

Audit Objective
To provide the Council with an opinion on whether, in all significant respects, the control objectives were being achieved throughout the year to a standard adequate to meet the needs of the body.
Audit Opinion
Substantial Assurance - 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.

Scope and Objectives

To provide the Council with Internal Audit Services in 2022-23 and contribute to the Annual Governance and Accountability Return (AGAR) 2022-23. The audit scope is commensurate with the size of the organisation.

Assurance Opinion on Risks or Areas Covered	Level of Assurance
Risk 1 Financial management and internal controls are inadequate or ineffective, resulting in financial loss or fraud	Substantial Assurance
The appropriateness of accounting records	✓
Internal control arrangements for payments made	✓
Internal control arrangements for the payment of salaries	✓
Internal control arrangements relating to Petty Cash payments	✓
Risk management arrangements	✓
Internal control arrangements relating to income	✓
Budget setting and monitoring processes	✓
Completeness of the fixed asset register	✓
Bank reconciliation processes	✓

Definitions of the assurance opinion and assurance level ratings can be found in the Appendix

Summary and Observations

Appropriate accounting records have been kept throughout the year in accordance with the Accounts & Accounting Statements section of the Council's Standing Orders. Internal control arrangements, governance and risk management arrangements were found to be generally sound. We are advised that there has been no VAT Claim/Submission to HRMC in 2022-23. We note that the annual statement figure for the Council's Reserve Account (relating to June 2022) is used for the Bank Reconciliation and AGAR Return. An Opportunity Recommendation is made in relation to the Council's Fixed Asset Register to strengthen governance arrangements in respect of the Council's Fixed Asset records. The Internal Audit findings and observations have been discussed with the Council's Responsible Finance Officer.

Inherent Limitations

The opinions contained within this report are based on our examination of restricted samples of transactions/records and our discussions with officers responsible for the processes reviewed.

Recommendations

Opportunity	Whilst the Council's Asset Register, dated March 2023, corresponds to the Annual Accounting Statement 2022-23. The Asset Register does not differentiate between the nominal/purchase values of assets, which are the values to be reported in the Accounting Statement, and the current value of assets. Nominal and market values should be recorded within the Asset Register and a record retained of assets acquired and disposed of in-year. Internal Audit are advised that the Asset Register was reviewed by Councillors in March and approved in April 2023, and record of review will be included in the July 2023 Council Minutes.
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Devon Audit Partnership

The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay, Devon, Mid Devon, South Hams & West Devon, Torridge and North Devon councils. We aim to be recognised as a high quality internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards. The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at tony.d.rose@devonaudit.gov.uk

Confidentiality under the National Protective Marking Scheme

Appendix A

This report is protectively marked in accordance with the National Protective Marking Scheme. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies. This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.

Marking Definitions

- Official** The majority of information that is created or processed by the public sector. This includes routine business operations and services, some of which could have damaging consequences if lost, stolen or published in the media, but are not subject to a heightened threat profile.
- Official: Sensitive** A limited subset of OFFICIAL information could have more damaging consequences if it were lost, stolen or published in the media. This subset of information should still be managed within the 'OFFICIAL' classification tier but may attract additional measures to reinforce the 'need to know'. In such cases where there is a clear and justifiable requirement to reinforce the 'need to know', assets should be conspicuously marked: 'OFFICIAL-SENSITIVE'. All documents marked OFFICIAL: SENSITIVE must be handled appropriately and with extra care, to ensure the information is not accessed by unauthorised people.

Definitions of Audit Assurance Opinion Levels

Definition of Recommendation Priority

Assurance	Definition		
Substantial Assurance	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.	High	A significant finding. A key control is absent or is being compromised; if not acted upon this could result in high exposure to risk. Failure to address could result in internal or external responsibilities and obligations not being met.
Reasonable Assurance	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.	Medium	Control arrangements not operating as required resulting in a moderate exposure to risk. This could result in minor disruption of service, undetected errors or inefficiencies in service provision. Important recommendations made to improve internal control arrangements and manage identified risks.
Limited Assurance	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.	Low	Low risk issues, minor system compliance concerns or process inefficiencies where benefit would be gained from improving arrangements. Management should review, make changes if considered necessary or formally agree to accept the risks. These issues may be dealt with outside of the formal report during the course of the audit.
No Assurance	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.	Opportunity	A recommendation to drive operational improvement which may enable efficiency savings to be realised, capacity to be created, support opportunity for commercialisation / income generation or improve customer experience. These recommendations do not feed into the assurance control environment.