



# SHROPSHIRE COUNCIL AUDIT SERVICES

*"ADDING VALUE"*

## FINAL INTERNAL AUDIT REPORT WME FINANCE 2024/25

Assurance Level	Good
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## Audit Data

<b>Customer:</b>	<b>West Mercia Energy</b>
<b>Report Distribution:</b>	<b>Nigel Evans, Director Jo Pugh, Finance Manager</b>
<b>Auditor(s):</b>	<b>Adam Williams Megan Alcock</b>
<b>Fieldwork Dates:</b>	<b>September 2024</b>
<b>Debrief Meeting:</b>	<b>N/A</b>
<b>Draft Report Issued:</b>	<b>N/A</b>
<b>Responses Received:</b>	<b>N/A</b>
<b>Final Report Issued:</b>	<b>10 October 2024</b>

Assurance		
Previous Assurance Level	Current Assurance Level	Direction of Travel
Good	Good	No change to control environment

## Introduction and Background

1. As part of the approved internal audit plan for 2024/25 Audit Services have undertaken a review of Finance.
2. This audit has been conducted in accordance with the Public Sector Internal Audit Standards.
3. Maintenance of the control environment is the responsibility of Management. The audit process is designed to provide a reasonable chance of discovering material weaknesses in internal controls. It cannot, however, guarantee absolute assurance against all weaknesses including overriding of management controls, collusion, and instances of fraud or irregularity.
4. Audit Services would like to thank officers who assisted during the audit.
5. The audit was delivered on time and within budget.

## Scope of the Audit

6. The following scope was agreed with key contacts at the beginning of the audit:  
To review the key finance processes of WME to ensure that there are appropriate controls in place and that those controls are being operated effectively.
7. The scope includes a follow up of recommendations made in the 2023/24 audit. Where not implemented fully, these are revisited, and the findings included in this report.
8. Audit work was undertaken to give assurance on the extent to which the following management control objectives are being achieved. Objectives with a √ demonstrate that appropriate management controls are in place and upon which positive assurance can be given. Objectives with an X are those where the management controls are not being achieved:
  - √ The recommendations made in the previous audit have been implemented.
  - √ There are appropriate Financial Regulations which have been approved by the Joint Committee.
  - √ There is an established process for preparation and approval of the annual budget.
  - √ Management Accounts are accurate and produced in a timely manner for review by senior management and Members.
  - √ There are appropriate controls over the use of journal entries within the ledger.
  - √ There is a bank reconciliation process which is undertaken in a timely manner and reviewed by management.
  - √ There are appropriate arrangements in place for the recording and monitoring of VAT.
  - √ There is an appropriate process in place to ensure that the Payroll is processed in an accurate and timely manner in line with current legislation.
  - √ Permanent and temporary variations to the payroll are valid, appropriately authorised, and processed accurately.
  - √ There are appropriate processes in place for the control and operation of the creditors system.

- √ There are appropriate controls to ensure that creditors payments made are accurate, complete, have not previously been paid.

## Assurance Level and Recommendations

9. An opinion is given on the effectiveness of the control environment reviewed during this audit. The level of assurance given is based upon sample testing and evaluation of the controls in place. This will be reported to the Joint Committee and will inform the Annual Governance Statement which accompanies the Annual Statement of Accounts. There are four levels of assurance; Good, Reasonable, Limited and Unsatisfactory.

Audit Services can give the following assurance level on the area audited:

<b>Good</b>	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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10. Audit work revealed no control weaknesses.
11. The status of the recommendations accepted by management at the previous audit has been reviewed and is summarised in the table below:

12.	Number of recommendations accepted by management at the last audit	<b>2</b>
	Recommendations implemented	1
	Recommendations partially implemented	-
	Recommendations superseded	-
	Recommendations not implemented	-
	Recommendations no longer relevant	1

13. Good progress has been made in the implementation of one of the previous recommendations. A previously raised recommendation in relation to amending Financial Regulations to permit approval of low level orders at a less senior level has been reassessed and this is not considered a control failure or efficiency risk and has not been be restated as part of the audit.

## Audit Approach

14. The approach adopted for this audit included:
- Review and documentation of the system.
  - Identification of the risks to achieving the business outcomes and associated key controls.
  - Follow up of previous recommendations.
  - Testing of controls to confirm their existence and effectiveness.
  - Identification of weaknesses and potential risks arising from them.
15. It is important for us to monitor the quality of Audit Services to ensure that it not only fulfils the Council's statutory requirements, but also meets your needs as our customer(s). To assist in this, we would be grateful for any feedback on the audit. Please complete **Appendix 1** as part of your management response.

This report is produced solely for the use of WME. Its contents should not be shared, copied, quoted or referred to in whole or in part without our prior written consent except as required by law. Shropshire Council will accept no responsibility to any third party, as the report has not been prepared, and is not intended for any other purposes.

	Excellent	Good	Reasonable	Weak	N/A
<b>VALUE OF THE AUDIT TO YOU AS A MANAGER</b>					
Pre-audit arrangements <sup>1</sup>					
Post-audit briefing					
Audit coverage/scope of the audit					
Timeliness of production of report					
Accuracy and clarity of report					
Practicality of recommendations					
<b>CONDUCT OF AUDITOR/PROFESSIONALISM.</b>					
Professionalism of approach, competence					
Communication skills, pleasant manner					
Timeliness of audit to your business process					

<sup>1</sup> Please tick the appropriate box

**If you think we could improve in any area or you have any additional comments or suggestions about the internal audit service, please note your comments/criticisms or compliments below.**

**Your responses will be treated seriously and will help to shape the service going forward.**

**Do you consider audit to be a positive support to your establishment/service?<sup>2</sup>**

**Yes**

**No**

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<sup>2</sup> Please tick the appropriate box