

**Cheltenham Borough Council**  
**Audit, Compliance and Governance Committee – 13<sup>th</sup> July 2022**  
**Annual Internal Audit Opinion 2021/22**

<b>Accountable member</b>	Councillor Peter Jeffries, Cabinet Member for Finance and Assets
<b>Accountable officer</b>	Paul Jones, Executive Director of Finance, Assets and Regeneration (Section 151 Officer)
<b>Ward(s) affected</b>	<b>All</b>
<b>Key/Significant Decision</b>	<b>No</b>
<b>Executive summary</b>	<p>The Annual Internal Audit Opinion, Appendix 1, 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 ‘Low Substantial’ 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 is 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>
<b>Recommendations</b>	<b>The Audit, Compliance and Governance Committee considers the report and makes comment on its content as necessary</b>
<b>Financial implications</b>	<p>There are no financial implications arising from the report</p> <p><b>Contact officer: Gemma Bell, Director of Finance and Assets (Deputy Section 151 Officer)</b>  <a href="mailto:Gemma.Bell@cheltenham.gov.uk">Gemma.Bell@cheltenham.gov.uk</a></p>
<b>Legal implications</b>	<p>None specific arising from the report recommendation</p> <p><b>Contact officer: One Legal</b>  <a href="mailto:legal.services@tewkesbury.gov.uk">legal.services@tewkesbury.gov.uk</a></p>

<b>HR implications (including learning and organisational development)</b>	<p>The HR implications are as detailed in the Internal Audit Plan. HR will work closely with Internal Audit in respect of the areas of coverage as detailed in Financial Management and People and Asset Management in order to meet the actions required.</p> <p><b>Contact officer: Julie McCarthy, HR Manager – Operations</b>  <a href="mailto:Julie.McCarthy@publicagroup.uk">Julie.McCarthy@publicagroup.uk</a></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>“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).</p> <p>Therefore; the internal audit activity impacts on corporate and community plans.</p>
<b>Environmental and climate change implications</b>	<p>Relevant to particular audit assignments and will be identified within individual reports.</p>
<b>Property/Asset Implications</b>	<p>There are no specific Property/Asset Implications arising from the content of the report</p> <p><b>Contact officer: Gemma Bell, Director of Finance and Assets (Deputy Section 151 Officer)</b>  <a href="mailto:Gemma.Bell@cheltenham.gov.uk">Gemma.Bell@cheltenham.gov.uk</a>, 07341 780601</p>

## 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.”

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 SWAP Internal Audit Services, the Council’s internal audit service in 2021/22, is one of the control assurances available to the Audit, Compliance and Governance Committee, the Senior Leadership Team, and supports the work of the external auditor.

## 3. Annual Internal Audit Opinion

- 3.1 ‘Low Substantial’ 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, actions agreed with officers 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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<b>Appendices</b>	1. SWAP Internal Audit Annual Opinion 2021/22 2. Audit Work Completed since April 2022