

Cheltenham Borough Council
Audit Committee – 24 July 2019
Annual Internal Audit Opinion 2018/19

Accountable member	Cabinet Member Corporate Services, Councillor Alex Hegenbarth
Accountable officer	Paul Jones, Executive Director – Finance and Assets (S151 Officer)
Ward(s) affected	All
Key/Significant Decision	No
Executive summary	<p>The Annual Internal Audit Opinion, Appendix A, gives the opinion, of the Head of Internal Audit (SWAP Assistant Director) 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 'Reasonable' assurance 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 Internal Audit Annual Opinion, it was deemed unnecessary to submit a separate quarterly monitoring report. Instead, we have produced a condensed version of the usual report which contains a summary of the work concluded since the last meeting of this Committee.</p>
Recommendations	The Audit Committee considers the report and makes comment on its content as necessary
Financial implications	<p>There are no financial implications arising from the report</p> <p>Contact officers: Paul Jones, Director, Assets and Finance Paul.Jones@cheltenham.gov.uk, 01242 264365</p>
Legal implications	<p>None specific arising from the report recommendation</p> <p>Contact officer: Sarah Farooqi, Head of Legal Services, One Legal Sarah.Farooqi@tewkesbury.gov.uk, 01684 272012</p>

HR implications (including learning and organisational development)	There are no direct HR implications arising from the content of the report. Contact officer: Julie McCarthy, HR Manager- Operations Julie.McCarthy@publicagroup.uk , 01242 264355
Key risks	That weaknesses in the control framework, identified by the audit activity, continue to threaten organisational objectives, if recommendations are not implemented.
Corporate and community plan Implications	“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). Therefore; the internal audit activity impacts on corporate and community plans.
Environmental and climate change implications	Relevant to particular audit assignments and will be identified within <i>individual reports</i> .
Property/Asset Implications	No Response Received Contact officer: Dominic.Stead@cheltenham.gov.uk

1. Background

- 1.1 The report outlines how the Internal Audit function has supported the Council in meeting the requirements of the Accounts and Audit (England) Regulations 2015. These state that: “A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.”
“A relevant authority must conduct, each financial year, a review of the effectiveness of the 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

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 SWAP Internal Audit Services, the Council’s internal audit service in 2018/19, 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 Reasonable 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.
- 3.2 Officers from SWAP will be in attendance at the Committee meeting and will be available to address Members’ questions.

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Appendices	<ol style="list-style-type: none">1. Annual Internal Audit Opinion2. Summary of work completed since April 2019