



## Committee and Date

Audit Committee

26<sup>th</sup> June 2025

10:00am

Item

Public



# Internal Audit Resource Update

<b>Responsible Officer:</b>	James Walton		
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<b>Cabinet Member</b> (Portfolio Holder):	Heather Kidd, Leader of the Council Duncan Kerr, Chairman of the Audit Committee Roger Evans, Portfolio Holder – Finance		

## 1. Synopsis

This report provides a brief update on the current Internal Audit structure together with the latest position following a recruitment campaign.

## 2. Recommendations

- 2.1. The Committee is asked to note the contents of the Internal Audit Resource Update report.

# Report

## 3. Risk Assessment and Opportunities Appraisal

- 3.1. An effective Internal Audit Service examines, evaluates and reports objectively on the risk management, control and governance processes, taking account of internal auditing standards or guidance as a contribution to the proper, economic, efficient and effective use of resources.
- 3.2. The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998 and the Accounts and Audit Regulations 2015.
- 3.3. Proper practices' can be demonstrated through compliance with the Global Internal Audit Standards (GIAS). Vacancy management and recruitment, whilst an ongoing risk, has been managed proactively throughout 2024/25 and activities undertaken to mitigate and manage associated team risks going forward in 2025/26. Further recruitment will be considered following the successful integration of the new team members.
- 3.4. There is a specific requirement under GIAS to report on the resourcing of the Internal Audit team - Domain III Standard 8.2.
- 3.5. There are no direct environmental, equalities or consultation consequences.

## 4. Financial Implications

- 4.1. The Internal Audit Service is delivered within approved budgets. The work of Internal Audit contributes to improving the efficiency, effectiveness and economic management of the wider Council and its associated budgets.

## 5. Climate Change Appraisal

- 5.1. This report does not directly make decisions on energy and fuel consumption; renewable energy generation; carbon offsetting and mitigation; or on climate change adaption. However, the work of the Committee will look at these aspects relevant to the governance, risk management and control environment.

## 6. Background

- 6.1. Resourcing professional services within the public sector has been challenging for several years. Recruitment of qualified and experienced Internal Audit professionals has been especially challenging particularly in the last three to four years, despite numerous recruitment campaigns. This is experienced not only by internal but also by external audit firms reporting similar issues.
- 6.2. The Audit Committee have expressed concern throughout the 2024/25 year that the IA team are not sufficiently resourced to deliver the assurances the Committee requires to enable them to discharge their responsibilities. At the February 2025

meeting Cllr Lumby tabled a motion that was unanimously supported by the Committee to recruit to the vacant posts within Internal Audit.

*“Whilst recognising the Head of Policy and Governance assurance, this committee is worried about the further loss of an auditor. This compounds our reservations at recent meetings about the audit team's ability to provide sufficient audit function and provide more than the ‘limited assurance’, that we are getting used to.*

*The vacancy level within the team is unacceptable, we recognise that there is a moratorium on recruiting but consider senior officers should recognise the seriousness of the situation, we request a report from senior team for the next committee. The purpose of this motion is to support the audit team and process and to reassure the audit committee.”*

6.3. This is set against the level of assurance given by the Chief Audit Executive (CAE – the Head of Policy and Governance at Shropshire Council) with only a limited opinion being given for the past five years. The use of the word ‘limited’ reflects the assurance that can be provided based on the evidence considered over the year (the options being, disclaimer<sup>1</sup>, no assurance, limited, reasonable and substantial). It should not be misconstrued to suggest that the level of assurance is limited by the amount of resource or number of auditors within the team. In their year-end Audit report for 2023/24 the External Auditors noted the failure to improve this situation as it illustrates that the Council is not taking the Internal Audit assessment seriously enough or Internal Audit are not firm enough in their actions.

6.4. The size of the Internal Audit Team is determined by the structure agreed with the s151 Officer. The available resource within the structure is determined by the ability to recruit and retain staff to those posts. The CAE and s151 Officer work closely to ensure that resources practically available are deployed to ensure adequate coverage of the Council's Internal Control Environment to enable a year end opinion to be arrived at. While there have been vacancies in the team over the last financial year, there has been recruitment to ensure a minimum level of coverage is attained as a minimum.

6.5. Following the February 2025 Audit Committee meeting the Head of Policy and Governance presented a paper to the Workforce Board recommending a full recruitment process to commence immediately to fill all the following vacant positions as part of a single campaign, which was approved:

- Principal Auditor IT x 1
- Senior Auditor x 1
- Senior Auditor Fraud and investigations x 1
- Auditor x 2

6.6. The recruitment process was completed in April 2025. The Internal Audit Plan for 2025/26 was completed in draft with an opportunity to amend the plan and seek approval from Audit Committee following an understanding of the level of recruitment and retention achieved in the early part of the financial year. Successful appointment was made to the Principal Auditor IT position with the successful candidate due to start in July 2025. One Auditor position was also filled with the successful candidate due to start in June 2025. No suitable applicants were identified for the Senior Auditor Fraud and Investigations position.

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<sup>1</sup> This refers to where insufficient audit work has been completed to form an opinion.

- 6.7. This recruitment has reduced the number of vacant positions within the Internal Audit function from five to four. This takes account of a further resignation at Auditor level in May 2025.
- 6.8. A Senior Auditor position was advertised in May 2025, however, the closing date has been extended as no suitably qualified or experienced candidates applied. Once the two new recruits are in post further recruitment will be considered over the coming months.

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

**Local Member:** N/A

#### **Appendices**

N/A