

Cheltenham Borough Council

Audit, Compliance and Governance Committee – 12th July 2023

Annual Internal Audit Opinion 2022-23

Accountable member:

Councillor Peter Jeffries, Cabinet Member for Finance and Assets

Accountable officer:

Paul Jones, Executive Director – Finance, Assets and Regeneration

Accountable scrutiny committee:

None

Ward(s) affected:

N/A

Key/Significant Decision:

No

Executive summary:

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.

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 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.

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.

Recommendations:

- **That Audit, Compliance and Governance Committee considers the attached reports and makes comment on its content as necessary**
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Implications

1.1. Financial implications

There are no financial implications arising from the report

Signed off by: Paul Jones, Executive Director Finance, Assets and Regeneration
Paul.Jones@cheltenham.gov.uk

1.2. Legal implications

As detailed in the report, it is a requirement under the CIPFA Public Sector Internal Audit Standards for the Chief Audit Executive to deliver an Annual Internal Audit Opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management, and control. This is an important source of assurance that supports the Council's governance statement.

Signed off by: One Legal, legal.services@onelegal.org.uk

1.3. HR implications

There are no specific HR implications arising from the content of the report. The HR Team continue to work closely with CBC and SWAP to ensure that any HR related recommendations from audits are actioned.

Signed off by: Clare Jones, HR Business Partner, Clare.Jones@Cheltenham.gov.uk

1.4. Environmental and climate change implications

None specific arising from the report agreed actions

Signed off by: Gemma Bell, Head of Finance (Deputy Section 151 Officer),
Gemma.Bell@cheltenham.gov.uk

1.5. Property/asset implications

There are no specific Property/Asset implications arising from the content of the report

Signed off by: Gemma Bell, Head of Finance (Deputy Section 151 Officer),
Gemma.Bell@cheltenham.gov.uk

1.6. Corporate policy framework implications

The Internal Audit Plan is aligned to our Corporate Priorities and provide assurance against the achievement of corporate policy.

Signed off by: Ann Wolstencroft, Head of Performance, Projects and Risk,
Ann.Wolstencroft@cheltenham.gov.uk

2. Promoting equality and reducing discrimination

No implications arising from the report agreed actions.

3. Performance management – monitoring and review

Regular monitoring reports are provided to this Committee and, in the interim period regular meetings are held between Internal Audit and the Executive Director of Finance, Assets and Regeneration. New and emerging risks are discussed, and the impact of the recommendations made by Internal Audit are discussed.

4. Background

- 4.1. 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.”
- 4.2. 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.

5. Reasons for recommendations

- 5.1. 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 2022/23, 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.
- 5.2. ‘Low Reasonable’ Assurance can be given that there is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited. Some weakness in the design and/or inconsistent application of controls have been identified, actions agreed with officers and improvement plans agreed.
- 5.3. Officers from SWAP will be in attendance at the Committee meeting and will be available to address Members’ questions.

6.

7. Alternative options considered

7.1. None

8. Consultation and feedback

8.1. None

9. Key risks

9.1. That weaknesses within the control framework, identified by the Internal Audit Activity, continue to threaten organisational objectives, if agreed actions are not implemented.

Report author:

Lucy Cater, Head of Internal Audit, Assistant Director, SWAP Internal Audit Services

Lucy.Cater@swapaudit.co.uk

Appendices:

Appendix 1 – SWAP Internal Audit Annual Opinion 2022/23

Appendix 2 – Agreed Actions