

SHROPSHIRE COUNCIL AUDIT SERVICES

FINAL INTERNAL AUDIT REPORT

WME RISK MANAGEMENT 2018/19

Assurance Level	Good
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Customer	West Mercia Energy
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Distribution	Nigel Evans, Director
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Auditors	Shelley Taylor
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Fieldwork dates	October 2018
Debrief meeting	N/A
Draft report issued	N/A
Responses received	N/A
Final report issued	15 October 2018

Introduction and Background

1. As part of the approved internal audit plan for 2018/19 Audit Services have undertaken a review of Risk Management and Insurance.
2. This audit has been conducted in accordance with the Public Sector Internal Audit Standards.
3. Audit Services would like to express their thanks to the officers who assisted during the course of the audit.

Scope of the Audit

4. The scope, incorporating the objectives of the audit, was agreed with key contacts at the commencement of the audit.

To review the progress made implementing the recommendation made in the previous audit and to confirm that there are appropriate arrangements in place for the management of risk and insurance during the current financial year.

5. Audit work was undertaken to give assurance on the extent to which the following management control objectives are being achieved:
 - The recommendations made in the previous audit have been implemented as agreed.
 - Risks arising from business strategies and activities are identified and prioritised and management and the Joint Committee have determined the level of risk acceptable to the organisation.
 - Risk mitigation activities are designed to reduce, or otherwise manage, risk at levels that were determined to be acceptable to management and the board.
 - Ongoing monitoring activities are conducted to periodically reassess risk and the effectiveness of controls to manage risk.
 - The Joint Committee and management receive periodic reports of the results of the risk management process.
 - There are appropriate and adequate insurance arrangements in place.
6. The audit was delivered on time and within budget.

Audit Opinion

7. An opinion is given on the effectiveness of the control environment. This indicates the level of assurance that can be given based upon testing and evaluation of the system. This opinion will be reported to the Joint Committee and will inform the Annual Governance Statement which is included in the Annual Statement of Accounts. There are four levels of assurance; Good, Reasonable, Limited and Unsatisfactory.

As a result of the evaluation and testing of the controls that are in place in the areas examined, from work undertaken Audit Services are able to give the following assurance opinion:

Good	There is a sound system of control in place which is designed to address relevant risks, with controls being applied consistently.
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8. Responsibility for the maintenance of a sound system of internal control rests with management. The audit process is designed to provide a reasonable chance of discovery of material weaknesses in internal control by means of sample testing. It cannot however guarantee absolute assurance against all material weaknesses, the overriding of management controls, collusion, or instances of fraud or irregularity.
9. The review identified the following areas where appropriate management controls were in place and operating satisfactorily and, upon which, positive assurance can be given:

✓	The recommendations made in the previous audit have been implemented as agreed.
✓	Risks arising from business strategies and activities are identified and prioritised and management and the Joint Committee have determined the level of risk acceptable to the organisation.
✓	Risk mitigation activities are designed to reduce, or otherwise manage, risk at levels that were determined to be acceptable to management and the board.
✓	Ongoing monitoring activities are conducted to periodically reassess risk and the effectiveness of controls to manage risk.
✓	The Joint Committee and management receive periodic reports of the results of the risk management process.
✓	There are appropriate and adequate insurance arrangements in place.

10. Recommendations accepted by management at the previous audit have been reviewed and are detailed below:

Number of recommendations accepted by management at the last audit	1
Recommendations implemented	1
Recommendations partially implemented	-
Recommendations superseded	-
Recommendations not actioned	-

Good progress has been made in the implementation of previous recommendations. No recommendations remain outstanding following this audit.

Audit Approach

11. The approach adopted for this audit included:
 - Review and documentation of the system.
 - Identification of key controls.
 - Follow up of previous recommendation.
 - Tests of controls to confirm their existence and effectiveness.

- Evaluation of the controls and identification of weaknesses and potential risks arising from them.

12. A more detailed report covering all of the work undertaken can be provided on request. This will be, available in a working paper format.

Ceri Pilawski
Head of Audit

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