

Cheltenham Borough Council

Report of Internal Audit Activity

April 2026

Contents

The contacts at SWAP in connection with this report are:

Lucy Cater

Assistant Director

Tel: 01285 623340

lucy.cater@swapaudit.co.uk

Jaina Mistry

Principal Auditor

Tel: 01285 623337

jaina.mistry@swapaudit.co.uk

- Contents:

Internal Audit Definitions

Audit Plan Progress

Finalised Audit Assignments

Internal Audit Definitions

At the conclusion of audit assignment work each review is awarded a “Control Assurance Definition”;

- **No**
- **Limited**
- **Reasonable**
- **Substantial**



Audit Framework Definitions

Control Assurance Definitions

No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Reasonable	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.
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Non-Opinion – In addition to our opinion based work we will provide consultancy services. The “advice” offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance. Consultancy services from Internal Audit offer management the added benefit of being delivered by people with a good understanding of the overall risk, control and governance concerns and priorities of the organisation.

Internal Audit Definitions

Recommendations are prioritised from 1 to 3 on how important they are to the service/area audited. These are not necessarily how important they are to the organisation at a corporate level.

Each audit covers key risks. For each audit a risk assessment is undertaken whereby with management risks for the review are assessed at the Corporate inherent level (the risk of exposure with no controls in place) and then once the audit is complete the Auditors assessment of the risk exposure at Corporate level after the control environment has been tested. All assessments are made against the risk appetite agreed by the SWAP Management Board.



Audit Framework Definitions

Categorisation of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors; however, the definitions imply the importance.

	Categorisation of Recommendations
Priority 1	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management
Priority 3	Finding that requires attention.

Definitions of Risk

Risk	Reporting Implications
High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
Medium	Issues which should be addressed by management in their areas of responsibility.
Low	Issues of a minor nature or best practice where some improvement can be made.

Audit Plan Progress

Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Operational	Counter Fraud and Enforcement Unit	Final Report	Low Substantial	1	-	-	1	Reported in July
Key Financial Control	Payroll – Publica Controls	Final Report	Mid Substantial	0	-	-	-	Reported in July
Key Financial Control	Payroll – Council Controls	Final Report	Low Reasonable	2	-	2	-	Reported in July
Follow-Up	Grant Income	Final Report	N/A	0	-	-	-	Reported in July
Governance	Data Maturity	Final Report	N/A	0	-	-	-	Reported in October
ICT	Disaster Recovery – Revenues and Benefits	Final Report	Low Substantial	0	-	-	-	Reported in October
Follow-Up	Voids Review	Interim Report	N/A	0	-	-	-	Reported in October
Operational	Recharging Mechanisms (Housing Services)	Final Advisory Report	N/A	10	5	3	2	Reported in October
Follow-Up	Recharging Mechanisms – Interim Report	Interim Report	N/A	0	-	-	-	Report in January
Key Financial Control	Bank Reconciliations	Final Report	Mid Substantial	1	-	-	1	Report Included
Key Financial Control	Revs and Bens – Council Tax and NNDR	Draft Report						
Operational	Income Streams (Licensing)	In Progress						
Follow-Up	Property and Estates	In Progress						

Audit Plan Progress


Audit Type	Audit Area	Status	Opinion	No of Rec	Priority			Comments
					1	2	3	
Operational	Climate Change – Operational	In Progress						
Operational	Housing Allocations	Planned						
Operational	Accounts Payable – Quarterly Review 2025/26	On Going	High Substantial					Report Included – Quarter 2
Grant Certification	Carbon Data 2023/24	Ready to Start						
Advisory	Procurement and Commissioning Group	On-Going						
Advisory	Corporate Governance Group	On-Going						
Follow-Up	Follow-Up of Agreed Actions (not included in an audit above)	On Going						
Other Audit Involvement	Working with the Counter Fraud and Enforcement Unit	On Going						
Other Audit Involvement	Management of the IA Function and Client Support	On Going						
Other Audit Involvement	Contingency – Provision for New Work based on emerging risks							



Summary of Audit Findings

The following are the Internal Audit reports, of each audit review finalised, since the last Committee update

Bank Reconciliations – Final Report – March 2026

Audit Objective To provide assurance that core financial processes are operated in accordance with agreed policy/procedure and with the Financial Rules.

Executive Summary				
	Assurance Opinion	Management Actions		Organisational Risk Assessment
	The review confirmed a sound system of governance, risk management and control, with internal controls operating effectively and being consistently applied to support the achievement of objectives.	Priority 1	0	Our audit work includes areas that we consider have a low organisational risk and potential impact.
		Priority 2	0	
		Priority 3	1	
Total	1			

Key Conclusions		Audit Scope
 <p>There is no established process in place to resolve historical unreconciled items, in either the suspense account or bank reconciliation. At the time of audit work (January 2026) there were several outstanding entries in both the Council’s suspense account, and the ‘other items’ section of the bank reconciliation. The oldest unresolved items in both are from 2021. The Accounting Technician will liaise with Publica to establish a process to resolve historical suspense account entries, and unreconciled items going forward.</p>	<p>The following areas were reviewed:</p> <ul style="list-style-type: none"> • Suspense account monitoring processes. • Frequency and accuracy of bank account reconciliations. • Authorisation process for bank account reconciliations. • Implementation of previously agreed actions. 	
 <p>We can confirm the monthly bank reconciliation is being completed in a timely manner, and it is appropriately authorised in accordance with the Councils financial rules.</p>	<p>The period reviewed was November 24 – January 2026.</p>	

Other Relevant Information.

The Accounting Technician has advised that they will be working with Publica to clear historic balances that have previously been unable to be resolved as part of the normal reconciliation process.

Accounts Continuous Analysis Quarter 2 – Final Report – March 2026

Audit Objective

To identify potential duplicate payments. To summarise and present any such payments to the Accounts Payable (AP) team for remedial action.

Executive Summary



Assurance Opinion

The review confirmed a sound system of governance, risk management and control, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Management Actions

Priority 1	0
Priority 2	0
Priority 3	0
Total	0

Organisational Risk Assessment

Low

Our audit work includes areas that we consider have a low organisational risk and potential impact.

Key Conclusions



Accounts Payable (AP) use Business World to process payments on behalf of partner organisations and Councils. We used BW to generate AP reports capturing payments to suppliers between 1st April 2025 and 30th September 2025.

A total of 90,160 lines of transactional data was analysed. We cleansed the data and applied conditional formatting to highlight potential duplicate transactions. These transactions were inspected to establish whether mitigating circumstances could be identified (e.g. credit note). 3 suspected duplicates with a potential overpayment value of £622.06 were forwarded to the AP team for further investigation. This represents <0.001% of the total payments analysed.

At the time of writing this report, all potential duplicates for 2025/26 Q1&2 have been resolved. However, AP are managing 1 unresolved payment totalling £126 from 2024/25. We will continue to monitor this through to resolution.

Audit Scope

Our review covers Q1 and Q2 of the 2025/26 Financial Year. We check for potential duplicate payments at Councils and organisations hosted on Business World.

Findings have been summarised and reported to the Accounts Payable team, for further review and remedial action where necessary.

Next Steps

AP continue to work with officers and suppliers to rectify the unresolved duplicate transactions.

Our AP continuous duplicate payment analysis continues and potential duplicates for Q3 2025/26 have been forwarded to AP for further investigation. A separate report detailing Q3 conclusions will follow.

