

Cheltenham Borough Council
Audit Committee – 24 September 2014
Internal Audit Monitoring Report

| | |
|-----------------------------|--|
| Accountable member | Cabinet Member Corporate Services, Councillor John Walklett |
| Accountable officer | Head of Audit Cotswolds – Robert Milford |
| Ward(s) affected | All |
| Significant Decision | No |
| Executive summary | <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> |
| Recommendations | The Audit Committee considers the report and makes comment on its content as necessary |

| | |
|--|---|
| Financial implications | <p>The report includes a summary of the findings from the audit of key areas of the council's activity. The assurance levels provide evidence that there are no significant areas of weakness. There are some recommendation for improvement highlighted that are addressed by action plans which, once implemented, will provide further strengthening of key controls designed to protect public funds.</p> <p>Contact officer: Mark Sheldon, Chief Finance Officer mark.sheldon@cheltenham.gov.uk, 01242 264123</p> |
| Legal implications | <p>None specific arising from the recommendation</p> <p>Contact officer: Peter Lewis, Head of Legal Services, One Legal peter.lewis@tewkesbury.gov.uk, 01684 272012</p> |
| HR implications (including learning and organisational development) | <p>Nothing arising from this report.</p> <p>Contact officer: Amanda Attfield, Head of HR, GOSS Amanda.attfield@cheltenham.gov.uk, 01242 264186</p> |
| Key risks | <p>That weaknesses in the control framework, identified by the audit activity, continue to threaten organisational objectives, if recommendations are not implemented.</p> |

| | |
|--|--|
| Corporate and community plan implications | <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> |
| Environmental and climate change implications | <p>Relevant to particular audit assignments and will be identified within individual reports.</p> |

1. Background

- 1.1 The Annual Audit Plan 2014/15 was aligned with the corporate and service risks facing the Council as identified in the consultation with the Senior Leadership Team and supported by such systems as the risk registers. The role and responsibilities of internal audit reflect that it 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 benefit to supporting 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. This 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** The appendices to the report are therefore intended to inform the Audit Committee of progress made regarding the approved work plan for 2014/15 and follow up action that has taken place.

| | |
|-------------------------------|--|
| Report author | Robert Milford, Head of Audit Cotswolds, 01242 775058 robert.milford@cheltenham.gov.uk |
| Appendices | Appendix A of this report sets out the executive summaries of those reports that have been concluded since the last monitoring report. Appendix B to this report sets out the Assurance and Priority Methodology applied to Internal Audits. Appendix C to this report sets out the Internal Audit Plan for 2014/2015 updated for progress to date. Appendix D to this report sets out the key findings of the six month follow up reviews that have taken place. |
| Background information | None |