



SHROPSHIRE COUNCIL AUDIT SERVICES

"ADDING VALUE"

FINAL INTERNAL AUDIT REPORT WME IT 2024/25

Assurance Level	Good
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Audit Data

Customer:	West Mercia Energy
Report Distribution:	Nigel Evans (Managing Director) Neil Marston (Head of IT)
Auditor(s):	Adam Williams Megan Alcock
Fieldwork Dates:	January 2025
Debrief Meeting:	N/A
Draft Report Issued:	5th February 2025
Responses Received:	14th February 2025
Final Report Issued:	19th February 2025

Introduction and Background

1. As part of the approved internal audit plan for 2024/25 Audit Services have undertaken a review of IT Audit.
2. This audit has been conducted in accordance with the Public Sector Internal Audit Standards.
3. WME maintains its own system for managing the billing arrangements for its customers. This system is business critical in processing and validating bills, and the system administration is undertaken internally by the Head of IT.

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 provide assurance that the administrative procedures and responsibilities for maintaining the income management system are operating effectively to ensure its continued operation and accuracy.
7. Audit work was undertaken to give assurance on the extent to which the following management control objectives are being achieved. Objectives with a √ demonstrate that appropriate management controls are in place and upon which positive assurance can be given. Objectives with an X are those where the management controls are not being achieved:
 - X Appropriate system administration procedures are in place and responsibilities are clearly defined.
 - √ To ensure that clear procedures are in place for the authorisation of changes and system changes are applied by appropriately qualified staff.
 - √ To ensure that there are continuity processes are in place to ensure system availability.
 - √ To ensure that the application authentication and authorisation mechanisms are secure.
 - √ To ensure there are controls in place to ensure application parameter data is correct, updated in a timely manner and access is restricted.
 - √ An appropriate backup and recovery plan is in place which forms part of an overall disaster recovery plan
 - X Recovery procedures are routinely tested

Assurance Level and Recommendations

8. An opinion is given on the effectiveness of the control environment reviewed during this audit. The level of assurance given is based upon sample testing and evaluation of the controls in place. This will be reported to the 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:

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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9. Recommendations are made where control weaknesses, risks or areas for improvement have been identified and are of sufficient importance to merit being reported to you in accordance with auditing standards. There are four categories of recommendation; Best Practice, Requires Attention, Significant and Fundamental. Detailed findings and a definition of the recommendation categories are included in the Exception Report at **Appendix 1**. The following table summarises the number of recommendations made in each category:

Total	Fundamental	Significant	Requires Attention	Best Practice
2	0	0	2	0

10. A summary of the recommendations, together with the agreed management responses are included at **Appendix 2**. Implementation of these recommendations will address the risks identified and improve the controls that are currently in place.
11. Audit work revealed control weaknesses which, whilst not deemed to be fundamental or significant, limit the level of assurance in the following areas:
- Appropriate system administration procedures are in place and responsibilities are clearly defined.
 - Recovery procedures are routinely tested

Audit Approach

12. The approach adopted for this audit included:
- Review and documentation of the system.
 - Identification of the risks to achieving the business outcomes and associated key controls.
 - Testing of controls to confirm their existence and effectiveness.
 - Identification of weaknesses and potential risks arising from them.
13. As Internal Audit report by exception, only those areas where control weaknesses and/or errors have been identified are included in this report (**Appendix 1**). Recommendations to improve controls or enhance existing practice are detailed against each finding and the associated risk. Your Action Plan is included at **Appendix 2**. A more detailed report covering all the work undertaken can be provided on request.

14. In accordance with the Public Sector Internal Audit Standards, recommendations will be followed up to evaluate the adequacy of management action taken to address identified control weaknesses.

Barry Hanson
Head of Policy and Governance

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INTERNAL AUDIT EXCEPTION REPORT FOR WME IT 2024/25

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

Audit Ref	Finding/ Observation	Implications/Risks	Rec No.	Rec Rating	Recommendation
Management Control Objective: To ensure that clear procedures are in place for the authorisation of changes and system changes are applied by appropriately qualified staff.					
2.1	<p>The documented procedures and the Change Control Process do not outline who is responsible for performing steps within the process. Whilst WME is a small organisation and responsibility is known, it is still good practice to ensure that the procedures are clear in this regard.</p> <p>It is not clear within the processes what cover arrangements are in place for when the Head of IT is not available, and from our review it was evident how integral the Head of IT is to implementing updates and changes within the system. Therefore, there is a risk of single point of failure.</p>	Current risk of business continuity failing as a result of a single point of failure for all IT systems which could be realised at any absence of the Head of IT.	1	Requires Attention	<p>IT System and infrastructure responsibilities need to be formally defined in policy. A statement such as "the Head of IT is responsible for overseeing this process and ensuring that any staff permitted to manage the process are authorised and capable." should be included and communicated.</p> <p>The current single point of failure, landing with the Head of IT, needs to be alleviated by training the new hire on the same processes and defining roles responsible for making system changes</p>

Audit Ref	Finding/ Observation	Implications/Risks	Rec No.	Rec Rating	Recommendation
	A final consideration should be given to determining what skills are required of officers who are involved in implementing changes to the system, this will help support WME in determining whether there is sufficient cover internally and, if needed externally, what skills are required.				within the procedures.
Management Control Objective: Recovery procedures are routinely tested					
7.1	As part of business continuity/disaster recovery WME should be undertaking regular test situations to restore the system including ensuring that at least one other officer is able to restore in the Head of IT's absence. A similar finding was raised within the Governance audit, however, has been restated here as specific reference to testing the recovery of the utilities system.	The system cannot be adequately restored within a timely manner impacting business continuity, data processing and loss of officer resource.	2	Requires Attention	In line with the recommendation within the Governance audit, ensure the business continuity processes have been properly tested with specific consideration to restoring the utilities system in the absence of Head of IT.

ACTION PLAN FOR WME IT 2024/25

Rec Ref.	Rec No.	Recommendation	Rec Rating	Proposed Management Action	Lead Officer	Date to be Actioned
2.1	1	<p>IT System and infrastructure responsibilities need to be formally defined in policy. A statement such as "the Head of IT is responsible for overseeing this process and ensuring that any staff permitted to manage the process are authorised and capable." should be included and communicated.</p> <p>The current single point of failure, landing with the Head of IT, needs to be alleviated by training the new hire on the same processes and defining roles responsible for making system changes within the procedures.</p>	Requires Attention	<p>We agree, change control process to be updated and communicated.</p> <p>New member of IT team scheduled to start mid-March.</p>	Neil Marston	<p>Policy updated</p> <p>Training to begin from mid-March</p>
7.1	2	In line with the recommendation within the Governance audit, ensure the business continuity processes have been properly tested with specific consideration to restoring the utilities system and data in the absence of Head of IT.	Requires Attention	Agreed, this forms part of the SLA with Shropshire Council. Restore of servers was tested as part of the data centre migration. We will liaise with Shropshire Council as part of the next quarterly review.	Neil Marston	December 2025