is offset by a corresponding increase in limited and unsatisfactory assurances, currently 33% for the period compared to the previous year outturn of 42%. Whilst this is the picture for this period, the annual report presented at this meeting concludes that 48% of audit assurances issued across the full 2025/26 year were limited or unsatisfactory which is comparable with the 2024/25 outturn of 42%, however it is pleasing to note there has been a small reduction in unsatisfactory audit opinions from 13% in 2024/25 to 10% in 2025/26.

8.8. 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 1**. The appendix also includes descriptions of the levels of assurance used in assessing the control environment and the classification of recommendations, **Tables 2 and 3** and provides a glossary of common terms, **Table 4**.

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

8.9. 11 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 several honorary funds and the certification of grant claims.

8.10. A total of 117 recommendations have been made in the 15 final audit reports issued during this period; these are broken down by service area at paragraph 8.4, the year-to-date position is show at **Appendix B**. No fundamental recommendations have been identified in this period.

8.11. It is the identified manager's responsibility to ensure accepted audit recommendations are implemented within an agreed timescale. **Appendix A, Table 5** sets out the approach adopted to following up recommendations highlighting Audit and Governance Committee's involvement.

8.12. The following demonstrates areas where internal audit have added value with unplanned, project or advisory work, not included in the original plan.

- **NFI Briefing Note** – Internal Audit has overseen and reported on the Council's participation in the Cabinet Office's National Fraud Initiative (NFI), ensuring effective governance and independent assurance over the review of over 31,000 data matches across key systems including benefits, payroll, pensions, housing and adult social care. This supports the Council's anti-fraud framework through enabling services in prioritising higher-risk matches, monitoring progress, and strengthening counter-fraud arrangements, with reported and estimated savings of £135,752 to date arising from identified overpayments, prevented future losses and fraud risk mitigation. Notable progress has been made in Adult Social Care, where the majority of new matches were reviewed promptly following release.
- **NFI Duplicate Payments Briefing Note** - Internal Audit reviewed the National Fraud Initiative duplicate payment reports to assess whether they provided additional assurance beyond the Council's existing controls. The work confirmed that current controls are effective at identifying higher-risk duplicates and that further detailed review of several large NFI reports would not be cost-effective due to a high level of false positives. This provided assurance, avoided unnecessary officer time, and identified targeted, risk-based enhancements where proportionate.
- **Improvement Plan Programme 8** – The Head of Policy and Governance and Internal Audit Manager support the Service Director Legal and Governance in contributing to the "Getting the Basics Right" work within the improvement plan.
- **Fighting Fraud and Corruption Locally Assessment Briefing Note** - This work provided independent assurance against the national Fighting Fraud and Corruption Locally framework, confirming that the Council has sound foundations

in place while identifying key gaps that could limit its ability to detect and respond to emerging fraud risks. The review highlighted the need to better integrate fraud risk into corporate risk management, refresh key policies, strengthen whistleblowing arrangements, and adopt a more proactive counter-fraud approach. The resulting recommendations provide a clear, risk-focused roadmap to strengthen governance, protect public funds and support informed oversight by the Committee.

- **Active Directory Analytics** - This work used data analytics to review the governance and security of Active Directory, a critical council system, and identified persistent weaknesses in account management, access controls and adherence to agreed policies. The work added value by independently highlighting where controls were not operating as intended, particularly around legacy and inactive accounts, which increase cyber security risk. Clear, prioritised recommendations have supported management in targeting action to strengthen ICT governance and reduce exposure to unauthorised access.
- **Schools Self-Assessment** – Internal Audit reviewed the outcomes of self-assessments against key financial controls for maintained schools. This approach supports a more proportionate and targeted audit plan, enables earlier support or intervention where weaknesses are identified, and helps schools prepare for external scrutiny (including Ofsted), thereby targeting management improvements without relying solely on reactive audit activity.
- **Highways Other Major Contracts Briefing Note** - This follow-up review provided timely independent assurance that the Council’s transition to a devolved grounds maintenance model is being underpinned by appropriate governance, legal and oversight arrangements, despite significant change and tight delivery timescales. The work confirmed that key building blocks for devolution are in place, including programme governance, draft legal agreements, funding assumptions and emerging monitoring arrangements, while clearly identifying critical dependencies that required resolution to protect statutory compliance, financial control and service continuity ahead of the April 2026 launch.
- **Disaster Recover, Nutanix and Business Continuity Briefing Note** - This work provided timely independent oversight of a critical IT infrastructure refresh, confirming that the preferred solution had been appropriately tested and that procurement was progressing through an approved route. It also ensured audit effort was applied proportionately by deferring detailed assurance on backup, disaster recovery and business continuity until the new solution is implemented, maximising the relevance and value of future audit coverage.

8.13. Briefing notes were issued for the following areas where previously agreed actions resulting from audit reviews have not been completed or management controls are still not embedded. The audits will be deferred until the revised arrangements are implemented and operating effectively and have therefore been removed from the 2025/26 audit plan as detailed at **Appendix B**.

- Housing Client Side Follow Up
- Workforce Planning
- Ethical Framework Follow Up
- VAT Follow Up
- New Operating Model Pilot Follow Up
- Embedding the Shropshire Plan Follow Up

Performance Measures

8.14. All Internal Audit work has been completed in accordance with agreed plans and the outcomes of final reports have been reported to the Audit and Governance 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 Report and Revised Annual Audit Plan 2025/26 – Audit and Governance Committee 5th February 2026

Internal Audit Performance Report and Revised Annual Audit Plan 2025/26 – Audit Committee 27th November 2025

Internal Audit Performance Report and Revised Annual Audit Plan 2025/26 – Audit Committee 26th September 2025

Internal Audit Plan 2025/26 - Audit Committee 16th July 2025

Global Internal Audit Standards (GIAS)

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: Unsatisfactory and limited assurance opinions in the period 12th January to 31st March 2026.

Table 2: Audit assurance opinions

Table 3: Audit recommendation categories

Table 4: Glossary of terms

Table 5: Recommendation follow up process (risk based)

Appendix B - Audit plan – Performance Report from 1st April to 31st March 2026

Table 1: Unsatisfactory and limited assurance opinions issued in the period from 12th January to 31st March 2026¹

Unsatisfactory assurance

None to report

Limited assurance

Children and Young People– Children’s Social Care Budget Management Follow Up (Limited 2024/25)

- Children's Social Care Budgets are properly controlled by effective periodic monitoring of financial out-turns against detailed budgets.
- Savings targets and the impacts of extraordinary events are controlled by effective monitoring and reporting.
- Strategic and Operational risks are recorded on the relevant risk registers and are monitored, reviewed and updated as per the Councils Risk Management Strategy.

Children and Young People– Section 17 Payments Follow Up (Limited 2024/25)

- The recommendations made in the previous audit have been implemented.
- There are procedures in place to ensure compliance with Section 17 of the Children Act 1989, local policies and procedures.
- Purchasing cards are used appropriately for reasonable and necessary expenditure.

Commissioning – Adults Direct Payments (Limited 2020/21 and 2018/19)

- Appropriate processes are in place to set up and assist new individuals on Direct Payments.
- Expenditure by individuals is monitored on a regular basis and the recovery of monies made where appropriate.
- DBS checks are completed in accordance with DBS guidelines, amended from Relevant staff have DBS clearance.
- 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.

Enabling– Debt Recovery

- Previous audit recommendations have been implemented.
- There are effective debt recovery actions carried out in practice which are in accordance with the policies and procedures.
- There are appropriate procedures in place to monitor recovery performance and report this to management.

Service area– Organisational Workforce Resilience

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.

- The Council has a framework of policies, procedures and resources to ensure positive staff wellbeing and performance.
- The Council has absence monitoring procedures to enable analysis and identification of issues which are reported regularly and responsive action is taken.
- The organisation understands staff motivation for leaving and analyses trends. Analysis is used to inform decision making on retention strategies.

Table 2: 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.
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 3: 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 4: 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. 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 5: 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 and Governance 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 and Governance Committee for consideration.

AUDIT PLAN–PERFORMANCE REPORT FROM 1st APRIL TO 31st March 2026

Strategic Risk	Audit Name	Original Plan Days	August Revision	November Revision	January Revision	Revised Plan Days	31 st March 2026 Actual	Status	Audit Opinion	Fundamental	Significant	Requires Attention	Best Practice	Direction of Travel
CYB	Back-up arrangements Follow Up 2024/25	0				0	0.4	Complete	Briefing Note					N/A
BBS / GOV	CIPFA Financial Resilience Review 2024/25	0				0	1.0	Complete	Briefing Note					N/A
CYB	Data Centres and Infrastructure 2024/25	0				0	0.0	Complete	Briefing Note					N/A
CYB	IDOX Cloud Regulatory Services IT Application 2024/25	0				0	0.7	Complete	Briefing Note					N/A
GOV	IT Contract Management 2024/25	0				0	0.7	Complete	Reasonable		1	2		↑
CYB	Microsoft Co-Pilot / Ai 2024/25	0				0	0.7	Complete	Reasonable		1	4		N/A
BBS / GOV	Shrewsbury Shopping Centre Follow Up 2024/25	0				0	0.6	Complete	Reasonable		2	2		↑
GOV / SKI	Workforce Planning – Impact of Voluntary Redundancy on Key Skills and Delegated Responsibilities 2024/25	0				0	0.3	Complete	Limited		2	4		N/A
CYB	IT Monitoring Use of Facilities 2024/25	0				0	1.1	Complete	Limited		2	5		↔
BBS	Economic Growth Strategy/Big Plan 2024/25	0				0	0.8	Complete	Reasonable		3	5		↑
GOV	Feedback and Insight 2024/25	0				0	0.4	Complete	Limited		10	5		N/A
BBS	Section 17 Payments Follow Up 2024/25	0				0	0.5	Complete	Limited		3	4		↔
BBS	Supporting Families Grant - March 2025 Claim 2024/25	0				0	0.0	Complete	N/A					N/A
BBS/ GOV	North West Relief Road Follow Up 2024/25	0				0	0.7	Complete	Reasonable		3	1		↑
BBS / PAR	Continuing Health Care (CHC) Funding	8				8	6.6	Complete	Reasonable		2			↑
CYB	Liquid Logic IT Application (Adults & Children's) / Controcc	15			5	20	20.2	Complete	Reasonable		1	5		↔
GOV	Bishops Castle Community College	10	-8			2	1.5	Complete	Briefing Note					N/A
SGC	Children's Residential Care Contract Management	4				4	4.4	Complete	Reasonable		3	3		↑
SGC / BBS	Children's Social Care Budget Management	5				5	7.7	Complete	Limited		4			↔
SGC	Short Breaks Follow up	4				4	3.8	Complete	Unsatisfactory	1	1			↔
BBS	External Catering Contracts	2				2	2.4	Complete	Reasonable		1			↔
SGC	Foster Care	5	2			7	6.9	Complete	Reasonable		2	5		↑
GOV	Schools Self Assessments (Audit Provided)	8			2	10	11.4	Complete	N/A					N/A
BBS	Section 17 Payments Follow Up	0			5	5	5.1	Complete	Limited		2	3		↔
GOV	Schools Financial Value Statement	2				2	2.9	Complete	N/A					N/A
SGC	Virtual School	10				10	9.0	Complete	Good			1		N/A
BBS	Care Act - Market Shaping	10		2	2	14	13.2	Complete	Reasonable		1	5		N/A
CCS	Garden Waste Collection	8				8	8.4	Complete	Limited		4	2		N/A
GOV	Housing Client Side	5				5	1.0	Complete	Briefing Note					N/A
BBS	Key Supply Contracts	10		-7		3	2.5	Complete	Briefing Note	1				N/A
GOV	Much Wenlock Sports Centre - Joint Use	5		7	1	13	13.5	Complete	Reasonable		2	2		↑
BBS	Deferred Payments 2024/25	0	8			8	7.6	Complete	Unsatisfactory		9	10		↓

Strategic Risk	Audit Name	Original Plan Days	August Revision	November Revision	January Revision	Revised Plan Days	31 st March 2026 Actual	Status	Audit Opinion	Fundamental	Significant	Requires Attention	Best Practice	Direction of Travel
BBS	Personal Budgets / Direct Payments Finance Team- Adults	10			2	12	18.3	Complete	Limited		6	5		↔
CCS	Waste - Veolia Contract	8				8	7.1	Complete	Good			1		↑
BBS	Community Equipment Contract Medequip - PPM Follow Up	3	8			11	10.7	Complete	Reasonable		1	2		↑
GOV	Empty Homes 2024/25	0	9			9	9.3	Complete	Briefing Note					N/A
GOV	Library Management System - Application Review	8		4		12	11.7	Complete	Reasonable		4	11		↑
BBS	Housing Options / Homelessness	12	12			24	23.8	Complete	Limited		5	8		↓
GOV	Management & Control of CCTV Operations	6		5	1	12	12.6	Complete	Reasonable		2	6		↑
GOV	Outdoor Partnerships Follow Up	0				0	6.1	Complete	Good			2		N/A
GOV	The Lantern Follow Up	5	-2			3	1.7	Complete	Unsatisfactory					↔
GOV	Corporate Governance 24/25	0				0	2.4	Complete	Reasonable		2	3		↔
GOV	Recommendation Follow Up	0			8	8	8.8	Complete	Briefing Note					
GOV	Ethical Framework Follow Up	10				10	5.8	Complete	Briefing Note					N/A
BBS	Adult Social Care Outturn	0		21		21	20.7	Complete	Briefing Note	1	4	1		N/A
CYB	Active Directory Analytics	10			2	12	12.5	Complete	Briefing Note			10		N/A
BBS	Budget Monitoring	8	10	4		22	22.3	Complete	Unsatisfactory	1	5	4		↓
CYB	Business Continuity Planning	10				10		Complete	Briefing Note					N/A
BBS	Debt Recovery	15		9		24	25.2	Complete	Limited		4	5		↓
GOV	Digital Mail Room 2024/25	0	4			4	3.6	Complete	Unsatisfactory		5	2		↓
CYB	Disaster Recovery	5				5	0.7	Complete	Briefing Note					N/A
GOV	Equality Diversity and Inclusion Arrangements Follow Up 2024/25	0	5			5	5.4	Complete	Limited		2	2		↔
GOV / BBS	Holiday Pay 2024/25	0	10			10	10.1	Complete	Limited		2	2		N/A
SKI	Workforce Planning	10			-8	2	2.7	Complete	Briefing Note					N/A
GOV	IT Code of Practice / Acceptable Use	8				8	7.6	Complete	Good			3	2	↑
GOV	ICT Restructure	5				5	4.8	Complete	Reasonable			3		N/A
CYB	Microsoft Intune	5				5	12.1	Complete	Reasonable		1	4	1	↑
CYB	Network Switch Management	10			-2	8	7.7	Complete	Reasonable			5		N/A
CYB	Northgate - Revenues & Benefits IT Application	10			2	12	14.9	Complete	Reasonable			5		↔
CYB	Nutanix Data Centre Solution	10				10		Complete	Briefing Note					N/A
SKI	Organisational Workforce Resilience	0	15			15	17.7	Complete	Limited		5	4		N/A
CYB	Pay360 Income Application 2024/25	0	2			2	2.6	Complete	Reasonable		1	7		N/A
GOV	Payroll Data Analytics (IDEA) 24/25 Q4	1				1	1.9	Complete	N/A					N/A
GOV	Payroll Data Analytics (IDEA) Q1	1				1	0.3	Complete	N/A					N/A
GOV	Payroll Data Analytics (IDEA) Q2	1				1	0.6	Complete	N/A					N/A
GOV	Payroll Data Analytics (IDEA) Q3	1				1	0.3	Complete	N/A					N/A
BBS	Purchasing Card Spend Review	0		8	2	10	10.5	Complete	Briefing Note		4			N/A
GOV	Security of Council Buildings Follow Up	5				5	5.5	Complete	Limited		2	1		↔
EGS	Shirehall Disposal	7		2		9	8.7	Complete	Limited		3			N/A
EGS	Shirehall Decant 2024/25	0	2			2	1.7	Complete	Reasonable		3	3		N/A
CYB	Solar Winds Arm - Active Directory Rights Management	10				10	9.3	Complete	Reasonable		1	3		N/A

Strategic Risk	Audit Name	Original Plan Days	August Revision	November Revision	January Revision	Revised Plan Days	31 st March 2026 Actual	Status	Audit Opinion	Fundamental	Significant	Requires Attention	Best Practice	Direction of Travel
CYB / GOV	SNOW IT Asset Management 2024/25	0	9			9	9.2	Complete	Limited		2	6		↓
GOV	Telecommunications - Contracts, Procurement and Monitoring 2024/25	0	17			17	17.3	Complete	Unsatisfactory		7	3		↓
BBS	Travel and Subsistence Follow Up	4		10	1	15	15.9	Complete	Limited		2	2		↔
GOV	VAT	5				5	4.2	Complete	Limited		4	2		↔
GOV	VAT Follow Up	0			4	4	1.2	Complete	Briefing Note		4	2		↔
CYB	WhatsApp Follow Up	3		-2		1	1.1	Complete	Briefing Note		4			↔
BBS	BSOG Grant Bus Subsidy	2				2	1.9	Complete	N/A					N/A
GOV	Highways Other Major Contracts (Grounds Maintenance)	2				2	3.9	Complete	Briefing Note		4	1		N/A
GOV	Transport Management Office	10	-8			2	1.3	Complete	Briefing Note					N/A
GOV	Transport Management Office Follow Up	0	10			10	10.2	Complete	Reasonable		1	6		↑
GOV / BBS	WSP Contract 2024/25	0	5			5	5.0	Complete	Limited		5	8		↔
GOV	Coroners and Mortuary Service	0	10			10	10.3	Complete	Limited		3	5		N/A
GOV	Counter Fraud Work - NFI Purchase Ledger Duplicate Payments Matches	15			-7	8	12.7	Complete	Briefing Note					N/A
GOV	Counter Fraud Work - Fighting Fraud and Corruption Locally Assessment				7	7	7.3	Complete	Briefing Note		3	6		N/A
GOV	Feedback and Insight Follow Up	0			4	4	8.5	Complete	Reasonable		3	4		↑
BBS	Home Upgrade Grant (HUG) Phase 2			15		15	21.8	Complete	Grant					N/A
BBS	DfT Incentive Element Grant					0	1.1	Complete	N/A					N/A
GOV	NFI September 2025 Update					0	0.3	Complete	Briefing Note					N/A
GOV	NFI Q3 Update					0	0.7	Complete	Briefing Note					N/A
GOV / BBS	New Operating Model (NOM) Pilot	10		1		11	11.3	Complete	Limited		3	6		N/A
GOV / BBS	New Operating Model (NOM) Pilot Follow Up	0			4	4	1.7	Complete	Briefing Note					N/A
GOV	PMO Project Management	0	12	1		13	12.9	Complete	Limited		4	3		N/A
GOV	IT Project Management	0	8	1		9	8.8	Complete	Reasonable		1	4		↔
GOV / BBS	Workforce Board Review	0			8	8	7.8	Complete	Reasonable		2	6		N/A
GOV	Risk Management	10			5	15	14.9	Complete	Limited		6	5		↓
GOV / BBS	Embedding the Shropshire Plan Follow Up	5			-3	2	0.6	Complete	Briefing note					N/A
GOV	Financial Evaluations	30		-10		20	15.7	Complete	N/A					N/A
BBS	Finance - Final Grant Claims	8				8		Complete	N/A					N/A
GOV	National Fraud Initiative (NFI)	20				20	11.3	Complete	N/A					N/A
GOV	Bishops Castle Community College	0	8			8	15.3	Draft						
SGC	Magic Notes AI	7				7	10.4	Draft						
BBS	Homelessness Follow Up	0			4	4	6.6	Draft						
GOV	Corporate Governance	8				8	6.4	Draft						

Page 158

Strategic Risk	Audit Name	Original Plan Days	August Revision	November Revision	January Revision	Revised Plan Days	31 st March 2026 Actual	Status	Audit Opinion	Fundamental	Significant	Requires Attention	Best Practice	Direction of Travel
BBS	Adult Social Care Outturn Follow Up	0			4	4	4.7	Draft						
BBS	Agency Workers & Consultants Follow Up	5				5	12.9	Draft						
GOV	BluPrint - Print Unit Operations	6			2	8	15.0	Draft						
MHW	Health & Safety Governance	8			7	15	29.7	Draft						
CYB	IDOX Planning, Building Control & Gazetteer Management System	10				10	10.7	Draft						
GOV	Counter Fraud Work - NFI Declaration of Interest Review	0				0	15.5	Draft						
GOV	Members Development Training	0		8	9	17	16.9	Draft						
GOV	Annual Governance Statement (AGS)	1				1	0.9	Draft						
GOV	Performance Management Framework	8				8	10.0	Draft						
GOV	Assistive Technologies including BOTS	10				10	10.0	In Progress						
SGC	Adoption Process including allowances	10				10	4.9	In Progress						
SGC	Direct Payments Children	10				10	14.2	In Progress						
SGC / BBS	SEND Statutory and Regulatory Framework	10				10	5.9	In Progress						
CCCS	Garden Waste Collection Follow Up	0			4	4	2.5	In Progress						
CCCS	Emergency Planning	8				8	11.9	In Progress						
GOV	The Lantern	0	5			5	2.8	In Progress						
CYB	Database Access / Admin / Management	8				8	0.8	In Progress						
BBS	ICT Project Financing and Recharges	5				5	4.9	In Progress						
GOV	Payroll System	25			5	30	31.2	In Progress						
CYB	PSN (public sector network) Accreditation	5				5	5.4	In Progress						
CYB	Remote Support	5				5	2.2	In Progress						
GOV / BBS	Big Town Plan / Shrewsbury Riverside Development	10				10	14.3	In Progress						
GOV	Chipside Parking System IT Application Review	10				10	2.9	In Progress						
GOV	Highways Term Maintenance -Kier	15				15	15.7	In Progress						
GOV	Counter Fraud, Policies and Training - Fraud Risk Assessment	2				2	6.0	In Progress						
GOV	Equality Diversity and Inclusion Arrangements Follow Up	0			2	2		Carried Forward						
GOV / BBS	Holiday Pay Follow Up	0			2	2		Carried Forward						
SKI	Impact of Voluntary Redundancy on Key Skills and Delegated Responsibilities	0			4	4		Carried Forward						
GOV / BBS	Payroll Leaver and Sickness Verification	0			8	8	0.9	Carried Forward						
GOV	Education Health and Care Plans AI	7			-7	0		Cut						
GOV	Procurement Strategy	8			-6	2	0.4	Cut						
CYB	Amazon Web Services (AWS) Platform	10				10	6.3	Cut						
CYB	Conditional Access	7			-7	0		Cut						
CYB	Corporate Networking - Active Directory	10			-10	0		Cut						
CYB	Decommissioning Shirehall Data Centre Project	10			-10	0		Cut						

Strategic Risk	Audit Name	Original Plan Days	August Revision	November Revision	January Revision	Revised Plan Days	31 st March 2026 Actual	Status	Audit Opinion	Fundamental	Significant	Requires Attention	Best Practice	Direction of Travel
GOV	Power BI Reporting and Development	7			-7	0		Cut						
MHW / SKI	Recruitment Arrangements Follow Up	6			-5	1	1.1	Cut						
CYB	Unified Communications	7			-7	0		Cut						
GOV	CONFIRM-Highways Management System	10			-10	0		Cut						
GOV	Partnerships	8			-8	0		Cut						
GOV	Section 38 Road Adoption	4			-4	0	0.1	Cut						
Total Shropshire Council Planned Work		709	153	79	15	956	974.1							
CONTINGENCIES														
	Advisory Contingency	20	0	0	0	20	18.7							
	Fraud Contingency	150	-50	-56	-24	20	10.9							
	Unplanned Audit Contingency	50	-42	0	0	8	38.3							
	Other non audit Chargeable Work	120	3	14	0	137	150.5							
CONTINGENCIES		340	-89	-42	-24	185	218.4							
Total for Shropshire		1,049	64	37	-9	1,141	1,192.5							
EXTERNAL CLIENTS		159	0	2	0	161	164.6							
Total Chargeable		1,208	64	39	-9	1,302	1,357.1							

Page 160

Strategic Risk Key

Strategic Risk	Abbreviation	Likelihood	Impact	Status
Failure to protect from and manage the impact of a targeted cyber-attack on ICT Systems used by the Authority	CYB	5	5	25
Inability to contain overall committed expenditure within the current available resources within this financial year	BBS	5	5	25
Inability to set a balanced budget for a given year within the MTFS.	BBS	5	5	25
Failure of Officers and Members to adhere to Governance arrangements.	GOV	5	4	20
Health & Wellbeing of The Workforce	MHW	5	4	20
Critical Skills shortage impacting on Recruitment, Retention & Succession Planning	SKI	5	4	20
Impact of extreme pressures upon partners (social care, health, and criminal justice)	PAR	5	4	20
Responding and Adapting to Climate Change	CCS	4	4	16
Impact of increased waiting lists in relation to DoLs, OT and SI	WLI	4	4	16
Safeguarding children	SGC	3	4	12

is prudent for me to consider this as a key factor in determining the year end opinion on the control environment.

- 2.3. Based on internal audit work completed, the overall opinion on the control environment has been “Limited” for the last seven years. The tables at paragraphs 8.5 and 8.6 show the percentage split of assurance ratings, for context 2018/19 was the last year the opinion was not limited. The evidence reviewed during 2025/26 indicates that there remain weaknesses within in the internal control environment. I am satisfied that the Council’s current executive leadership acknowledge the improvement required and there are signs of improvement as the in the final quarter of 2025/26 which saw no unsatisfactory audit assurance opinions and no fundamental recommendations made.
- 2.4. The Council has taken a number of steps since in response to its financial position and wider control environment. These include the declaration of a financial emergency by Cabinet in September 2025, the introduction of significant management action to reduce spend, the stopping of non-essential expenditure and increased challenge of essential spend, and the continued reporting of the financial position to Cabinet on a monthly basis. The Internal Audit Plan has been revised during the year to reflect changing risks and resources, undertaken follow-up work on recommendations in key areas, and continued to report significant control issues and progress to the Audit and Governance Committee.
- 2.5. Since the announcement of a financial emergency in September, the Interim and now appointed Chief Executive has directed and led a number of actions intended to strengthen governance, compliance and organisational oversight. These include establishing the Statutory Officers Group from October 2025 to provide a clearer corporate route for oversight of key governance, legal and financial matters, reinforcing expectations around compliance with the Council’s constitution, policies and procedures; supporting improved corporate oversight of significant risks, control issues and audit findings; and strengthening engagement with the Audit and Governance Committee. The available evidence also points to a stronger emphasis on accountability, governance discipline and the consistent escalation of significant issues, although the full impact of these changes on the wider control environment is still emerging.
- 2.6. While these actions demonstrate response and oversight, the report also notes that the full impact of some measures, including wider organisational change and financial sustainability actions, is not yet fully reflected in the control environment.
- 2.7. Financial sustainability depends heavily on Exceptional Financial Support funded through borrowing of £219.2m. Whilst the Council has set out a response to the challenges within in the Improvement Plan, People Plan, New Directions paper and Corporate Plan, a new medium term financial plan is required which is currently under development.
- 2.8. It is essential for the Council to demonstrate improvements in governance, internal control, and risk management throughout the 2026/2027 period. The findings of this report highlight the need for a proactive approach in addressing weak internal control. A key focus must be placed on fostering a culture where improved accountability across senior management is critical for ensuring active engagement. It should be

noted that External Audit criticised this position in their annual opinion report presented at the November 2025 Audit and Governance Committee meeting.

- 2.9. With the current financial pressures and the need to re-shape the Council, it will be a significant challenge given the current staff capacity to ensure efficient and effective governance, risk management and controls are in place and operating effectively in practice. The pace of change required also presents significant challenges for Shropshire Council into 2026/27 and beyond.
- 2.10. Based on the Internal Audit work undertaken, and management responses received, I can offer Limited assurance for the 2025/26 year that the Council's framework for governance, risk management and internal control is sound and working effectively.
- 2.11. There are a continuing and increased number of high and medium risk rated weaknesses identified in key individual assignments that are significant in aggregate but where discrete parts of the system of internal control remain unaffected. Resourcing constraints continue to put pressure on business-as-usual activities, alongside a challenge to deliver savings and increase income at pace. This in turn increases the possibility of control failures.

3. Recommendations

- 3.1. The Committee is asked to consider and endorse, with appropriate comment:
- a) The performance of Internal Audit against the 2025/26 Audit Plan.
 - b) That Internal Audit have evaluated the effectiveness of the Council's risk management, control and governance processes, considering Global Internal Audit Standards (GIAS) or guidance, the results of which can be used when considering the internal control environment and the Annual Governance Statement for 2025/26.
 - c) The Chief Audit Executive's Limited assurance, year-end opinion on the Council's framework for governance, risk management and internal control.
 - d) Request the executive and senior officers to take the necessary action to address the weaknesses identified.
 - e) Note that despite the limited assurance opinion, the significant progress that the Council has made and continues to make since the announcement of the financial emergency, as evidenced especially in the Q4 performance report.

Report

4. Risk Assessment and Opportunities Appraisal

- 4.1. The delivery of a risk based Internal Audit Plan is an essential part of ensuring probity and soundness of the Council's financial and risk management systems and procedures. It is closely aligned to the Council's strategic and operational risk

registers and is delivered in an effective manner; where Internal Audit independently and objectively examine, evaluate and report on the adequacy of its customers' control environments as a contribution to the proper, economic, efficient and effective use of resources. It provides assurances on the internal control systems, by identifying areas for improvement or potential weaknesses, and engaging with management to address these in respect of current systems and during system design. Failure to maintain robust internal control creates an environment where poor performance, fraud, irregularity and inefficiency can go undetected, leading to financial loss, poor value for money and reputational damage. Audit work covers all strategic risk areas as identified in the audit plan. Strategic, Operational and project risks are considered in every audit assignment.

- 4.2. Internal Audit operates a strategic risk-based plan. The plan is revisited each year to ensure that suitable audit time and resources are devoted to reviewing the more significant areas of risk. This results in a comprehensive range of audits being undertaken in the year, supporting the overall opinion on the control environment. The plan contains a contingency provision which can be utilised during the year to respond to unforeseen work demands that may arise.
- 4.3. The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998 and the Accounts and Audit Regulations 2015. There are no direct environmental or equalities consequences of this proposal.
- 4.4. Internal Audit customers are consulted on the service that they receive. Feedback is included in this report and continues to be positive.

5. Financial Implications

- 5.1. There are no financial implications arising directly from this report.

6. Climate Change Appraisal

- 6.1. There are no climate change issues arising from this report.

7. Background

- 7.1. This report is the culmination of the work of the Internal Audit team during 2025/26 and seeks to provide:
- A summary of the internal audit work undertaken.
 - An annual opinion on the adequacy of the Council's governance arrangements.
 - Information on the performance of Internal Audit including results of the quality and assurance programme and progress against the improvement plan.
- 7.2. As the Accountable Officer, the Executive Director (Section 151 Officer) has responsibility for maintaining a sound system of internal control that supports the achievement of the Council's policies, aims and objectives, whilst safeguarding the Council's assets, in accordance with local government legislation. This includes section 151 of the Local Government Act 1972 which requires the Council to plan for the proper administration of its financial affairs.
- 7.3. The Accounts and Audit Regulations 2015 require the Council to have internal audit to; 'evaluate the effectiveness of its risk management, control and governance

processes, taking into account public sector internal auditing standards or guidance'. In addition, Internal Audit are expected to comply with the Global Internal Audit Standards to maintain an ongoing programme of quality assessment and improvement.

Scope and Purpose of Internal Audit

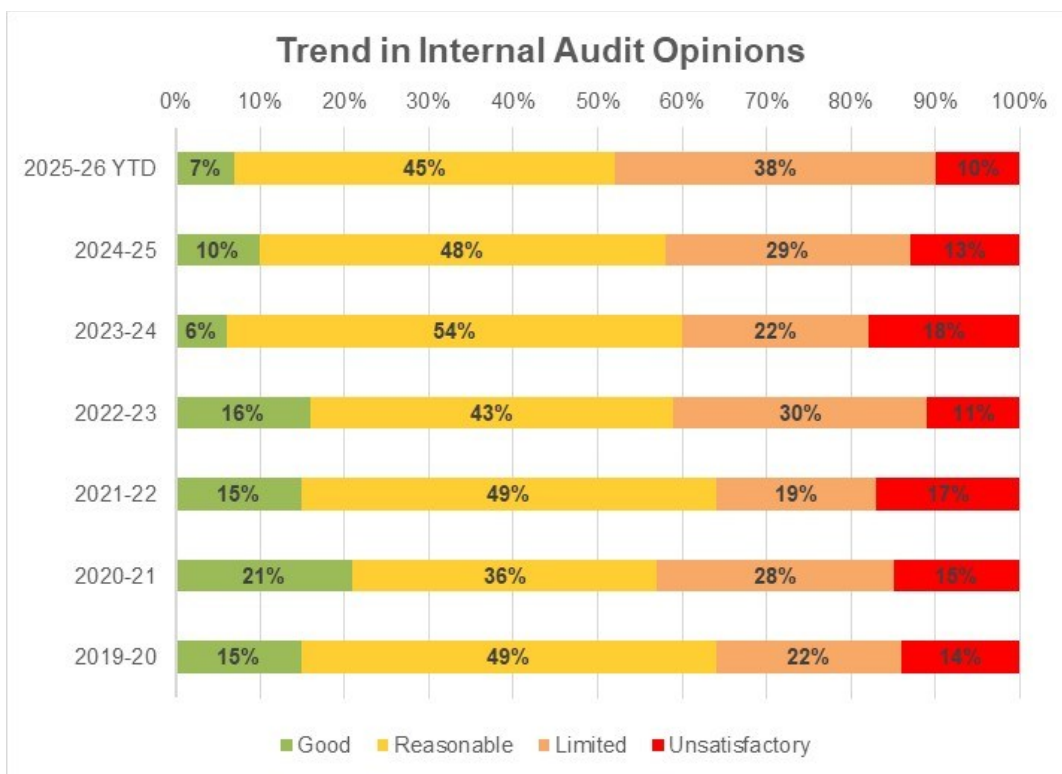
- 7.4. The Global Internal Audit Standards (GIAS) define the scope of the annual report on internal audit activity. The annual report should include an assessment as to the extent to which compliance with the Standards has been achieved. This annual report provides an internal audit opinion that can be used by the Council to inform its governance statement as part of the wider framework of assurances considered. The annual internal audit opinion concludes on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control and incorporates a summary of the work in support of the opinion, a statement on conformance with the GIAS and the results of the quality assurance and improvement programme (QAIP). This is in accordance with the requirements of the 2015 Accounts and Audit Regulations. In addition, Internal Audit has an independent and objective consultancy role to help line managers improve governance, risk management and control.
- 7.5. A self assessment against the internal auditing standards is required on an annual basis. In addition, every five years the Internal Audit service must be externally assessed against those standards. As the external review is due in this financial year the self assessment will not be presented to the committee. The full findings from the external assessment will be presented once complete.
- 7.6. The purpose of Internal Audit is to provide the Council, through the Audit and Governance Committee, the Chief Executive and the Section 151 Officer, with an independent and objective opinion on risk management, control and governance processes and their effectiveness in achieving the Council's agreed objectives.

8. Internal Audit Work Undertaken in 2025/26

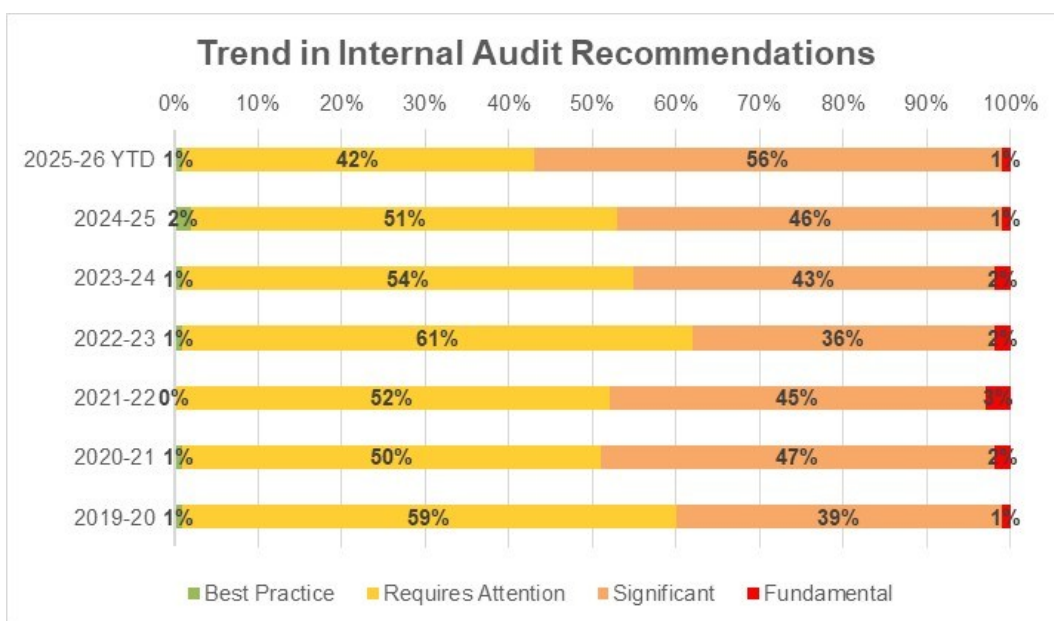
- 8.1. The Internal Audit Plan 2025/26 was considered and approved by the Audit Committee at its meeting on the 16th July 2025. The plan provided for a total of 1,208 days. Revisions were made throughout the year to reflect changing risks and resources, these were approved by the Audit and Governance Committee and the plan revised to 1,302 days. Revisions were necessary to respond to changes to the Council's key risks and requirements.
- 8.2. As Chief Audit Executive I can confirm that the service has been free from interference throughout the year. Activity provided sound coverage for the opinion, which is explored later in this report. Final performance has been good and the target to deliver 90% of the annual plan has been achieved. **Appendix B.**
- 8.3. The audit findings and performance of audit have been set out in summary reports which have been presented to the Audit and Governance Committee during the year. In total 60 final reports have been issued in 2025/26, all are listed with their assurance rating and broken down by service area at **Appendix A, Table 1 and 2.**

8.4. The following set of tables and graphs compare the assurance levels (where given) and categorisation of recommendations made at the Council to demonstrate a direction of travel in relation to the control environment.

8.5. The assurance levels awarded to each completed audit area for 2025/26 are:



8.6. The overall spread of recommendations agreed with management following each audit review for 2025/26 appear in the following chart:



8.7. 31 good and reasonable assurances were made in the year accounting for 52% of the opinions delivered. This represents a 6% decrease in the higher levels of assurance compared to the previous year, mirrored by a 6% increase in limited and

unsatisfactory opinions. Six unsatisfactory opinions and 23 limited assurance opinions were issued in the year. Whilst the percentage of unsatisfactory audits has reduced from 13% to 10% there has been an increase in limited opinions, up from 29% to 38%, whilst this is a small improvement it does not represent a significant change in the overall control environment. It is prudent for me to consider this as a key factor in determining the year end opinion on the control environment.




8.8. A total of 421 recommendations have been made in the 60 final audit reports issued in the year; these are broken down by audit area and have been reported in more detail in performance reports to the Committee throughout the year. The percentage split of recommendations has deteriorated with 57% significant and fundamental compared to 47% last year, with a corresponding decrease in requires attention and best practice recommendations. Again, it is prudent for me to consider this as a key factor in determining the year end opinion on the control environment.

8.9. The number of fundamental recommendations has remained fairly static at 1% of the total number of recommendations. They were made on the following audits and have been reported to the Audit and Governance Committee throughout the year for awareness and appropriate management challenge:






- Budget Monitoring
- ASC Outturn
- Key Supply Contracts
- Short Breaks Follow Up

8.10. It is management’s responsibility to ensure accepted audit recommendations are implemented within an agreed timescale. **Appendix A, Table 5** sets out the approach adopted to following up recommendations highlighting Audit and Governance Committee’s involvement.

8.11. The status of Internal Audit recommendations as at 28 April 2026 for recommendations dating back to 2023/24 is shown in the table below:

Status	2025/26	2024/25	2023/24
 Overdue	1	4	0
 Not Yet Due	84	55	17
 Management Assurance	38	112	78

8.12. The status of recommendations followed up through Internal Audit work is shown in the table below:

Status	2025/26	2024/25	2023/24
 Implemented	2	39	88
 Partially Implemented	1	33	56
 Repeated	4	32	49
 Superseded	0	14	8
 Low Priority - Closed	145	156	123

Status	Definition
Overdue	The agreed implementation date has passed.
Not Yet Due	The agreed implementation date has not been reached.
Management Assurance (implemented)	The service area has provided assurance they have implemented the agreed actions.
Implemented (Audit verified)	Internal Audit has followed up the recommendation and obtained evidence to confirm the recommendation has been fully implemented and the risk mitigated.
Partially Implemented (Audit verified)	Internal Audit has followed up the recommendation and obtained evidence to confirm the recommendation has not been fully implemented, the control has not been embedded, or the risk has not been fully mitigated.
Repeated (Audit verified)	Internal Audit has followed up the recommendation and has confirmed the recommendation has not been implemented and the risk remains.
Superseded (Audit verified)	Internal Audit has followed up the recommendation and confirmed that the recommendation is no longer valid due to changes to activity or processes and the risk has either been mitigated or tolerated.
Low Priority	Requires attention and best practice recommendations that are not followed up separately by Internal Audit and are left with management to address. These may be subject to follow up as part of the next audit.

8.13. During 2025/26, Internal Audit continued to facilitate work on the National Fraud Initiative (NFI) with data being submitted for both the main biennial exercise and the Council tax / register of elector's data. The results of the NFI will be reported to a later committee. In addition, several internal audit reviews have been conducted to ensure appropriate controls are in place and are operational to counter the risk of fraud, see **Appendix A, Table 1**.

8.14. Counter fraud activities were further supported by learning following individual investigations. Where internal control weaknesses have been identified, results are reported in a management report and recommendations made and agreed to help reduce a repeat of any inappropriate activity.

8.15. Although Internal Audit is primarily an assurance function, internal audit activity should also add value to the Council. Contingencies are provided in the plan to allow for such activities and review areas reprioritised based on risks. Details of the added value work have been reported to the Audit Committee throughout the year in the performance reports, headlines of which appear in **Appendix A Table 1**.

8.16. Work has also been completed for external clients including honorary and voluntary bodies in addition to the drafting and auditing of financial statements and certification of grant claims.

An Annual Opinion on the Adequacy of the Council's Governance Arrangements

8.17. When considering an annual audit opinion, it should be noted that assurances given can never be absolute. The Internal Audit service can however provide the Council

with a level of assurance as to whether there are any major weaknesses to be found in risk management, governance and control processes, **Appendix A Table 6** shows opinion criteria.

8.18. The matters raised in this report are only those which came to Internal Audit's attention during its internal audit work and are not necessarily a comprehensive statement of all the strengths or weaknesses that exist, or of all the improvements that may be required.

8.19. In arriving at my opinion as CAE, I have taken the following matters into account:

- Results of all audits undertaken during the year ended 31 March 2026;
- Results of Corporate Governance review (reasonable assurance) and Risk Management (limited assurance);
- Results of fundamental audit reviews, self-assessments and their direction of travel; **Appendix A, Table 2.**
- Implementation of recommendations of a fundamental nature;
- Savings delivery, financial instability, capitalisation directive and exceptional financial support application;
- Assurance levels provided and their direction of travel, and those of the recommendation ratings, compared against the risk appetite of the Council;
- Fundamental recommendations not implemented by management and the consequent risks;
- Effects of any material changes in the organisation's objectives or activities;
- Matters arising from previous reports to the Audit Committee and/or Council;
- Outcome of key Internal Audit reviews including budget management, debt recovery, workforce planning and risk management.
- If any limitations have been placed on the scope of internal audit;
- Whether there have been any resource constraints imposed which may have impinged on Internal Audit's ability to meet the full internal audit needs of the Council, and
- Proportion of the Council's internal audit needs that have been covered to date.
- Implementation of internal audit recommendations both through audit testing and management assurances received. Consideration of the Internal Audit Manager's recommendation briefing reports to the Statutory officers.

8.20. In addition, I have also considered other forms of assurance, such as:

- Ofsted outcomes
- CQC inspection outcomes
- External Audit findings and recommendations
- Outcomes of the corporate peer review

8.21. Further consideration of the assurance levels of completed audits shows:

- i. The plan continued to flex to respond to changes to the risk environment, these were approved in September 2025, November 2025 and February 2026 by the Audit and Governance Committee. The revised planned work alongside other audit activity has helped provide the appropriate assurance to the Council. Some of the other areas contributing to the opinion appear in **Appendix A, Table 1.**
- ii. There are concerns that unsatisfactory assurances have not sufficiently reduced (10% of total assurances delivered in 2025/26) whilst it is recognised

- that complex areas take time to turn around, there has been a focus on addressing these by escalating to Service Directors for appropriate action.
- iii. The improvement plans were in development in the final quarter of 2025/26 and its too early to assess the impact of these in the wider system.
 - iv. Cyber security continues to be key, and the Council's reliance on digital systems significant and remains a high strategic risk.
 - v. Given the overall proportion of assurance levels of key systems and delays in delivering improved controls (some of which were fundamental and significant), the level of assurance the Chief Audit Executive can provide to the Council is impacted upon.
 - vi. It is planned to revisit unsatisfactory audits and fundamental recommendations in 2026/27. Where resources are available, limited assurance areas will also be followed up on a priority basis.

8.22. When considering the points above, as Chief Audit Executive I can offer limited Assurance for 2025/26 that the Council's framework for governance, risk management and internal control is sound and operating effectively in practice.

8.23. All assurances are provided on the basis that management carry out the actions they have agreed in respect of the recommendations made to address any weakness identified and improvements suggested.

Based on the Internal Audit work management responses received; I can offer limited assurance for the 2025/26 year on the Council's framework for governance, risk management and internal control for the 7th consecutive year. There are a continuing and increased number of high and medium risk rated weaknesses identified in key individual assignments but where discrete parts of the system of internal control remain unaffected. The limited assurance opinion reflects the continued presence of weaknesses in the Council's governance, risk management and internal control arrangements identified through internal audit work during 2025/26. While audit plan delivery was strong and there were signs of improvement later in the year, the overall pattern of findings remained a concern, with 48% of completed audits resulting in limited or unsatisfactory assurance and 57% of all recommendations graded significant or fundamental. These weaknesses were significant in aggregate, particularly in key systems such as budget monitoring, risk management and workforce resilience, and indicate that important controls are not yet operating consistently or effectively enough across the organisation. The opinion therefore recognises both the action being taken to improve and the fact that the impact of these changes is not yet sufficiently embedded to support a higher level of assurance.

Information on the performance of Internal Audit including results of the quality and assurance programme and progress against the improvement plan.

8.24. Audit Performance is demonstrated by measuring achievement against the plan, ensuring compliance against the Public Sector Internal Audit Standards, benchmarking the service against others in the sector and evaluating improvements made over the previous twelve months. The effectiveness of Internal Audit is further reviewed through the Audit Committee's delivery of its responsibilities and feedback gained from customer satisfaction surveys.

Aspect of measure	Target 2025/26	Actual 2025/26
Percentage of revised plan delivered	90%	104%
Compliance with Global Internal Audit Standards	Compliant	Compliant
Percentage of customers satisfied overall with the service	80%	93%

- 8.25. Internal Audit employ a risk-based approach to determining the audit needs of the Council at the start of the year and use a risk-based methodology in planning and conducting audit assignments. All work has been performed in accordance with GIAS. To ensure the quality of the work performed, a programme of quality measures is used, which includes:
- Supervision of staff conducting audit work;
 - Review of files of working papers and reports by managers and partners;
 - Receipt of formal feedback from managers to audit findings and recommendations;
 - Follow up reviews for reports attracting low assurance levels and recommendation follow up processes;
 - The use of satisfaction surveys for each completed assignment;
 - The maintenance of guidance and procedures.
- 8.26. There have been no instances during the year which have impacted on Internal Audit's independence and/or have led to any declarations of interest.
- 8.27. An annual review of Internal Audit is conducted in the form of a self-assessment and confirmed compliance with the Global Internal Audit Standards. In addition, an external assessment was conducted by CIPFA and reported to the February 2022 meeting of this committee demonstrated compliance with the Public Sector Internal Audit standards (PSIAS). The external assessment will be repeated in 2026/2027 under the Global Internal Audit Standards (GIAS) as applied in the UK Public Sector.
- 8.28. Internal Audit recognises the importance of meeting customer expectations as well as conforming to the Global Internal Audit Standards. The service continually focuses on delivering high quality internal audit services to clients seeking opportunities to improve where possible.
- Commitment to quality begins with ensuring that appropriately skilled and experienced people are recruited and developed to undertake audits.
 - Audit practice includes ongoing quality reviews for all assignments. These reviews examine all areas of the work undertaken, from initial planning through to completion and reporting. Key targets have been specified that each assignment has been completed on time, within budget and to the required quality standard.
 - A Quality Assurance Framework includes all aspects of the Internal Audit Activity including governance, professional practice and communication. The quality of audits is evidenced through performance and delivery, feedback from our clients and an annual self-assessment.
 - There is a corporate financial commitment to training and developing staff the budget for which is managed centrally. Training provision is reviewed continually through the Personal Development Plans (PDP) process and regular meetings with individual auditors. Individual training programmes are developed to ensure that

staff are kept up to date with the latest technical / professional information and to ensure that they are equipped with the appropriate skills to perform their role.

- 8.29. Customers are asked for feedback on their audit experience and quality of the service after most reviews. This helps to ensure that audit work meets client expectations and that quality is maintained. The percentages of excellent and good responses for the last three years are detailed in **Appendix A, Table 7** and remain above our target, but we are not complacent. It is pleasing to note that the percentage of customers scoring the service as high or excellent has increased slightly to 98% (97% 2024/25). Where individual ratings are low, or showing a downward trend, we do value the opportunity to explore the reasons for these with our customer to identify the key issues and improve where appropriate and possible.
- 8.30. During 2025/26 several compliments and comments have been received in respect of the service from both questionnaires and directly, a selection of these appears at **Appendix A, Table 8**. It is pleasing that I can report that most comments have been very positive reflecting the hard work the team devote to establishing a good professional relationship with clients and making the client comfortable and the process as easy as possible whilst still delivering the service. All other comments are followed up with the author to identify where lessons can be learnt and improvements made.
- 8.31. Recognising the challenges in internal audit delivery, a new “Audit Business Partnering Model” has been embedded during 2025/26. This allocates each Service Director with a Principal Auditor as key point of contact for internal audit / assurance and advisory works. Regular meetings will be held to discuss recommendations due for implementation, scheduled audits and associated planning as well as providing assurance and advice on control related matters arising.
- 8.32. All Internal Audit work has been completed in accordance with the agreed plan and the outcomes of final reports have been reported to the Audit and Governance Committee.

Review of the effectiveness of Internal Audit work by the Audit and Governance Committee

- 8.33. The Council had a new Audit and Governance Committee in place over 2025/26 and operates in accordance with best practice. Its terms of reference and associated working practices are aligned with those suggested by CIPFA and are reviewed annually. Its members received regular training on the role of the committee and how they can best support this, including LGA external training as well as the roles of internal and external audit. It undertakes an annual self-assessment exercise and seeks to improve the way in which it operates.
- 8.34. The Committee provides an Annual Assurance Report to Council to summarise its work and opinion on internal controls. This report is also located on this agenda.
- 8.35. The Council’s Audit and Governance Committee considers external and internal audit reports and the Committee requests management responses to any significant issues reported, including reporting the progress made in implementing audit recommendations. Senior officers have attended the Audit and Governance Committee to provide management updates in relation to several reports, examples

include, the improvement plan, Children's social care budget management and agency and consultancy staff.

9. Conclusions

- 9.1. The Internal Audit Service has completed enough independent activity for the Chief Audit Executive to provide an annual opinion on the adequacy of the Council's framework for governance, risk management and internal control, the overall opinion is Limited.
- 9.2. Information on the performance of Internal Audit demonstrates compliance with the GIAS and no areas of significant concern.

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

Internal Audit Performance Report and Revised Annual Audit Plan 2025/26 – Audit and Governance Committee 5th February 2026

Internal Audit Performance Report and Revised Annual Audit Plan 2025/26 – Audit Committee 27th November 2025

Internal Audit Performance Report and Revised Annual Audit Plan 2025/26 – Audit Committee 26th September 2025

Internal Audit Plan 2025/26 - Audit Committee 16th July 2025

Global Internal Audit Standards (GIAS)

Audit Management System (Pentana)

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: Final audit report assurance opinions issued in 2025/26

Table 2: Audit opinions made on fundamental systems 2025/26

Table 3: Audit assurance opinions

Table 4: Audit recommendation categories

Table 5: Recommendation follow up process (risk based)

Table 6: The principles and assurance criteria applied to the Chief Audit Executive's opinion

Table 7: Customer Feedback Survey Forms

Table 8: Summary of compliments and comments 2025/26

Appendix B - Audit plan performance– annual report 2025/26

APPENDIX A**Table 1: Final audit report assurance opinions issued in 2025/26****Summary**

Audits 2025 / 26	Assurance	%	Direction of travel ¹	Audits 2024 / 25	%	Audits 2023 / 24	%
4	Good	7	↓	6	10	4	6
27	Reasonable	45	↓	29	48	37	54
31	Sub total	52	↓	35	58	41	60
23	Limited	38	↓	17	29	15	22
6	Unsatisfactory	10	↑	8	13	12	18
29	Sub total	48	↓	25	42	27	40
60	Overall total	100	N/A	60	100	68	100

Full Details

	Audit	Assurance
1.	IT Code of Practice / Acceptable Use	Good
2.	Virtual School	Good
3.	Waste Contract Follow Up – Strategy and Reporting Oversight Arrangements	Good
4.	Outdoor Partnerships Follow Up	Good
5.	Children's Residential Care Contract Management Follow Up	Reasonable
6.	External Catering Contracts	Reasonable
7.	Pay360 Income Application 2024/25	Reasonable
8.	IT Contract Management 2024/25	Reasonable
9.	Microsoft Co-Pilot / AI 2024/25	Reasonable
10.	Shirehall Decant 2024/25	Reasonable
11.	Shrewsbury Shopping Centre Follow Up 2024/25	Reasonable
12.	North West Relief Road (NWRR) Follow Up 2024/25	Reasonable
13.	Economic Growth Strategy/Big Plan 2024/25	Reasonable
14.	Foster Care Payments Follow Up	Reasonable
15.	Community Equipment Contract Mediquip- PPM Follow up	Reasonable
16.	Library Management System - Application Review	Reasonable
17.	IT Project Management	Reasonable
18.	Much Wenlock Sports Centre- Joint Use Follow Up	Reasonable
19.	Management and Control of CCTV Operations Follow Up	Reasonable
20.	Corporate Governance 2024/25	Reasonable
21.	ICT Restructure	Reasonable
22.	Network Switch Management	Reasonable

¹ Based on percentages

	Audit	Assurance
23.	Continuing Healthcare Funding Follow Up	ReasonableA
24.	Liquid Logic IT Application (Childrens and Adults)	Reasonable
25.	Care Act - Market Shaping	Reasonable
26.	Workforce Board	Reasonable
27.	Microsoft Intune - Follow Up	Reasonable
28.	Solar Winds Network Monitoring	Reasonable
29.	Northgate - Revenues and Benefits IT Application	Reasonable
30.	Transport Management Office Follow Up	Reasonable
31.	Feedback and Insight Follow Up	Reasonable
32.	Section 17 Payments Follow Up 2024/25	Limited
33.	Waste Management - Garden Waste Collections	Limited
34.	Housing Options/Homelessness	Limited
35.	VAT	Limited
36.	Equality Diversity and Inclusion Arrangements Follow Up 2024/25	Limited
37.	Holiday Pay 2024/25	Limited
38.	Workforce Planning – Impact of Voluntary Redundancy on Key Skills and Delegated Responsibilities 2024/25	Limited
39.	SNOW IT Asset Management 2024/25	Limited
40.	Security of Council Buildings Follow Up	Limited
41.	WSP Contract 2024/25	Limited
42.	Feedback and Insight 2024/25	Limited
43.	IT Monitoring Use of Facilities 2024/25	Limited
44.	Shirehall Disposal	Limited
45.	New Operating Model Pilot	Limited
46.	Travel and Subsistence Follow Up	Limited
47.	Coroners and Mortuary Service	Limited
48.	PMO Project Management	Limited
49.	Risk Management	Limited
50.	Children's Social Care Budget Management Follow Up	Limited
51.	Section 17 Payments Follow Up	Limited
52.	Adults Direct Payments	Limited
53.	Debt Recovery	Limited
54.	Organisational Workforce Resilience	Limited
55.	Short Breaks Follow up	Unsatisfactory (FR)
56.	Deferred Payments 2024/25	Unsatisfactory
57.	The Lantern Follow Up	Unsatisfactory
58.	Digital Mail Room 2024/25	Unsatisfactory
59.	Telecommunications - Contracts, Procurement and Monitoring	Unsatisfactory
60.	Budget Monitoring	Unsatisfactory (FR)

	Other areas contributing to the opinion	
1.	LTP Bus Subsidy Grant (BSOG)	Grant
2.	Home Upgrade Grant (HUG) Phase 2	Grant
3.	Supporting Families Grant - March 2025 Claim 2024/25	Grant
4.	DfT Incentive Element Grant	Grant
5.	Annual Governance Statement	Consultancy

Other areas contributing to the opinion		
6.	Financial Evaluations	Consultancy
7.	National Fraud Initiative	Consultancy
8.	Schools Financial Value Standard	Consultancy
9.	Schools Self-Assessment	Consultancy
10.	Payroll Data Analytics	Consultancy
11.	Active Directory Data Analytics	Consultancy
12.	Strategy and Change Working Group	Consultancy
13.	Input to improvement programme 8 “Getting the Basics Right”	Consultancy
14.	Empty Homes Briefing Note	Briefing Note
15.	IDOX IT Application Briefing Note	Briefing Note
16.	CIPFA Financial Resilience Review Briefing Note	Briefing Note
17.	Back up Arrangements and Data Centres & Infrastructure Briefing Note	Briefing Note
18.	Transport Operations Group Briefing Note	Briefing Note
19.	Key Supply Contracts Briefing Note	Briefing Note (FR)
20.	ASC Outturn	Briefing Note (FR)
21.	Bishops Castle Community College Briefing Note	Briefing Note
22.	NFI Updates September 2025 and February 2026	Briefing Notes
23.	Recommendation Follow Up -Statutory Officers	Briefing Note
24.	NFI Duplicate Payments Briefing Note	Briefing Note
25.	Fighting Fraud and Corruption Locally Assessment Briefing Note	Briefing Note
26.	Highways Other Major Contracts Briefing Note	Briefing Note
27.	Disaster Recovery, Nutanix and Business Continuity Briefing Note	Briefing Note
28.	Housing Client Side Follow Up	Briefing Note
29.	Workforce Planning	Briefing Note
30.	Ethical Framework Follow Up	Briefing Note
31.	VAT Follow Up	Briefing Note
32.	New Operating Model Pilot Follow Up	Briefing Note
33.	Embedding the Shropshire Plan Follow Up	Briefing Note

Key

Text in blue	High risk from an internal audit perspective.
---------------------	---

Table 2: Audit Opinions made on fundamental systems

Fundamental system	Direction of travel	Level of assurance given
Budget Monitoring	↓	Unsatisfactory
Children’s Social Care Budget Management	=	Limited
Corporate Governance	=	Reasonable
Debt Recovery	↓	Limited
<i>Payroll (Draft)</i>	=	<i>Limited</i>
Risk Management	↓	Limited
VAT	=	Limited

Table 3: 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.
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 4: 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 5: 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.

Table 6: The principles and assurance criteria applied to the Chief Audit Executive’s opinion:

Principles applied to the opinion:

1. Authentic: Opinions are fair, reliable and honest
2. Transparent: Opinions are qualified with evidence or professional judgement
3. Strategic: Macro level information without undue detail
4. Insightful: Information is engaging and generates discussion
5. Resolute: Opinion is delivered with courage and conviction

Assurance criteria applied:

Opinion	Indication of when this type of opinion may be given ²	Traditional Opinion
Substantial	Limited number of medium risk related weaknesses identified but generally only low risk rated weaknesses have been found in individual assignments/ observations. No one area is classified as high or/ critical risk	Unqualified
Reasonable	Medium risk rated weakness identified in individual assignments/ observations that are not significant in aggregate to the system of governance, risk management or control. High risk rated weaknesses identified in individual assignments/ observations that are isolated to specific systems, processes and services None of the individual assignment reports/ observations have an overall high or critical risk.	
Limited	Medium risk related weaknesses identified in individual assignments that are significant in aggregate but discrete parts of the system of internal control remain unaffected and/or High risk rated weaknesses identified in individual assignments/ observations that are significant in aggregate but discrete parts of the system of internal control remain unaffected, and/or Critical risk rated weaknesses identified in individual assignments/ observations that are not widespread to the system of internal control, and More than a minority of the individual assignment reports/ observations may have an overall report classification or rating of high or critical risk.	
No Assurance	High risk rated weaknesses identified in individual assignments/ observations that in aggregate are widespread to the system of internal control and/or; Critical risk rated weaknesses identified in individual assignments/ observations that are widespread to the system of internal control or; More than a minority of the individual assignment reports/ observations have an overall report classification of either high or critical risk;	Qualified

² Indicators refer not only to Internal Audit reviews, but wider assurance providers and intelligence from across the business that is evidenced, an example would be peer reviews.

Opinion	Indication of when this type of opinion may be given ²	Traditional Opinion
	Lack of management action to deliver improvements, may be identified by repeating recommendations of a high or critical risk.	
Disclaimer	An opinion cannot be issued because insufficient internal audit work has been completed due to either: -restrictions in the agreed audit programme, which means that audit work would not provide enough evidence to conclude on the adequacy and effectiveness of governance, risk management and control, or - unable to complete enough reviews and gather enough evidence to conclude on the adequacy of arrangements for governance, risk management and control.	Qualified

Table 7: Customer Feedback Survey Forms - percentage of excellent and good responses

Item Being Scored	2023/24	2024/25	2025/26	Direction of Travel
Pre-audit arrangements	88%	98%	98%	=
Post-audit briefing	86%	92%	98%	↑
Audit coverage/scope of the audit	86%	98%	96%	↓
Timeliness of production of report	81%	96%	98%	↑
Accuracy and clarity of report	90%	96%	93%	↓
Practicality of recommendations	80%	96%	94%	↓
Professionalism of approach	95%	98%	100%	↑
Communication skills	97%	98%	100%	↑
Timeliness, competence, manner	89%	96%	98%	↑
Number of forms returned	58	54	56	↑
% of forms scored as excellent and good	88%	97%	98%	↑

Table 8: Summary of compliments and comments 2025/26³

The audit itself is very helpful. It was carried out very well and has resulted in a good report with clear recommendations. Implementation of these recommendations should lead to improvement. My concerns do not relate to the audit but to the context in which the audit was carried out and the current challenges working for Shropshire Council. I feel it is important to record these here.

³ Depersonalised for public reporting

The audit and subsequent recommendations will ensure that our transition to a new way of working incorporates the audit findings into our processes and procedures. As always, the approach of the audit officers is one of support, and we acknowledge their contribution.

The Auditor was friendly, approachable and pragmatic in his approach to the audit. He had a very thorough and efficient approach and was easy to reach with any queries or clarifications, a very good job overall!

The Auditor has been excellent in this process and a credit to the team. Listened and interpreted the description of processes, understanding what the team do to achieve these daily tasks and workflow.

I appreciate the work of the audit team and the role they play in supporting teams to develop more efficient and robust processes. This is the first audit conducted since I came into post and it has helped me to identify gaps in processes and ways to develop myself and my team to provide a more efficient service.

In this instance my expectation was that the audit focus would be on how the introduction of the chargeable service was undertaken however, there has been more focus on existing elements of the contract and budget savings, hence the responses and actions are more relevant to next steps to develop negotiation strategy rather than lessons learned from the introduction of the chargeable service.

I have already fed back about concerns that this audit was looking back to a previous audit completed in 2017/18. The new report indicates that the outcome "Limited assurance" is a worsened position than that previously reported indicating a deterioration. This was a very long time ago and I am not aware if the actions were completed at the time or not. The service has changed markedly due to new legislation and statutory duties, increasing demand and new structures and staffing provision. Possibly when there is such a long gap the Audit should start again and not compare with the position 7 years earlier. The service has improved significantly in the last 3 years and this report may give readers a false impression of the direction of travel. *Audit Comment - The comparative reference to the 2017/18 review is included only to provide historical context and should not be read as the primary basis for the current assurance conclusion. Internal Audit's assessment is grounded in evidence obtained from the current audit period and reflects the extent to which today's key risks are being identified, understood and mitigated through an effective control framework. In this context, 'Limited assurance' indicates that, based on testing performed, there remain control weaknesses which increase the likelihood and/or impact of current risks. The assurance rating does not imply a judgement on effort or service direction of travel; it highlights risk exposure and where mitigations are not yet operating consistently or are not sufficiently evidenced.*

The Auditor approached the audit in a professional manner, asked relevant questions, and provided detailed explanations of her findings. Each audit serves as an opportunity for reflection, and the progress made since the previous audit demonstrates that we are moving in a positive direction.

Very happy with how the Audit was conducted which benefited from being slightly later this year due to delays in our year end accounts being able to be confirmed. The Auditor and team were good to work with and from our perspective this being our 4th audit by Shropshire we are pleased that the process has become more straight forward and the use of share point to share documents has been really helpful.

I would have preferred for reference to be made to the changing political landscape and associated challenges within the body of the report to provide context in terms of the recommendations and findings. Acknowledging that this has been included in the management response.

As we are all aware having the time currently is rare, personally I felt that meeting and request of information was met with the consideration of the service and time restraints with certain pressures currently. I felt the questions and investigations were challenging the status quo and that can only be a positive. The communication between the auditor and the service was excellent.

Thanks for your help, this has been a very useful exercise.

The audit has been carried out with very little disruption to the team, this is appreciated. It is also very helpful that the Auditor has experience of the work of our team which has meant we have not had to spend time explaining processes. Only feedback would be that requests for information were followed up very quickly with chasers not allowing time for staff to collate the requested information.

We would like to express our appreciation to the Auditor for her outstanding communication skills, insightful questions, and genuine understanding of the challenges related to the service. The team has collectively agreed that, once the new processes are fully embedded, we would welcome another follow-up audit conducted by the same Auditor so that she can review the improvements firsthand.

With the assurance scoring, it would be beneficial if there was something to say Reasonable+ when the findings are close to Strengthening control – as it can be viewed as a negative not having the top bracket.

The scope of the audit changed regularly, but I just about managed to keep up. My comments at each stage were rarely included in reports, so I had to re-iterate them a few times. The audit also touched on corporate processes out of my control, but the issues appeared to remain with me. Lastly, different auditors dipped in and out of the process, meaning I had to go over things a few times and information I supplied was not available to other people involved. The Auditor who was my main contact was always helpful and approachable.

The result of this audit has been very positive, with improvements in management insight, governance and control. I feel much more in control as a result.

Feedback form to be MS Form compared to email attachment. This adds strain to IT storage and reduces management ability to quickly provide feedback. This will also save Audit time reviewing individual word documents. The Auditor is very professional and timely. I value the way she listens to my feedback and take on board any comments regarding recommendations or amendments to report content. This approach ensures the full and current picture is accurately documented. Recommendations on occasions with previous audits are down to line managers or senior managers. HR, like many other Enabling service teams put all the policies, procedures and training in place, yet recommendations fall back to HR for monitoring and action. A new approach to manager actions required as a result of recommendations needs reporting collectively up to LB/Statutory Officers to ensure actions being carried out/completed because how will managers know otherwise.

The audit itself was helpful, professionally delivered, and has resulted in a clear report with constructive recommendations. However, during the audit process I raised concerns about the scope of the review. In my view, several significant contributory factors were outside scope, despite being central to the issues identified. These include sustained demand that exceeds staffing capacity, ongoing recruitment and retention challenges, short notice and unplanned requests from service areas, and increasing case complexity. These factors have directly contributed to staff working additional unpaid hours and to pressures in meeting statutory timescales. Without this context, there is a risk that the report could be interpreted as indicating non compliance or poor management practice, when in reality staff have been working under exceptionally challenging conditions to maintain service delivery. The audit framework does not fully allow for recognition of the sustained effort, resilience and commitment shown by the team in continuing to deliver statutory and priority work under prolonged pressure. My concern is that a reader unfamiliar with the operational environment may conclude that there has been significant failure in time management or leadership, rather than understanding the cumulative impact of rising demand, increasing expectations placed on the service, and dependency on other services to complete investigations and responses. The team has been under sustained pressure for several years, with staff routinely working beyond contracted hours. The cumulative effect of repeated audits and reviews has been challenging for morale, particularly where staff feel their commitment and perseverance have not been fully acknowledged.

As Team Leader, I remain committed to implementing the recommendations where possible. However, given that current workload already exceeds available capacity, progress on these actions will inevitably need to be balanced against the delivery of core statutory duties and priority work. Without an increase in staffing capacity aligned to demand, it will not be possible to deliver all requirements or fully address the issues raised without further impact on staff wellbeing or service delivery.

The audit was conducted in a thorough and comprehensive manner, covering all relevant aspects of both the operational and business processes. The debrief session was informative and constructive, offering a chance to discuss findings in depth and deliver actionable, supportive feedback. As always, the Auditor has been meticulous and supportive during all our audits, and I would like to personally thank her for her time.

The Auditor had a positive approach to this audit and showed understanding when we needed to delay the start. He respected the knowledge of the team and we had a timely exchange of information. This has been the most in depth audit we have received regarding the governance of system processes. We would like to thank the Auditor for his support throughout this audit.

AUDIT PLAN PERFORMANCE – ANNUAL REPORT 2025/26

Strategic Risk	Audit Name	Original Plan Days	August Revision	November Revision	January Revision	Revised Plan Days	31 st March 2026 Actual	Status	Audit Opinion	Fundamental	Significant	Requires Attention	Best Practice	Direction of Travel
CYB	Back-up arrangements Follow Up 2024/25	0				0	0.4	Complete	Briefing Note					N/A
BBS / GOV	CIPFA Financial Resilience Review 2024/25	0				0	1.0	Complete	Briefing Note					N/A
CYB	Data Centres and Infrastructure 2024/25	0				0	0.0	Complete	Briefing Note					N/A
CYB	IDOX Cloud Regulatory Services IT Application 2024/25	0				0	0.7	Complete	Briefing Note					N/A
GOV	IT Contract Management 2024/25	0				0	0.7	Complete	Reasonable		1	2		↑
CYB	Microsoft Co-Pilot / Ai 2024/25	0				0	0.7	Complete	Reasonable		1	4		N/A
BBS / GOV	Shrewsbury Shopping Centre Follow Up 2024/25	0				0	0.6	Complete	Reasonable		2	2		↑
GOV / SKI	Workforce Planning – Impact of Voluntary Redundancy on Key Skills and Delegated Responsibilities 2024/25	0				0	0.3	Complete	Limited		2	4		N/A
CYB	IT Monitoring Use of Facilities 2024/25	0				0	1.1	Complete	Limited		2	5		↔
BBS	Economic Growth Strategy/Big Plan 2024/25	0				0	0.8	Complete	Reasonable		3	5		↑
GOV	Feedback and Insight 2024/25	0				0	0.4	Complete	Limited		10	5		N/A
BBS	Section 17 Payments Follow Up 2024/25	0				0	0.5	Complete	Limited		3	4		↔
BBS	Supporting Families Grant - March 2025 Claim 2024/25	0				0	0.0	Complete	N/A					N/A
BBS/ GOV	North West Relief Road Follow Up 2024/25	0				0	0.7	Complete	Reasonable		3	1		↑
BBS / PAR	Continuing Health Care (CHC) Funding	8				8	6.6	Complete	Reasonable		2			↑
CYB	Liquid Logic IT Application (Adults & Children's) / Controcc	15			5	20	20.2	Complete	Reasonable		1	5		↔
GOV	Bishops Castle Community College	10	-8			2	1.5	Complete	Briefing Note					N/A
SGC	Children's Residential Care Contract Management	4				4	4.4	Complete	Reasonable		3	3		↑
SGC / BBS	Children's Social Care Budget Management	5				5	7.7	Complete	Limited		4			↔
SGC	Short Breaks Follow up	4				4	3.8	Complete	Unsatisfactory	1	1			↔
BBS	External Catering Contracts	2				2	2.4	Complete	Reasonable		1			↔
SGC	Foster Care	5	2			7	6.9	Complete	Reasonable		2	5		↑
GOV	Schools Self Assessments (Audit Provided)	8			2	10	11.4	Complete	N/A					N/A
BBS	Section 17 Payments Follow Up	0			5	5	5.1	Complete	Limited		2	3		↔
GOV	Schools Financial Value Statement	2				2	2.9	Complete	N/A					N/A
SGC	Virtual School	10				10	9.0	Complete	Good			1		N/A
BBS	Care Act - Market Shaping	10		2	2	14	13.2	Complete	Reasonable		1	5		N/A
CCS	Garden Waste Collection	8				8	8.4	Complete	Limited		4	2		N/A
GOV	Housing Client Side	5				5	1.0	Complete	Briefing Note					N/A
BBS	Key Supply Contracts	10		-7		3	2.5	Complete	Briefing Note	1				N/A
GOV	Much Wenlock Sports Centre - Joint Use	5		7	1	13	13.5	Complete	Reasonable		2	2		↑
BBS	Deferred Payments 2024/25	0	8			8	7.6	Complete	Unsatisfactory		9	10		↓
BBS	Personal Budgets / Direct Payments Finance Team- Adults	10			2	12	18.3	Complete	Limited		6	5		↔

Strategic Risk	Audit Name	Original Plan Days	August Revision	November Revision	January Revision	Revised Plan Days	31 st March 2026 Actual	Status	Audit Opinion	Fundamental	Significant	Requires Attention	Best Practice	Direction of Travel
CCS	Waste - Veolia Contract	8				8	7.1	Complete	Good			1		↑
BBS	Community Equipment Contract Medequip - PPM Follow Up	3	8			11	10.7	Complete	Reasonable		1	2		↑
GOV	Empty Homes 2024/25	0	9			9	9.3	Complete	Briefing Note					N/A
GOV	Library Management System - Application Review	8		4		12	11.7	Complete	Reasonable		4	11		↑
BBS	Housing Options / Homelessness	12	12			24	23.8	Complete	Limited		5	8		↓
GOV	Management & Control of CCTV Operations	6		5	1	12	12.6	Complete	Reasonable		2	6		↑
GOV	Outdoor Partnerships Follow Up	0				0	6.1	Complete	Good			2		N/A
GOV	The Lantern Follow Up	5	-2			3	1.7	Complete	Unsatisfactory					←→
GOV	Corporate Governance 24/25	0				0	2.4	Complete	Reasonable		2	3		←→
GOV	Recommendation Follow Up	0			8	8	8.8	Complete	Briefing Note					
GOV	Ethical Framework Follow Up	10				10	5.8	Complete	Briefing Note					N/A
BBS	Adult Social Care Outturn	0		21		21	20.7	Complete	Briefing Note	1	4	1		N/A
CYB	Active Directory Analytics	10			2	12	12.5	Complete	Briefing Note			10		N/A
BBS	Budget Monitoring	8	10	4		22	22.3	Complete	Unsatisfactory	1	5	4		↓
CYB	Business Continuity Planning	10				10		Complete	Briefing Note					N/A
BBS	Debt Recovery	15		9		24	25.2	Complete	Limited		4	5		↓
GOV	Digital Mail Room 2024/25	0	4			4	3.6	Complete	Unsatisfactory		5	2		↓
CYB	Disaster Recovery	5				5	0.7	Complete	Briefing Note					N/A
GOV	Equality Diversity and Inclusion Arrangements Follow Up 2024/25	0	5			5	5.4	Complete	Limited		2	2		←→
GOV / BBS	Holiday Pay 2024/25	0	10			10	10.1	Complete	Limited		2	2		N/A
SKI	Workforce Planning	10			-8	2	2.7	Complete	Briefing Note					N/A
GOV	IT Code of Practice / Acceptable Use	8				8	7.6	Complete	Good			3	2	↑
GOV	ICT Restructure	5				5	4.8	Complete	Reasonable			3		N/A
CYB	Microsoft Intune	5				5	12.1	Complete	Reasonable		1	4	1	↑
CYB	Network Switch Management	10			-2	8	7.7	Complete	Reasonable			5		N/A
CYB	Northgate - Revenues & Benefits IT Application	10			2	12	14.9	Complete	Reasonable			5		←→
CYB	Nutanix Data Centre Solution	10				10		Complete	Briefing Note					N/A
SKI	Organisational Workforce Resilience	0	15			15	17.7	Complete	Limited		5	4		N/A
CYB	Pay360 Income Application 2024/25	0	2			2	2.6	Complete	Reasonable		1	7		N/A
GOV	Payroll Data Analytics (IDEA) 24/25 Q4	1				1	1.9	Complete	N/A					N/A
GOV	Payroll Data Analytics (IDEA) Q1	1				1	0.3	Complete	N/A					N/A
GOV	Payroll Data Analytics (IDEA) Q2	1				1	0.6	Complete	N/A					N/A
GOV	Payroll Data Analytics (IDEA) Q3	1				1	0.3	Complete	N/A					N/A
BBS	Purchasing Card Spend Review	0		8	2	10	10.5	Complete	Briefing Note		4			N/A
GOV	Security of Council Buildings Follow Up	5				5	5.5	Complete	Limited		2	1		←→
EGS	Shirehall Disposal	7		2		9	8.7	Complete	Limited		3			N/A
EGS	Shirehall Decant 2024/25	0	2			2	1.7	Complete	Reasonable		3	3		N/A
CYB	Solar Winds Arm - Active Directory Rights Management	10				10	9.3	Complete	Reasonable		1	3		N/A

Strategic Risk	Audit Name	Original Plan Days	August Revision	November Revision	January Revision	Revised Plan Days	31 st March 2026 Actual	Status	Audit Opinion	Fundamental	Significant	Requires Attention	Best Practice	Direction of Travel
CYB / GOV	SNOW IT Asset Management 2024/25	0	9			9	9.2	Complete	Limited		2	6		↓
GOV	Telecommunications - Contracts, Procurement and Monitoring 2024/25	0	17			17	17.3	Complete	Unsatisfactory		7	3		↓
BBS	Travel and Subsistence Follow Up	4		10	1	15	15.9	Complete	Limited		2	2		↔
GOV	VAT	5				5	4.2	Complete	Limited		4	2		↔
GOV	VAT Follow Up	0			4	4	1.2	Complete	Briefing Note		4	2		↔
CYB	WhatsApp Follow Up	3		-2		1	1.1	Complete	Briefing Note		4			↔
BBS	BSOG Grant Bus Subsidy	2				2	1.9	Complete	N/A					N/A
GOV	Highways Other Major Contracts (Grounds Maintenance)	2				2	3.9	Complete	Briefing Note		4	1		N/A
GOV	Transport Management Office	10	-8			2	1.3	Complete	Briefing Note					N/A
GOV	Transport Management Office Follow Up	0	10			10	10.2	Complete	Reasonable		1	6		↑
GOV / BBS	WSP Contract 2024/25	0	5			5	5.0	Complete	Limited		5	8		↔
GOV	Coroners and Mortuary Service	0	10			10	10.3	Complete	Limited		3	5		N/A
GOV	Counter Fraud Work - NFI Purchase Ledger Duplicate Payments Matches	15			-7	8	12.7	Complete	Briefing Note					N/A
GOV	Counter Fraud Work - Fighting Fraud and Corruption Locally Assessment				7	7	7.3	Complete	Briefing Note		3	6		N/A
GOV	Feedback and Insight Follow Up	0			4	4	8.5	Complete	Reasonable		3	4		↑
BBS	Home Upgrade Grant (HUG) Phase 2			15		15	21.8	Complete	Grant					N/A
BBS	DfT Incentive Element Grant					0	1.1	Complete	N/A					N/A
GOV	NFI September 2025 Update					0	0.3	Complete	Briefing Note					N/A
GOV	NFI Q3 Update					0	0.7	Complete	Briefing Note					N/A
GOV / BBS	New Operating Model (NOM) Pilot	10		1		11	11.3	Complete	Limited		3	6		N/A
GOV / BBS	New Operating Model (NOM) Pilot Follow Up	0			4	4	1.7	Complete	Briefing Note					N/A
GOV	PMO Project Management	0	12	1		13	12.9	Complete	Limited		4	3		N/A
GOV	IT Project Management	0	8	1		9	8.8	Complete	Reasonable		1	4		↔
GOV / BBS	Workforce Board Review	0			8	8	7.8	Complete	Reasonable		2	6		N/A
GOV	Risk Management	10			5	15	14.9	Complete	Limited		6	5		↓
GOV / BBS	Embedding the Shropshire Plan Follow Up	5			-3	2	0.6	Complete	Briefing note					N/A
GOV	Financial Evaluations	30		-10		20	15.7	Complete	N/A					N/A
BBS	Finance - Final Grant Claims	8				8		Complete	N/A					N/A
GOV	National Fraud Initiative (NFI)	20				20	11.3	Complete	N/A					N/A
GOV	Bishops Castle Community College	0	8			8	15.3	Draft						
SGC	Magic Notes AI	7				7	10.4	Draft						
BBS	Homelessness Follow Up	0			4	4	6.6	Draft						
GOV	Corporate Governance	8				8	6.4	Draft						

Page 189

Strategic Risk	Audit Name	Original Plan Days	August Revision	November Revision	January Revision	Revised Plan Days	31 st March 2026 Actual	Status	Audit Opinion	Fundamental	Significant	Requires Attention	Best Practice	Direction of Travel
BBS	Adult Social Care Outturn Follow Up	0			4	4	4.7	Draft						
BBS	Agency Workers & Consultants Follow Up	5				5	12.9	Draft						
GOV	BluPrint - Print Unit Operations	6			2	8	15.0	Draft						
MHW	Health & Safety Governance	8			7	15	29.7	Draft						
CYB	IDOX Planning, Building Control & Gazetteer Management System	10				10	10.7	Draft						
GOV	Counter Fraud Work - NFI Declaration of Interest Review	0				0	15.5	Draft						
GOV	Members Development Training	0		8	9	17	16.9	Draft						
GOV	Annual Governance Statement (AGS)	1				1	0.9	Draft						
GOV	Performance Management Framework	8				8	10.0	Draft						
GOV	Assistive Technologies including BOTS	10				10	10.0	In Progress						
SGC	Adoption Process including allowances	10				10	4.9	In Progress						
SGC	Direct Payments Children	10				10	14.2	In Progress						
SGC / BBS	SEND Statutory and Regulatory Framework	10				10	5.9	In Progress						
CCCS	Garden Waste Collection Follow Up	0			4	4	2.5	In Progress						
CCCS	Emergency Planning	8				8	11.9	In Progress						
GOV	The Lantern	0	5			5	2.8	In Progress						
CYB	Database Access / Admin / Management	8				8	0.8	In Progress						
BBS	ICT Project Financing and Recharges	5				5	4.9	In Progress						
GOV	Payroll System	25			5	30	31.2	In Progress						
CYB	PSN (public sector network) Accreditation	5				5	5.4	In Progress						
CYB	Remote Support	5				5	2.2	In Progress						
GOV / BBS	Big Town Plan / Shrewsbury Riverside Development	10				10	14.3	In Progress						
GOV	Chipside Parking System IT Application Review	10				10	2.9	In Progress						
GOV	Highways Term Maintenance -Kier	15				15	15.7	In Progress						
GOV	Counter Fraud, Policies and Training - Fraud Risk Assessment	2				2	6.0	In Progress						
GOV	Equality Diversity and Inclusion Arrangements Follow Up	0			2	2		Carried Forward						
GOV / BBS	Holiday Pay Follow Up	0			2	2		Carried Forward						
SKI	Impact of Voluntary Redundancy on Key Skills and Delegated Responsibilities	0			4	4		Carried Forward						
GOV / BBS	Payroll Leaver and Sickness Verification	0			8	8	0.9	Carried Forward						
GOV	Education Health and Care Plans AI	7			-7	0		Cut						
GOV	Procurement Strategy	8			-6	2	0.4	Cut						
CYB	Amazon Web Services (AWS) Platform	10				10	6.3	Cut						
CYB	Conditional Access	7			-7	0		Cut						
CYB	Corporate Networking - Active Directory	10			-10	0		Cut						
CYB	Decommissioning Shirehall Data Centre Project	10			-10	0		Cut						

Strategic Risk	Audit Name	Original Plan Days	August Revision	November Revision	January Revision	Revised Plan Days	31 st March 2026 Actual	Status	Audit Opinion	Fundamental	Significant	Requires Attention	Best Practice	Direction of Travel
GOV	Power BI Reporting and Development	7			-7	0		Cut						
MHW / SKI	Recruitment Arrangements Follow Up	6			-5	1	1.1	Cut						
CYB	Unified Communications	7			-7	0		Cut						
GOV	CONFIRM-Highways Management System	10			-10	0		Cut						
GOV	Partnerships	8			-8	0		Cut						
GOV	Section 38 Road Adoption	4			-4	0	0.1	Cut						
Total Shropshire Council Planned Work		709	153	79	15	956	974.1							
CONTINGENCIES														
	Advisory Contingency	20	0	0	0	20	18.7							
	Fraud Contingency	150	-50	-56	-24	20	10.9							
	Unplanned Audit Contingency	50	-42	0	0	8	38.3							
	Other non audit Chargeable Work	120	3	14	0	137	150.5							
CONTINGENCIES		340	-89	-42	-24	185	218.4							
Total for Shropshire		1,049	64	37	-9	1,141	1,192.5							
EXTERNAL CLIENTS		159	0	2	0	161	164.6							
Total Chargeable		1,208	64	39	-9	1,302	1,357.1							

Page 107

Strategic Risk Key

Strategic Risk	Abbreviation	Likelihood	Impact	Status
Failure to protect from and manage the impact of a targeted cyber-attack on ICT Systems used by the Authority	CYB	5	5	25
Inability to contain overall committed expenditure within the current available resources within this financial year	BBS	5	5	25
Inability to set a balanced budget for a given year within the MTFS.	BBS	5	5	25
Failure of Officers and Members to adhere to Governance arrangements.	GOV	5	4	20
Health & Wellbeing of The Workforce	MHW	5	4	20
Critical Skills shortage impacting on Recruitment, Retention & Succession Planning	SKI	5	4	20
Impact of extreme pressures upon partners (social care, health, and criminal justice)	PAR	5	4	20
Responding and Adapting to Climate Change	CCS	4	4	16
Impact of increased waiting lists in relation to DoLs, OT and SI	WLI	4	4	16
Safeguarding children	SGC	3	4	12

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank