

INTERNAL AUDITOR POLICY

This procedure is a document that sets out Winkleigh Parish Councils approved and agreed practices. Any deviation must be by resolution of the full Council.

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PART A

- 1. Clerks summary**
- 2. Background**

This summary is a brief precis of the full internal auditor policy report.

It is for the Parish Councillors to make an informed decision based on the entirety of the report after careful consideration of the full details and not just this precis.

Winkleigh Parish Council and its Councillors have a legal responsibility to approve, adopt and implement an internal auditor Policy based on their own determinations.

1. SUMMARY

The External Auditor is responsible for checking the accounts.

The Internal Auditor is responsible for ensuring our practices, policies and procedures are legal, accurate and compliant and, including our accounting process.

From the start of 2017/18 financial year, a 'smaller authority' (less than £25,000pa turnover), will be exempt from having to submit an annual financial return to its external auditor, but will still need to have an auditor appointed in case there are questions from electors to be resolved, the S.A.A.A. (Smaller Authority Audit Appointments Limited), will be the first point of contact in such a case as the appointed sector led body (SLB) external auditor, this incurs a one off fee for a five year period of £100 (to be confirmed). Any investigation by the S.A.A.A will be at additional unsubsidised cost.

WPC turnover 2017/18 was in excess of £25,000 therefore the accounts will be audited;

WPC must appoint an internal audit review group to annually review the effectiveness of the internal audit

2. BACKGROUND

The work of internal audit should be subject to an engagement letter on first appointment by the Council, setting out the terms of the appointment.

It is also important for Councils to recognise that internal audit's function is to test and report to them on whether the Council's system of financial control put in place by management is adequate and working satisfactorily.

It is not for the external auditor, nor is it a matter for internal audit, to actively seek evidence of fraud, corruption, error or mistake. Internal audit's role is to assist the Council in fulfilling its responsibility to have and maintain proper internal control arrangements and those for the prevention and detection of fraud, error or mistakes

Local Councils should carry out an internal auditor review periodically. It is recommended that reviews be carried out no longer than three years apart and also in the year of any change of internal auditor

Any review should balance the Council's internal audit needs and usage. It should be designed to provide sufficient assurance for the Council that standards are being met and that the work of internal audit is effective

A key point to note is that any review should be undertaken by the Council. This is not a review that can be carried out by the external auditor or as part of the annual audit. Nor is it something that can be delegated to the clerk or RFO, and certainly not to internal audit.

Although the internal audit provider cannot be allowed to influence the direction or extent of the review, it is good practice to seek their input into the process.

There are no hard and fast rules about who actually performs the review or how it is carried out, but Councils may wish to set up a small working party for this purpose or ask an appropriate internal group. Regardless of how the review is carried out, the results should always be reported to and considered by a full meeting of the Council.

Internal audit is a key component of a local Council's internal controls. Local Councils report each year on internal controls so it is recommended that internal audit reviews should be carried out at least once every three years.

At each change of internal auditor, the Council should also review the outgoing internal audit and set out its requirements for the incoming internal audit.

Monitoring of any action plans addressing weaknesses in internal audit should be continuous until the remedial actions are complete.

Those carrying out the review of internal audit will need to understand the purpose of the review, what it includes, and how to carry it out. Training on this may be delivered by NALC and SLCC.

PART B

- 1. Internal audit plan**
- 2. Schedule of internal control testing**
- 3. Terms of reference**
- 4. Internal audit plan schedule**
- 5. Standards to be met by the internal auditor**

1. INTERNAL AUDIT PLAN

Governance and Accountability for Smaller Authorities in England

A Practitioners' Guide to Proper Practices to be applied in the preparation of statutory annual accounts and governance statements

March 2018

1.34 Internal audit. The authority needs to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes taking into account internal auditing guidance for smaller authorities.

1.35 Provision of information. The authority needs to ensure it has taken all necessary steps to facilitate the work of those conducting the internal audit, including making available all relevant documents and records and supplying any information or explanations required.

Section 4: Non-statutory guidance for internal audit at smaller authorities

4.1. A smaller authority is required by Regulation 5(1) of the Accounts and Audit Regulations 2015 to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.'

4.3. Internal auditing is an independent, objective assurance activity designed to improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

4.4. The purpose of internal audit is to review and report to the authority on whether its systems of financial and other internal controls over its activities and operating procedures are effective.

4.5. The internal audit function must be independent from the management of the financial controls and procedures of the authority which are the subject of review. The person or persons carrying out internal audit must be competent to carry out the role in a way that meets the business needs of the authority. It is for each authority to decide, given its circumstances, what level of competency is appropriate, and to keep this issue under review.

4.6. Internal audit is an on-going function, undertaken regularly throughout the financial year, to test the continuing existence and adequacy of the authority's internal controls.

It results in an annual assurance report to members designed to improve effectiveness and efficiency of the activities and operating procedures under the authority's control. Managing the authority's internal controls is a day-to-day function of the authority's staff and management, and not the responsibility of internal audit.

4.7. Internal audit does not involve the detailed inspection of all records and transactions of an authority in order to detect error or fraud.

4.18. The duties of internal audit relate to reporting on the adequacy and effectiveness of an authority's system of internal control. The minimum reporting requirement for internal audit to the smaller authority is met by completing the annual internal audit report on page 5 of the Annual Governance and Accountability Return. Internal audit may also report in greater detail to the authority as required.

4.19. The annual internal audit report focuses on ten internal control objectives covering an authority's key financial and accounting systems and concludes whether, in all significant respects, the internal control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the authority.

4.20. The annual internal report will inform the authority's response to assertions 2 and 6 in the annual governance statement.

4.21. Authorities should from time to time carry out a review of the effectiveness of their overall internal audit arrangements. The review should take place at least once every three years and also in the year of any change of internal audit provider or responsible finance officer. Any review should balance the authority's internal audit needs and usage. It should be designed to provide sufficient assurance for the authority that standards are being met and that the work of internal audit is effective. Authorities judge the extent and scope of the review by reference to their own individual circumstances.

4.22. The review should be designed to assure the authority that it has maintained the standards of an adequate and effective internal audit of its risk management, control and governance processes. It should include, as a minimum, making an assessment of each of the following:

- independence;
- competence;
- relationships with the clerk and the authority; and
- audit planning and reporting.

2. SCHEDULE OF INTERNAL CONTROL TESTING

Internal Control	Suggested testing
Proper bookkeeping	<ul style="list-style-type: none"> • Is the cashbook maintained and up to date? • Is the cashbook arithmetic correct? • Is the cashbook regularly balanced?
<p>a) standing orders and financial regulations adopted and applied; and b) payments controls</p>	<ul style="list-style-type: none"> • Has the council formally adopted standing orders and financial regulations? • Has a Responsible finance officer been appointed with specific duties? • Have items or services above the de minimus amount been competitively purchased? • Are payments in the cashbook supported by invoices, authorised and minuted? • Has VAT on payments been identified, recorded and reclaimed? • Is s137 expenditure separately recorded and within statutory limits?
Risk management arrangements	<ul style="list-style-type: none"> • Does a review of the minutes identify any unusual financial activity? • Do minutes record the Council carrying out an annual risk assessment? • Is insurance cover appropriate and adequate? • Are internal financial controls documented and regularly reviewed?
Budgetary Controls	<ul style="list-style-type: none"> • Has the Council prepared an annual budget in support of its precept? • Is actual expenditure against the budget regularly reported to the council? • Are there any significant unexplained variances from budget?
Income Controls	<ul style="list-style-type: none"> • Is income properly recorded and promptly banked? • Does the precept recorded agree to the Council Tax authority's notification?

	<ul style="list-style-type: none"> • Are security controls over cash and near-cash adequate and effective?
Payroll Controls	<ul style="list-style-type: none"> • Do all employees have contracts of employment with clear terms and conditions? • Do salaries paid agree with those approved by the Council? • Are other payments to employees reasonable and approved by the council? • Have PAYE/NIC been properly operated by the council as an employer?
Assets controls	<ul style="list-style-type: none"> • Does the council maintain a register of all material assets owned or in its care? • Are the assets and Investments registers up to date? • Do asset insurance valuations agree with those in the asset register?
Bank Reconciliation	<ul style="list-style-type: none"> • Is there a bank reconciliation for each account? • Is a bank reconciliation carried out regularly and in a timely fashion? • Are there any unexplained balancing entries in any reconciliation? • Is the value of investments held summarised on the reconciliation?
Year-end procedures	<ul style="list-style-type: none"> • Are year-end accounts prepared on the correct accounting basis (Receipts and Payments or Income and Expenditure)? • Do accounts agree with the cashbook? • Is there an audit trail from underlying financial records to the accounts? • Where appropriate, have debtors and creditors been properly recorded?

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3. TERMS OF REFERENCE

It is the Council as a whole that is responsible in law for ensuring that its financial management is adequate and effective and that the Council has a sound system of internal control which facilitates the effective exercise of their functions and which includes arrangements for the management of risk. - Governance and Accountability for Local Councils: A Practitioners' Guide 2018

To safeguard Winkleigh Parish Council finances there are 3 systems of control:

Internal control

Internal control incorporates up-to-date standing orders, financial regulations, code of conduct, insurance, audit review.

See Appendix C for proposed Internal Control/audit review process

Internal Audit

Internal audit is a key component of the system of internal control. Its purpose is to review whether the systems of financial control and other controls over the activities of the Council are adequate, effective, and in line with current regulations. Internal audit does not actively seek evidence of fraud, corruption, error or mistakes, but can assist the Council in its responsibility for the prevention and detection of such occurrences.

External Audit

The External Auditor is independent of the operations (financial control/management) of the Council and competent in the understanding of the law as applicable to Local Councils, of simple accounting and basic PAYE and VAT requirements. Any change in personal circumstances that may cause a question over the independence requirement must be reported to the Council.

The Internal Auditor will carry out under the direction and management of the Council the following tasks:

- To review twice during the year the accounting and internal control systems noting that their establishment and alteration is the responsibility of the Council. One interim review midway through the year and one after the year end accounts have been completed.
- To report in writing to Council twice each year on the results of such tests of the system that are carried out;
- To report to Council in the format required in the Annual Return as published by the Audit Commission each year;
- To carry out test checking of the books accounts and vouchers as required.

These Tasks will be carried out using the guidance taken from Governance and Accountability for Local Councils: A Practitioners Guide 2016:

The Council will determine the scope and coverage of the work to be carried out by internal audit in accordance with proper practices guidance. Internal audit testing of internal controls will be sufficient for the proper completion of the annual internal audit report.

The annual internal audit report should provide an adequate level of assurance for the Council to complete assertion 6 (*See Appendix A*) in its annual governance statement. In completing the annual report at Section 4 of the annual return, (*See Appendix B*), internal audit will have planned and carried out the work necessary to give the assurances called for.

The key control tests in the annual report represent the minimum level of internal audit coverage required. Additional testing and reporting should be tailored to local circumstances.

Internal audit work always requires the application of judgement and should only be carried out following risk assessment. The scope and frequency of testing should reflect that assessment, and therefore should always be in proportion to the likelihood of fraud, error or misstatement that could occur. It should be directly related to the size and level of business activity of the Council.

The following schedule suggests an approach to the testing of key controls and provides assurance that the minimum level of coverage has been met

4. INTERNAL AUDIT PLAN TIMETABLE

This Internal Audit Plan runs from 1st January to 31st December of each year. It actually covers three financial years – a review of the audit of the previous financial year, the audit of the current financial year and the appointment of the internal auditor for the new financial year that starts in April

JANUARY	<ol style="list-style-type: none"> 1) The Internal Audit Working Review Party to meet with the Clerk to: <ul style="list-style-type: none"> • review the effectiveness of the Internal Audit • review the Councils system for internal financial control • review this audit plan • review Terms of Reference for the Internal Auditor 2) The Internal Audit Working Review Party to check that the Council has carried out a risk assessment in the last twelve months
FEBRUARY	<ol style="list-style-type: none"> 1) The Council to receive a report from the Internal Audit Review Party on the effectiveness of the Internal Audit 2) The Council to approve this audit plan 3) The Council to approve the Terms of Reference for the Internal Auditor 4) The Council to approve the appointment of the Internal Auditor for the next 16 months commencing April.
APRIL	START OF THE NEW FINANCIAL YEAR
MAY	<ol style="list-style-type: none"> 1) The Internal Auditor to receive the accounts for the last 12 months. 2) The Council to receive a copy of the Annual Return to the External Auditor and approve it
JUNE	The Internal Auditor to meet with the Clerk and a member of the Councils Internal Audit Working Review Party to note any issues raised by the Internal Auditor
JULY	<ol style="list-style-type: none"> 1) The Council to review any issues raised by the Internal Auditor 2) The Council to review if the Internal Audit has been carried out ethically and with integrity and objectivity 3) Council to note any issues that need to be addressed in the next audit cycle
OCTOBER	Council to receive a report from the External Auditor

5. STANDARDS TO BE MET BY INTERNAL AUDITOR

Accounts and Audit Regulations (SI 2006 No. 564), requires all local Councils to now review the effectiveness of the system of internal audit at least on an annual basis

The following five standards will need to be addressed which should be clearly defined in the internal auditor's engagement letter

Scope of Internal Audit

What should be included in the audit plan, or, in other words, what is it that the Council wants the internal audit to do. In this respect, I would suggest that the minimum requirements should be those contained in the suggested approach at Appendix 9 of the "Governance and Accountability in Local Councils in England and Wales – A Practitioners Guide" (*see below*). There may, of course, be other areas or other, more in depth work, which the Council requires to be undertaken by the internal auditor, perhaps, for example, as a one off or as a result of previously discovered system failures or discrepancies. Whatever the works required, or terms of reference, they should be approved by the Council and communicated to the auditor.

The work should take account of the risk management processes (e.g. the Annual Financial Risk Assessment) and also the wider internal controls (the whole system of checks and controls, financial or otherwise, established by management in order to provide assurance regarding the achievement of the organisations objectives). A good example of an (or a set of) internal control in local councils is financial regulations.

The terms of reference should define the responsibility of the auditor in relation to fraud, that is, who the auditor should report to – Council, chairman or clerk? This, of course, will depend on the type of fraud discovered

Independence

The internal auditor should be allowed to have direct access to those charged with governance (i.e. the Council) where this is thought necessary by the auditor (for example, in the case of fraud - see above).

The internal auditor should have no other role within the Council and the Council should confirm this. This is not to say that he/she cannot be an employee of the Council. This may happen within larger local Councils and certainly does happen in principle authorities, but the internal auditor should have no role in the financial or decision-making processes.

The internal auditors report should be made in his/her own name and addressed to the Council. It is perfectly feasible to prepare the audit report on a "negative" basis, i.e. only those items which require amendment or improvement to be mentioned, but where the auditor finds that no matters have arisen from the audit which necessitates bringing to the attention of members, then the report should reflect this.

Competence

The Council must be satisfied that the internal auditor is competent to carry out the work. The internal auditor does not have to possess any qualifications but the following essential competencies to be sought should be:

- understanding of basic accounting processes;
- understanding of the role of internal audit in reviewing systems rather than undertaking detailed checks that are more appropriately the responsibility of management;
- awareness of risk management issues; and
- understanding of accounting requirements and the legal framework and powers of local councils.

The auditor does not need to do the work for reward. Many local Councils have engaged an internal auditor from within its parish who is happy to do the work for free. There should, however, be no evidence that the internal audit work has not been carried out ethically and with integrity and objectivity.

Relationships

Officers of the Council should be consulted on the content of the audit plan and all concerned should agree this beforehand.

Responsibilities for officers and internal audit should be defined in relation to risk management, internal control and fraud and corruption matters. These will be clearly set out in such documents as job descriptions and the auditors' engagement letter. Council members should be clear on their own responsibilities for the "protection of the public purse" and within the internal audit framework. The Council has a duty to consider the annual internal audit report and to demonstrate that consideration by inclusion in the minutes. Each item mentioned in the report should be fully addressed. There may be a need for councillor training to ensure that all members fully understand this role and budget provision should be made where necessary.

Audit Planning and Reporting

The audit plan should properly take account of the corporate risk i.e. controls and procedures within the Council which minimise the risk of the body not being able to function or carry out what it sets out to do. The Council should approve the plan. Internal audit should report in writing in accordance with the plan.

A good internal audit will comprise 2 parts done at different times of the year. The interim audit is usually done part way through the year, and is an audit of the Councils processes and procedures.

The final audit is undertaken after completion of the year-end, so that balances within the accounts may be verified, the auditor will submit written reports to the Council after the interim and final audit.

The internal auditor is appointed by and reports to the Council not the clerk/RFO. The auditor should have up-to-date and adequate professional indemnity insurance and provide or agree a letter of engagement with the Council.

APPENDIX A

Section 2 – Annual governance statement 2014/15

We acknowledge as the members of:

ENTER WINKLEIGH PARISH Council/Meeting

our responsibility for ensuring that there is a sound system of internal control, including the preparation of the accounting statements. We confirm, to the best of our knowledge and belief, with respect to the accounting statements for the year ended 31 March 2015, that:

	Agreed –		'Yes' means that the council:
	Yes	No*	
1 We approved the accounting statements prepared in accordance with the requirements of the Accounts and Audit Regulations and proper practices.	<input checked="" type="checkbox"/>		prepared its accounting statements in the way prescribed by law.
2 We maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	<input checked="" type="checkbox"/>		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3 We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and proper practices that could have a significant financial effect on the ability of the council to conduct its business or on its finances.	<input checked="" type="checkbox"/>		has only done what it has the legal power to do and has complied with proper practices in doing so.
4 We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	<input checked="" type="checkbox"/>		during the year has given all persons interested the opportunity to inspect and ask questions about the council's accounts.
5 We carried out an assessment of the risks facing the council and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	<input checked="" type="checkbox"/>		considered the financial and other risks it faces and has dealt with them properly.
6 We maintained throughout the year an adequate and effective system of internal audit of the council accounting records and control systems.	<input checked="" type="checkbox"/>		arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of the council.
7 We took appropriate action on all matters raised in reports from internal and external audit.	<input checked="" type="checkbox"/>		responded to matters brought to its attention by internal and external audit.
8 We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on the council and, where appropriate have included them in the accounting statements.	<input checked="" type="checkbox"/>		disclosed everything it should have about its business activity during the year including events taking place after the year-end if relevant.
9 Trust funds (including charitable) – in our capacity as the sole managing trustee we discharged our responsibility in relation to the accountability for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	<input checked="" type="checkbox"/>	yes no NA	has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.

This annual governance statement is approved by the council and recorded as minute reference

dated 11.5.15 (a) REFERENCE
dated 27/05/2015

Signed by:

Chair SIGNATURE REQUIRED
dated 27/05/2015

Signed by:

Clerk M. Sured SIGNED
dated 27/05/2015

*Note: Please provide explanations to the external auditor on a separate sheet for each 'No' response. Describe how the council will address the weaknesses identified.

APPENDIX B

Section 4 – Annual internal audit report 2014/15 to

ENTER WINKLEIGH PARISH COUNCIL Council/Meeting

The council's internal audit, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year ended 31 March 2015.

Internal audit has been carried out in accordance with the council's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of the council.

Internal control objective	Agreed? Please choose only one of the following		
	Yes	No*	Not covered**
A Appropriate accounting records have been kept properly throughout the year.	✓		
B The council's financial regulations have been met, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C The council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	N/A		✓
G Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.	✓		
H Asset and investments registers were complete and accurate and properly maintained.	✓		
I Periodic and year-end bank account reconciliations were properly carried out.	✓		
J Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, were supported by an adequate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded.	✓		

K Trust funds (including charitable). The council met its responsibilities as a trustee.	Yes	No	Not applicable
			✓

For any other risk areas identified by the council (list any other risk areas below or on separate sheets if needed) adequate controls existed:

Name of person who carried out the internal audit MR LYN HARGOOD

Signature of person who carried out the internal audit [Signature] Date 29/5/15

If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, internal audit must explain why not (add separate sheets if needed).

PART C

- 1. Review of Effectiveness of the Internal Audit – Overview**
- 2. Internal Audit Review**

1. REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT

Overview

Regulation 6 of the Accounts and Audit Regulations 2003 as amended Imposes a duty on local councils to “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control.”

Internal audit is a key component of the system of internal control. The purpose of internal audit is to review whether the systems of financial and other controls over a council’s activities and operating procedures are effective.

Local councils are required, at least once a year, to conduct, in accordance with proper practices, a review of the effectiveness of internal audit. The council is required to sign the annual governance statement (on the annual return submitted to the external auditor) to evidence that this review has been undertaken.

Review of effectiveness of internal audit

.....has acted as the Winkleigh Parish Council internal auditor for His/her work as internal auditor is done on a paid basis. He/she has indicated that they are prepared to continue to act as the Council’s internal auditor for

For internal audit to be considered effective, the following criteria must be satisfied:

- that the internal auditor is independent of the other financial controls and procedures of the council which are subject of review;
- that they are competent to carry out the role in a way that will meet the business needs of the council;
- that consideration is made to how many times in a year the systems and records should be subject to internal audit;
- that the scope of internal audit is sufficient;
- that any internal audit report is considered in full by a meeting of the parish council; and
- that appropriate action is taken on any recommendations contained in the internal audit report.
- The council must also satisfy itself that the quality of delivery of the internal audit service provides reliable assurance about the council’s internal controls and its management of risk.

Considering these requirements for internal audit for Winkleigh Parish Council:

.....
.....

Independence

.....has no involvement in the Council’s financial controls, procedures or decision making. He/she is not related to, nor associated with, any member of the Council or the Clerk. The internal auditor has direct access to the Council should he/she think this necessary.

Competence

..... Is Qualified/unqualified (FMAAT) and operates as an individual. He/she has extensive experience of carrying out audit work for parish councils and other voluntary organisations He has built up knowledge of local council finance over the years. He has a copy of “Governance and Accountability for Local Councils – a Practitioner’s Guide 2016” which he/she uses as a reference tool for his/her audit work. His past and current employment suggests that there is no more capable or competent person to carry out this task.

There is no evidence/reason to believe that the internal audit will not be carried out competently, ethically and with integrity and objectivity

Frequency of Internal Audit

An internal audit, undertaken once a year

Scope of Work

The scope of the internal audit work carried out by Mr/Mrs
Follows the suggested approach to internal audit provided by Appendix 9 of the
“Governance and Accountability for Local Councils – a Practitioner’s Guide 2016.”

Audit Report

Mr/Mrs will prepare a report in his own name and addressed to the council following his completion of the internal audit. It will be presented in full to the Council at the next meeting after it has been issued. Any actions to be taken on the recommendations made will be minuted.

Recommendation

That Winkleigh Parish Council considers for itself whether the system of internal audit is sufficiently effective, using this report as prepared by the Clerk as a starting point for those considerations.

Prepared by:

Date:

2. Review of Effectiveness of Winkleigh Parish Council Internal Audit

Reviewed and adopted on: _____

Characteristics of 'effectiveness'	Evidence of Achievement	Areas for development
1. Scope of internal audit	Terms of Reference were approved on Scope of audit work takes into account risk management processes and wider internal control Risk Assessment defines audit responsibilities in relation to fraud	
2. Independence	Internal Auditor has direct access to all records. Reports are made in own name to management. Auditor does not have any other role within the Council	
3. Competence	No evidence that internal audit work has not been carried out ethically, with integrity and objectivity.	
4. Relationships	Responsible Officer consulted on the internal audit and on the scope of each audit. (Evidence is on audit files). Responsibilities for officers and internal audit are defined in relation to internal control, risk management and fraud and corruption matters. The responsibilities of council members are understood; training of members is carried out as necessary.	
5 Audit Planning and reporting	The Audit takes account of corporate risk. The details of the internal audit will be approved by the council as report received. Internal Audit has reported in accordance with the objectives and responsibilities of the Council	
Internal audit work is planned	Planned Internal audit work is based on risk assessment and designed to meet the Councils needs	
Understanding the whole organisation its needs and objectives	The annual audit demonstrates how audit work will provide assurance in relation to the Councils responsibilities	
Be seen as a catalyst for change	Supportive role of audit for developments such as risk management and ethics.	
Add value and assist the organisation in achieving its objectives	Demonstrated through positive management responses to recommendations and follow up action where called for.	
Be forward looking	When identifying risks and in formulating the annual audit, changes on national agenda are considered. Internal audit maintains awareness of new developments in the services and risk management	
Be challenging	Internal audit focuses on risks and encourages The council to develop their own responses to risks, rather than relying solely on audit recommendations. The aim of this is to encourage greater ownership of the control environment.	
Ensure the right resources are available	Adequate resource is made available for internal audit to complete its work.01/05/2019 Internal auditor understands the body and the legal and corporate framework in which it operates.	

Note: Review of effectiveness of internal audit must be reviewed and adopted by council annually during the financial year and before 31 March