

Report on the Effectiveness of Internal Audit

Joanne Hodson
 Julie Betts
 9 March 2020

Councillors considered the Council's internal controls, the previous years Internal Auditor's Report and the Risk Assessment Document. Internal Controls:	Comment	Action
Proper arrangements for the approval of expenditure	Yes	None
Recording in the minutes of powers under which expenditure is being approved	Yes listed in minutes	None
Regular returns to HM Revenue and Customs	Financial Regulations 2.1 Return done yearly, unless large amount spent then more regularly.	None
Contracts of employment for all staff annually reviewed by the Council, systems of updating records for any changes in relevant legislation	Advice and updates from NALC/SLCC	Review annually
Training of RFO in matters of VAT	Yes completed	None
Regular Budget Monitoring	Yes reported regularly	None
Developing Systems of Performance Measurement/Appraisal	consider bi-annually	
Procedures for dealing with and monitoring grants or loans made and received	F&GP Budget Updates	None
Minutes properly numbered with master copy kept in safekeeping	Yes	None
Document procedures to deal with enquiries from the public	Yes Correspondence log	None
Documented procedures to deal with response to consultation requests	Yes	None
Procedures for document receipt, circulation, response, handling and filing	Yes	None
Procedures in place for recording and monitoring Members interest, Gifts and Hospitality received	Yes form available for Councillors	None
Adoption of codes of conduct for members and employees	Yes	None

The meeting considered the two principal aspects of the review of internal audit to comply with standards and overall effectiveness :

1. Meeting Standards:			
Expected Standard	Evidence of Achievement	Yes or No	Areas for development
1. Scope of internal audit	Terms of reference for internal audit were drawn up and will be considered by Parish Council at their March meeting. Internal audit work takes into account both the council's risk assessment and wider internal control arrangements. Internal audit work covers the council's anti-fraud and corruption arrangements.	Yes	
2. Independence	Internal audit has direct access to those charged with governance (see Financial Regulations). Reports are made in own name to management. Internal audit does not have any other role within the council/board.	Yes	
3. Competence	There is no evidence of a failure to carry out internal audit work ethically, with integrity and objectivity.	Yes	
4. Relationships	All responsible officers (Clerk/RFO) are consulted on the internal audit plan. (Evidence is on audit files). Respective responsibilities for officers and internal audit are defined in relation to internal control, risk management and fraud and corruption matters (job descriptions and engagement letter). The responsibilities of council members are understood; training of members is carried out as necessary. (See Member training plan).	Yes	
5 Audit Planning and reporting	The annual internal audit plan taking into account the risks facing the council and would be considered by the March Parish Council meeting	Yes	

2. Characteristics of Effectiveness			
Characteristics of 'effectiveness'	Evidence of Achievement	Yes or No	Areas for development
Internal audit work is planned	Planned internal audit work is based on risk assessment and designed to meet the council's needs.	Yes	
Understanding the whole organisation its needs and objectives	The annual audit plan demonstrates how audit work will provide assurance for the council's Annual Governance Statement.	Yes	
Be seen as a catalyst for change	Internal audit supports the council's work in delivering improved services to the community.	Yes	
Add value and assist the organisation in achieving its objectives	The council makes positive responses to internal audit's recommendations and follows up with action where this is called for.	Yes	
Be forward looking	In formulating the annual audit plan, national agenda changes are considered. Internal audit maintains awareness of new developments in the services, risk management and corporate governance.	Yes	
Be challenging	Internal audit focuses on the risks facing the council. Internal audit encourages managers/members to develop their own responses to risks, rather than relying solely on audit recommendations.	Yes	
Ensure the right resources are available	Adequate resource is made available for internal audit to complete its work. Internal audit understands the council	Yes	

Previous Internal Auditors Report			
No issues.			

Risk Assessment	Comment	Action
Risk Assessment reviewed	RA reviewed by Parish Council	

Summary & Recommendations

Signed:

Joanne Hodson

9.3.20