Cheltenham Borough Council Cabinet - 27th July 2010

KPMG Interim Audit Report - Action Plan Report of the Cabinet Member Corporate Services

- 1. Executive Summary and recommendation
- 1.1 The issue
- **1.1.1** At the end of June, the audit committee received an interim audit report from our external auditors with a list of recommendations. Officers have been considering the recommendations and have arrived at the following action plan.
- 1.2 I therefore recommend that:
- 1.2.1 Cabinet endorse the management response to the action plan and note that I will be updating the audit committee on progress against the plan at their next meeting.
- 1.3 Summary of implications
- **1.3.1** Financial None arising from this report

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1.3.2 Legal None directly arising from this report

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1.3.3 Other

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1.4 Implications on corporate and community plan priorities

1.4.1 Good governance arrangements underpin the delivery of the council's corporate strategy.

1.5 Statement on Risk

1.5.1 A risk assessment is set out at appendix 1.

2. Introduction

2.1 KPMG are the council's external auditors and at the recent audit committee set out their interim findings from their audit. The audit committee are charged with governance and oversight of the audit and monitoring the management response to the recommendations. As a cabinet we should be considering the recommendations and proposed action plan and ensure that it is delivered.

3. Background

- 3.1 The main headlines from the audit so far is that the controls over our key financial systems are generally sound, apart from the issue with regards to payroll which is already identified on our risk register and annual governance statement. The auditors were able to rely on the work of the internal audit partnership.
- 3.2 The auditors identified that the organisational and IT controls environment were considered effective overall but have recommendation a number of actions which will improve the control environment. One of the recommendations related to the way in which divisional risk registers were being completed and managers have already undertaken further work in this area in respect of the production of their service plans. The most significant recommendations related to the IT control areas, specifically the testing of backup data, and the auditors are of the view that without this testing it is not possible to ensure the integrity of backup media. They also identified a number of weaknesses regarding access to programmes and data, although they recognised that there are mitigating actions and controls which reduce the risk.
- **3.3** Attached at appendix 2 is an action plan which has been drawn up by management in response to the audit recommendations.

4. Consultation

- 4.1 The audit committee were specifically concerned about the potential control issues with payroll coupled with the IT access controls. I have spoken to both the relevant ADs and I am satisfied that the suggested actions will address the risks highlighted within the audit report.
- **4.2** I would request that cabinet colleagues in discussions with their respective ADs

4.3

| Appendices | |
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| 1 | Risk register |
| 2 | Action plan |
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| Background Papers | |
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