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<b>REPORT TO:</b>	<b>AUDIT SUB COMMITTEE</b>	<b>AGENDA ITEM:8</b>
<b>DATE OF MEETING:</b>	<b>18 June 2014</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>HEAD OF INTERNAL AUDIT PARTNERSHIP</b>	
<b>MEMBERS' CONTACT POINT:</b>	<b>HEAD OF INTERNAL AUDIT PARTNERSHIP RICHARD BONEHAM <a href="mailto:richard.boneham@derby.gov.uk">richard.boneham@derby.gov.uk</a></b>	<b>DOC:</b>
<b>SUBJECT:</b>	<b>Head of Internal Audit's Annual Audit Opinion 2013/14</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM 09</b>

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## **1.0 Recommendations**

- 1.1 To note the annual audit opinion for 2013/14
- 1.2 To note the annual internal audit report for 2013/14.

## **2.0 Purpose of Report**

- 2.1 This report provides members with the Head of the Internal Audit Partnership's opinion on the adequacy and effectiveness of the Council's internal control environment.
- 2.2 The report also contains the annual internal audit report for 2013/14.

## **3.0 Detail**

- 3.1 The Head of the Audit Partnership will provide a written report to those charged with governance which gives an opinion on the overall adequacy and effectiveness of the organisation's internal control environment. This is timed to support the Annual Governance Statement.
- 3.2 Management is responsible for the system of internal control and should set in place policies and procedures to help ensure that the system is functioning correctly. Internal Audit review, appraise and report on the effectiveness of financial and other management controls. My overall audit opinion is based on the work undertaken by internal audit in 2013/14. The reporting of the incidence of significant control failings or weaknesses has also been covered in the progress reports to the Committee on Internal Audit's progress against the annual audit plan.

- 3.3 Based on the work undertaken during the year, I have reached the overall opinion that **there is an acceptable level of internal control within the Council's systems and procedures**. There were no critical or significant risk recommendations made within any audit reports issued in 2013/14.
- 3.4 No system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give absolute assurance.
- 3.5 There are no adverse implications for the Authority's Annual Governance Statement arising from any of the work that Internal Audit has undertaken in 2013/14. All of the risks raised within the internal audit reports have been accepted. Internal Audit's recommendations, or alternative proposed actions made by Management in response to the risk issue, have been agreed to be implemented in all cases. Full implementation of the agreed actions will realise the benefits of the control improvements detailed in each individual audit report. Internal Audit will follow up the implementation of its recommendations, or any agreed alternative actions, with the relevant responsible officers, as soon as is practicable, after the target implementation dates. Progress on implementation of audit recommendations will be reported through to the Audit Sub-Committee in future reports on the 2014/15 work of Internal Audit.

### **Basis of the Opinion**

- 3.6 In preparing the overall opinion, I have reviewed all audit activity carried out during 2013/14. Each audit assignment has an individual assurance rating and I have used these (together with the progress with agreed actions) to help form my overall opinion.

### **Overall Performance of Internal Audit**

- 3.7 The annual report summarising the performance of the internal audit function is attached at Appendix 1.

### **4.0 Financial Implications**

- 4.1 None

### **5.0 Legal Implications**

- 5.1 The Authority is obliged under the Accounts and Audit Regulations (England) 2011 to maintain an effective internal audit.

### **6.0 Corporate Implications**

- 6.1 None

### **7.0 Community Implications**

- 7.1 None

## 8.0 Background Papers

8.1 None