

REPORT OF SERVICE DIRECTOR, FINANCE AND PROCUREMENT**INTERNAL AUDIT ANNUAL REPORT – 2013/14****Purpose of the Report**

1. To inform Members of the Head of Internal Audit's Annual Report on the work carried out by Internal Audit in 2013/14, and based on this work, his opinion on the adequacy of the County Council's internal control environment.

Information and Advice

2. The Authority has a statutory responsibility to undertake an adequate and effective internal audit of the County Council's operations. This responsibility is discharged by the Internal Audit Service which has unrestricted access to all activities undertaken by the County Council.
3. The Audit Service worked to the Public Sector Internal Audit Standards during 2013/14. One requirement of the Code is that the Head of Internal Audit should provide an annual written report to those charged with governance. The report must:-
 - a) deliver an annual internal audit opinion that can be used by the organisation to inform its governance statement
 - b) conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control
 - c) incorporate the opinion, a summary of the work that supports that opinion, and a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.
4. The Head of Internal Audit has set out the work completed during 2013/14, provided an analysis of the Audit Opinions reached in individual audits during the year, identified all those reports where the Opinion was that the level of internal control was for limited assurance, and come to a conclusion on the overall system of internal control.
5. The Head of Internal Audit's conclusion is that the **overall system of internal control was good during 2013/14.**

6. The Annual Report also sets out an analysis of the Audit Section's performance during 2013/14 in Table 3. The performance of the Section has been generally on target during the year, with the number of days completed meeting the target of 90% of the Audit Plan. In addition, the response of managers to the recommendations made has continued to be positive, whilst the Customer Satisfaction Score averaged 1.6 (on a scale where 1 is excellent and 5 is poor).

Other Options Considered

7. The Audit Section worked to the Public Sector Internal Audit Standards during 2013/14. This report meets the requirement of the Standards to provide an Annual Report. No other option was considered.

Reason/s for Recommendation/s

8. To set out the Annual Report of the Head of Internal Audit for 2013/14.

Statutory and Policy Implications

9. The Local Government Act 1972 requires, in Section 151 that the Authority appoint an officer who is responsible for the proper administration of the Council's financial affairs. The Service Director – Finance and Procurement is the designated Section 151 officer within Nottinghamshire County Council. Section 6 of the Accounts and Audit Regulations 2011 requires Local Authorities to undertake an adequate and effective internal audit of its accounting records and of its system of internal control. The County Council has delegated the responsibility to maintain an internal audit function for the Authority to the Service Director - Finance and Procurement.
10. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION

- 1) That Members note the Head of Internal Audit's Annual Report for 2013/14 and comment accordingly.

Paul Simpson
Service Director - Finance and Procurement

For any enquiries about this report please contact:

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Constitutional Comments

11. The report is for noting only

Financial Comments (JMB 2/5/14)

12. There are no direct financial implications arising from this report. The net cost of the Internal Audit Section for 2013/14 was approximately £304,000 with an underspend of approximately £56k due to vacancies.

Background Papers.

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972:

The Audit Reports set out in Appendix 2 of the Annual Report are available as background papers.

Electoral Division(s) and Member(s) Affected

All