

Annual Internal Audit Report 2013/14 and the Internal Audit Plan 2014/15

Report of the County Treasurer

Please note that the following recommendations are subject to consideration and determination by the Committee before taking effect.
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- Recommendations:**
- (a) That the Committee formally accepts the Annual Internal Report for 2013/14.**
 - (b) That the Committee formally approves the Internal Audit Plan for 2014/15.**
 - (c) That members authorise the Assistant County Treasurer for Investment and Treasury Management to execute the Service Level Agreement relating to the Internal Audit Plan.**

1. Annual Internal Report – 2013/14

- 1.1. The Head of Devon Audit Partnership is required to provide the Authority with an assurance on the system of internal control of the Fund. It should be noted, however, that this assurance can never be absolute. The most that the internal audit service can do is to provide reasonable assurance, based on risk-based reviews and sample testing, that there are no major weaknesses in the system of control. In assessing the level of assurance to be given the following have been taken into account:
- 1.1.1. all audits completed during 2013/14;
 - 1.1.2. any significant recommendations not accepted by management and the consequent risks;
 - 1.1.3. internal audit's performance;
 - 1.1.4. any limitations that may have been placed on the scope of internal audit.
- 1.2. In carrying out systems and other reviews, Internal Audit assesses whether key, and other, controls are operating satisfactorily within the area under review, and an opinion on the adequacy of controls is provided to management as part of the audit report.
- 1.3. Our final audit reports also include an action plan which identifies responsible officers, and target dates, to address control issues identified during a review. Implementation of action plans are reviewed during subsequent audits or as part of a specific follow-up process.
- 1.4. Management have been provided with details of Internal Audit's opinion on each audit review carried out in 2013/14 to assist them with compilation of their individual annual governance assurance statements. If significant weaknesses have been identified in specific areas, these have been considered by the Authority in preparing its Annual Governance Statement which will be included with its published Statement of Accounts for 2013/14.

1.5. Overall, and based on work performed during 2013/14, Internal Audit is able to provide reasonable assurance on the adequacy and effectiveness of the Fund's internal control environment.

2. Internal Audit Plan 2014/15 and the Service Level Agreement

2.1. Under the Local Government Act 1972, the Chief Financial Officer has a statutory duty to ensure that all financial systems in the Authority are secure. Assurance that this is the case is given through the reporting of Internal Audit. Audits will be carried out under the terms of Accountancy and Audit Regulations 2011.

2.2. As the Internal Auditors for the Pension Fund it is our responsibility to ensure that all financial systems are operating effectively and in line with the Authority's financial regulations.

The Aim of the Plan

2.3. The plan is reviewed and agreed on an annual basis, incorporating the key risks identified through the Fund's risk register and areas identified by Internal Audit. The plan also incorporates the requirements of the External Auditors in reviewing finance systems.

2.4. The main objectives of the plan are to provide assurance to the Section 151 Officer and the external auditors that all financial systems are: -

- Secure;
- Effective;
- Efficient;
- Accurate;
- Complete;
- Compliant.

2.5. In order to confirm this, system reviews and compliance testing are completed at the Fund's administrative office based in County Hall.

The Plan

2.6. The audit plan for the financial year 2014/15 allows for up to 50 days of internal audit support.

2.7. This covers the financial audit reviews required as part of Internal Audit responsibilities in reporting to the Section 151 Officer, but also satisfies external auditors, of the security and effectiveness of the financial systems. As your Internal Auditors we will provide the documentation required by external audit to ensure they are satisfied with operations.

2.8. We liaise with the Fund's external auditors to discuss the testing planned to ensure this satisfies their requirements and reduces their need for review of these financial systems. The remainder of the planned days incorporates reviews of specific systems as identified through an audit risk assessment process, the Authority's risk register and liaison with management.

2.9. Any major findings (if applicable) from the previous year's audit plan will be reviewed to ensure that agreed recommendations have been implemented and are effective.

2.10. As part of the audit plan we will also provide assistance and advice, and be a central contact point for the Assistant County Treasurer for Investment and Treasury Management.

Timetable

2.11. The audits will be completed at specified times of the year through consultation and prior agreement of the Assistant County Treasurer for Investment and Treasury Management. This will also take into account the timetable of external audit where applicable.

2.12. All findings will be reviewed with the Assistant County Treasurer for Investment and Treasury Management at the end of each audit programme and prior to the issue of any draft reports.

2.13. A copy of all final reports will be forwarded to your External Auditors for their information.

Service Level Agreement

2.14. Execution of the above agreement is required in support of the Audit Plan now envisaged for 2014-15.

Mary Davis

Electoral Divisions: All

Local Government Act 1972

List of Background Papers - Nil

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