



# SHROPSHIRE COUNCIL AUDIT SERVICES

*"ADDING VALUE"*

## FINAL INTERNAL AUDIT REPORT WME PROCUREMENT 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, Managing Director</b>
<b>Auditor(s):</b>	<b>Megan Alcock</b>
<b>Fieldwork Dates:</b>	<b>October 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>6 November 2024</b>

## Assurance

<b>Previous Assurance Level</b>	<b>Current Assurance Level</b>	<b>Direction of Travel</b>
<b>Good</b>	<b>Good</b>	<b>No change to control environment</b>

## Introduction and Background

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

Within 2024/25 two procurements have been undertaken. One large scale tendering for the Supply of Gas on a Flexible Basis and the Provision of Associated Services which this audit focussed on and a smaller tendering for the Provision of a Decarbonisation Services Partner for the Education Sector.

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

## Scope of the Audit

6. The following scope was agreed with key contacts at the beginning of the audit:  
To review and give assurance that tendering and contract procurement in respect of the gas supplies contract is operated in accordance with legislation and the West Mercia Energy Contract Procedure Rules.
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 is an appropriate evaluation process prior to the project being tendered.
  - ✓ There is a satisfactory system to ensure tender documents are completed in accordance with Contract Procedure Rules.
  - ✓ There is an adequate system of tender appraisal so that selection is based on an accurate evaluation of the tender information.
  - ✓ Successful and unsuccessful tenderers are notified promptly; unsuccessful tenders are retained in case of default / re-negotiation / for future information.
  - ✓ Contract documents are completed on a timely basis and include key conditions to protect West Mercia Energy from liability in respect of contractor's actions.

## 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 and therefore no recommendations have been raised as part of this review.
11. The status of the recommendations accepted by management at the previous audit has been reviewed and is summarised in the table below:

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

Good progress has been made in the implementation of previous recommendations.

## Audit Approach

12. The approach adopted for this audit included:
- Review and documentation of the system.
  - Identification of the risks to achieving the business outcomes and associated key controls.
  - Follow up of previous recommendations.
  - Testing of controls to confirm their existence and effectiveness.
  - Identification of weaknesses and potential risks arising from them.

Barry Hanson  
Head of Audit

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