

**Cheltenham Borough Council**  
**Audit Committee –15 June 2016**  
**Internal Audit Annual Opinion**

<b>Accountable member</b>	<b>Cabinet Member Corporate Services, Councillor Roger Whyborn</b>
<b>Accountable officer</b>	<b>Head of Internal Audit (Operational) – Lucy Cater</b> <b>On behalf of: Head of Audit Cotswolds – Robert Milford</b>
<b>Ward(s) affected</b>	<b>All</b>
<b>Significant Decision</b>	<b>No</b>
<b>Executive summary</b>	<p>The Internal Audit Annual Opinion, <b>Appendix A</b>, gives the opinion, on behalf of Head of Audit Cotswolds and, therefore, the officer responsible for the delivery of the internal audit function, which includes assessing the adequacy and effectiveness of internal control within Cheltenham Borough Council. The opinion is based on the adequacy of control, noted from a selection of risk-based audits carried out during the year and, other advice work on control systems including the proactive work of the service as it supports the control arrangements within change projects. The results of any external inspections also inform the opinion.</p> <p>Throughout the year we have measured the degree of control assurance within the systems or elements of systems we have audited or supported by way of control advice. Overall, the opinion is that a <b>satisfactory assurance</b> level can be given for the controls in place, within the areas where audit activity has taken place, to safeguard these systems which in turn support the delivery of the Council's overall business objectives.</p> <p>Where operational control issues were raised, the risks associated with the control issues raised, in the audit reports, are being actively managed by the responsible Management.</p> <p>Due to the information contained in The Opinion, it was deemed unnecessary to submit a quarterly monitoring report but Executive summaries for audits concluded since the last Audit Committee are attached at <b>Appendix B</b>.</p>
<b>Recommendations</b>	<b>That the Committee considers the report and comments as necessary</b>
<b>Financial implications</b>	<p>None received.</p> <p><b>Contact officer: Paul Jones / Sarah Didcote</b></p>

<b>Legal implications</b>	<p>None received.</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>None received.</p> <p><b>Contact officer: Julie McCarthy, HR Manager</b>  <b>julie.mccarthy@cheltenham.gov.uk, 01242 264355</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>
<b>Corporate and community plan Implications</b>	<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>
<b>Environmental and climate change implications</b>	<p>None.</p>

## 1. Background

- 1.1** The report outlines how the Internal Audit function has supported the Council in meeting the requirements of Regulation 4 the Accounts and Audit Regulations 2011. These state that:

*“The relevant body is responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body’s functions and which includes arrangements for the management of risk.”*

*“The relevant body must conduct a review at least once in a year of the effectiveness of its system of internal control.”*

- 1.2** Under the CIPFA Public Sector Internal Audit Standards the chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.

The annual report must incorporate:

- the opinion;
- a summary of the work that supports the opinion; and
- a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme

## 2. Reasons for recommendations

- 2.1** 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 assurances available to the Audit Committee, the Senior Leadership Team, and supports the work of the external auditor.

### **3. Annual Internal Audit Opinion**

- 3.1 Satisfactory assurance** can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. Some weakness in the design and/or inconsistent application of controls have been identified, recommendations made and improvement plans agreed

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<b>Appendices</b>	<b>Appendix A</b> of this report sets out the Annual Internal Audit Opinion <b>Appendix B</b> – Executive summaries
<b>Background information</b>	Internal Audit Monitoring reports presented to the Audit Committee throughout 2015/16