

**Cheltenham Borough Council**  
**Audit Committee – 26 March 2014**  
**Internal Audit Monitoring Report**

<b>Accountable member</b>	<b>Cabinet Member Corporate Services, Councillor Jon Walklett</b>
<b>Accountable officer</b>	<b>Head of Audit Cotswolds – Robert Milford</b>
<b>Ward(s) affected</b>	<b>All</b>
<b>Key Decision</b>	<b>No</b>
<b>Executive summary</b>	<p>The Council must ensure that it has sound systems of internal control that facilitate the effective management of all the Council's functions. The work delivered by Audit Cotswolds, the Council's internal audit service, is one of the control assurance sources available to the Audit Committee, the Senior Leadership Team and supports the work of the external auditor.</p> <p>The Annual Internal Audit Opinion presented to Audit Committee provides an overall assurance opinion at the end of the financial year. This Internal Audit Monitoring Report, however, is designed to give the Audit Committee the opportunity to comment on the work completed by the partnership and provide 'through the year' comment and assurances on the control environment.</p>
<b>Recommendations</b>	<b>The Audit Committee considers the report and makes comment on its content as necessary</b>

<b>Financial implications</b>	<p>None directly arising from this report</p> <p><b>Contact officer: Mark Sheldon, Chief Finance Officer</b>  <b>mark.sheldon@cheltenham.gov.uk, 01242 264123</b></p>
<b>Legal implications</b>	<p>None directly arising from this report</p> <p><b>Contact officer: Peter Lewis, Head of Legal Services, One Legal</b>  <b>peter.lewis@tewkesbury.gov.uk, 01684 272012</b></p>
<b>HR implications (including learning and organisational development)</b>	<p>It is noted that a number of the Audits are in draft and some are ongoing. No HR implications at this time.</p> <p><b>Contact officer: Amanda Attfield, Head of HR, GOSS</b>  <b>Amanda.attfield@cheltenham.gov.uk, 01242 264186</b></p>
<b>Key risks</b>	<p>That weaknesses in the control framework, identified by the audit activity, continue to threaten organisational objectives, if recommendations are not implemented.</p>

<p><b>Corporate and community plan Implications</b></p>	<p><i>“Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.” (Chartered Institute of Internal Auditing UK and Ireland).</i></p> <p>Therefore the internal audit activity impacts on corporate and community plans.</p>
<p><b>Environmental and climate change implications</b></p>	<p>One of the specialist skills now provided by the service is that of environmental auditing. This would therefore aid the Council in its environmental and climate change objectives.</p>

## **1. Background**

- 1.1** The Annual Audit Plan was aligned with the corporate and service risks facing the Council as identified in the consultation with the Senior Leadership Team and supports by such systems as the risk registers. At the time of preparing the 2013/14 plan, the Council's Corporate Strategy 2010-2015 was being reviewed and, as internal audit is there to help the organisation to achieve objectives, part of the plan has been aligned to elements of this strategy. However, to inform the audit plan we have also reviewed other key documents, such as the Medium Term Financial Strategy, change programme agendas and updates to the business plan, many of which contain risk assessments.
- 1.2** There is also a requirement to support the work of the External Auditor (Grant Thornton). This is in the form of financial and governance audits to support such activities as value for money.
- 1.3** The audit plan also considered risks that may evolve during the year. The consultation process has sought to identify these areas considering where internal audit could support and add value to the risk control process. This report identifies work we have completed in relation to the planned audit work.

## **2. Reasons for recommendations**

- 2.1** The environment in which Cheltenham BC and other Local Authorities now operates has presented significant drivers for change. The continual effort to meet the organisational objectives within a constrained budget has resulted in core systems coming under review for change e.g. the GO Shared Services impacting on core financial systems and shared services generally impacting on core governance arrangements.
- 2.2** Therefore Internal Audit needs to be responding to the changing environment and the areas where the organisation now requires assurances. The prompts the requirement to keep to a more flexible and risk based plan.
- 2.3** It should also be recognised that the service is a partnership, so co-ordinating resources across multiple organisations is critical to the success of the partnership.
- 2.4** This report highlights the work completed by Internal Audit and provides comment on the assurances provided by this work.

## **3. Internal Audit Output**

- 3.1** The internal audit service is continuing to review its operational procedures and processes to ensure they align with the Public Sector Internal Audit Standards (PSIAS). Furthermore, the service is reviewing its structure to ensure it is appropriately resourced and skilled for future work expectations.

**3.2** Internal Audit has worked on the following audits since the last meeting:

Audit	Report Status	Assurance
Bridging the Gap / Corporate Strategy	Final	Hlgh
*GO Shared Services <ul style="list-style-type: none"> <li>• Budgetary Control and Capital Accounting</li> <li>• Main Accounting (including Bank Reconciliation) and Treasury Management</li> <li>• Accounts Payable</li> <li>• Payroll</li> <li>• Accounts Receivable</li> <li>• Systems Admin</li> </ul>	WiP  WiP  WiP WiP WiP Draft	
Council Tax	Draft	
NNDR	Draft	
Housing and Council Tax Benefits	Draft	
Property Maintenance Programme	Draft	
Grants to Community Organisations	Draft	
Transparency Agenda	Draft	
Non-GOSS work (Financial or HR Controls outside of GOSS scope)	WiP	
Art Gallery and Museum Project Review	Work Commissioned to Grant Thornton	

**3.3** \*Further detail – The GO Shared Service audit reports once finalised will be presented to the Client Officer Group for consideration. Each client will be receiving a report regarding the operational controls within their organisation and an assurance on the controls falling within the functions provided by the GO Shared Services.

**3.4** Audit Cotswolds has also undertaken the following:

- Audit provision for GO Shared Service
- Audit provision for Ubico Ltd
- Audit provision for Cheltenham Borough Homes

- 3.5** Internal Audit has undertaken a rolling programme for the sample testing of the amber items highlighted in the PSN report along with follow-up testing of the virus issues identified. Those examined so far are detailed in Appendices 2 and 3.
- 3.6** Internal Audit review of the Art Gallery and Museum Project Review could not be resourced internally, therefore following approval, Grant Thornton have been commissioned to complete the work and will submit a report to the June meeting.

<b>Report author</b>	<b>Robert Milford, Head of Audit Cotswolds, 01242 775058 robert.milford@cheltenham.gov.uk</b>
<b>Appendices</b>	Appendix 1 – Monitoring Report Appendix 2 – PSN update Appendix 3 – Virus update
<b>Background information</b>	None

