

Appendix 1 Audit Committee questions to and answers from the Leader & Interim Chief Executive

- 1. We have received 'limited assurance' for the council's framework for governance, risk and internal control from the Chief Audit Executive's opinion for the past 6 years. Why have we failed to meet the scale of the challenge to improve our governance, risk and internal control and what can be learnt from this?**

There has been insufficient focus on ensuring a robust internal control environment in the past, however that is not to be the case moving forward. Tightening the adherence to governance requirements is an operational priority for both the Administration and Leadership Board and a key area of focus within the overall Improvement Plan for the Council.

The Administration has already agreed to the appointment of opposition groups as chair for Audit and Governance Cttee and several Overview and Scrutiny Committees as a clear demonstration of the commitment there is to addressing these legitimate concerns.

Over the next 12-18 months focus will be on a variety of workstreams to support and develop our workforce and enable them to excel. This will include reinforcing the role of the manager through our people strategy and getting the basics right which will have a strong focus on strengthening governance and compliance.

Furthermore, via the Statutory Officers meetings, which have now started to take place, there will be oversight of the implementation of internal audit recommendations amongst other governance priorities, including compliance with the Code of Corporate Governance and a regular review of the Council's internal control environment and strategic risks. This group has an agreed ToR that can be shared and comprises of the three statutory posts of the Council; HoPS, CFO and the MO along with other key officers including the Chief Audit Executive.

- 2. What steps have already been taken to build and embed the organisational culture and systems needed to improve on our assurance rating?**

In addition to the above, discussions have commenced with the wider Senior Leadership Forum around their collective role, the role of the manager and the expectations on leaders at all levels around strong governance practices. Members of SLF will also focus on their own accountability and responsibility. Our SLF are a critical leadership conduit to our wider workforce and ensuring the Council's operating environment aligns with our Improvement Plan priorities. The Administration have an open invitation to attend this forum, currently meeting on a weekly basis throughout October and November alongside the rapid development of our Improvement Plan.

We recognise that our workforce wants to be part of shaping our future and help identify the right solutions. It's important that we all understand everyone's voice matters in the decisions we make and that we all have a key role in ensuring that we are delivering the right services in the right way for our residents and strong governance arrangements are pivotal to that.

Work is underway on the 2025-2030 People Plan, this builds on the feedback from the Staff Pulse Survey, broader engagement sessions, best practice arrangements elsewhere and the CPC feedback. Initial actions the plan will focus on include Culture, Leadership & Talent, Capability & Capacity, Performance and Systems & Establishment. Key deliverables for each of these five areas will have a strong governance focus to develop and embed a strong assurance framework.

3. How is the strategic leadership of the Council identifying and driving the changes now necessary to improve

Members and Officers at a senior level (i.e. Cabinet and Leadership Board) are working collaboratively, and as part of facilitated sessions funded through LGA, to ensure the Council focuses on the key priorities and actions necessary to improve overall and as mentioned this is a key necessity of our Improvement Plan.

We are working closely with LGA representatives to develop the right conditions and the right detail for this plan and engaging the wider organisation on this work. We see this being both a bottom up and top-down approach so that we are creating at all levels of the organisation the clarity, buy-in and space for improvement, equally ensuring that we have a strong assurance process wrapped around this work will ensure we keep on track.

4. How will you ensure that these changes are embedded right across the Council and that all parts of the operational and political components of the Council share the same understanding and commitment to improve.

As mentioned earlier, work is underway on the Council's Improvement Plan, the detail for this plan will be co-developed by officers and members with the aim of ensuring we're utilising all of the Council's resources in the most effective way so that we can be a best value authority that delivers, enables and influences for Shropshire and its residents. We are also self-assessing against the best value framework to provide a baseline for future work.

Initially the improvement plan will cover a 12-18 month period identifying the key activities the Council needs to undertake. As mentioned, this plan will be co-developed by officers and members and progress against this will be overseen through our governance structure which will include the new Improvement Board, O&S, Audit and Governance Committee and Cabinet.

The People Plan, mentioned earlier, is a key driver and enabler across the organisation to drive and embed change. Greater visibility and engagement with

the wider organisation, including through a variety of communication channels will also support embedding this change. Ensuring a strong golden thread which runs through from the improvement plan, to service plans and through to employee development plans will furthermore support the embedding of change.

- 5. The current corporate risk register has 9 risks that exceed our tolerance levels of which 3 have the maximum score permissible. None of these risks have reduced their scores over the last period and 3 have increased them. What assurance can you give the Committee that the mitigation measures outlined will be effective in reducing these scores? If you have only limited assurance what else is being done to manage this situation?**

As per the report received by the Committee on 25 September several risks relate to the Council's current financial situation and since the review of those risks in June, a financial emergency was declared by Cabinet on 10 September and several operations board put in place to review and reduce the Council's expenditure, limiting it to essential spend only.

In addition to this, the work underway with service areas to produce the MTFS and the eventual financial improvement plans to address the challenges will support the addressing of these risks and getting the Council into a sustainable financial position. Conversations are also underway with MHCLG regarding EFS requirements over the MTFS period. Details of these will continue to be presented to the Budget Forum and Audit Committee.

Several risks relate to our workforce and as mentioned already, the forthcoming People Plan will support in addressing these risks.

Overall, however, the mitigation of our Strategic Risks is closely interlinked with our Improvement Plan and it will be essential that the steps we take over the next 12-18 months enable us to bring those risks down to a more acceptable level where feasible but as a minimum ensure we have the correct mitigations and controls in place to manage them. We will, of course, review risks through workshops over the year to reassess and reconsider existing risks and identify any new strategic risks that fall above our risk appetite.

In addition, we expect the independently chaired Improvement Board to provide further impetus to mitigating these risks.

- 6. At a time when the council is facing financial challenges, has the audit committee's role in providing value for money been fully understood and utilised?**

Audit Committee's role is a valuable resource to the Council and alongside O&S Committees and the Improvement Board we welcome the scrutiny and oversight the committee provides in supporting the Council to drive value for money and demonstrating strong stewardship. Enabling the current year and next year's Internal Audit Plan to align with the Council's Improvement Plan would be very

welcome and in the coming months we would be happy to present to you considerations for inclusion in your programme of work and equally welcome scrutiny of the draft Improvement Plan to ensure we are able to focus our resources on the right projects for the Council. Certainly when it comes to scrutinising the performance of our high value contracts we expect several committees will have a key role in ensuring we obtain and continue to drive value for money from them and more broadly our commissioning arrangements.