

## FRADLEY AND STREETHAY PARISH COUNCIL

### REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT (Parish Council Process)

For the period 1<sup>st</sup> April 2019 – 31<sup>st</sup> March 2020

Expected Standard	Evidence of Achievement	Areas of Development
1. Scope	<p>To appoint an Internal Auditor for the Financial Year 2019/2020, the scope of audit work to take into account the risk management processes and wider continuing existence and adequacy of the Councils internal controls including its Standing Orders and Financial Regulations.</p> <p>Terms of reference to be set out in the letter of appointment to the Internal Auditor.</p>	<p style="text-align: center;">Confirmed</p> <p>The appointment of the internal Auditor was agreed at the full Parish Council Meeting held on 23<sup>rd</sup> July 2019. The Letter of Appointment was then sent out. It was agreed that only the End of Year Audit was required for 2019/2020. Standing Orders and Financial Regulations were adopted at the Parish Council meeting held on 14<sup>th</sup> May 2019. Standing Orders were updated again on 23<sup>rd</sup> July 2019 with the Committee and Working Group information</p>
2. Independence	<p>The Internal Auditor should be independent of the Council and should not have any involvement in, or responsibility for, the financial decision making, management or control of the Council, or with the Councils financial controls and procedures. The Internal Auditor should have direct access to those charged with governance (Clerk/RFO and Councillors where requested) during the Internal Audit</p> <p>Reports should be made in the Internal Auditor's own name to the Parish Council via the Clerk/RFO.</p>	<p style="text-align: center;">Confirmed</p> <p>The Internal Auditor was chosen by the Council at their meeting held on 23<sup>rd</sup> July 2019. The Internal Auditor is deemed completely independent from Fradley and Streethay Parish Council and does not hold any other role within the Parish Council.</p> <p>The Internal Auditor will have direct access to the Clerk/RFO and any Councillors as required on the day of the Internal Audit.</p> <p>The Internal Auditor will provide a report after the conclusion of the Internal Audit to the Council via the Clerk/RFO.</p>
3. Competence	<p>There is no requirement for the Internal Auditor to be professionally qualified, but essential competencies are required for example: understanding basic book keeping and accounting processes, understanding of the Internal Auditor role, awareness of relevant Risk Management, understanding the proper practice in relation to governance and accounting requirements within a legal framework and powers for smaller Local Authorities, awareness of VAT and PAYE/NIC etc.</p>	<p style="text-align: center;">Confirmed</p> <p>The Internal Auditor chosen by the Council for 2019/2020 has indemnity insurance cover and has been internally auditing Parish and Town Councils for many years. He also has a sound knowledge of how Parish Councils work, their policies, procedures and processes, risk assessments, governance etc. He was the Chief Officer of a Local Parish Council Association.</p>

4. Relationships	The RFO to be consulted on the level of the internal Audit required by the Parish Council and on the scope of the Audit needed. Responsibilities for officers and internal audit are defined in relation to the Councils internal control, risk management and fraud and corruption matters. The responsibilities of the council members are understood, and training of members should be carried out as necessary.	Confirmed The Internal Auditor was chosen by the Council at their meeting on 23 <sup>rd</sup> July 2019, the level of the Internal Audit required was for the Year End process. Training is determined locally through the Parish Councils County Association and is available based on the needs of the Staff and Councillors as required. The Parish Council considers a budget allocation within the budget each year.
5. Audit planning and reporting	The duties of the Internal Auditor relate to reporting on the adequacy and effectiveness of the Councils system of internal control. This should be met by the completion of the annual internal audit form report page in the AGAR. The Internal Auditor should also provide the Council via the Clerk/RFO a full report of any recommendations or items found. The Business Risk Assessment should properly take account of the corporate risk to the Council. The Business Risk assessment should be approved by the Council at a full meeting and reviewed at least annually.	Confirmed. The Internal Auditor will complete the annual internal auditor report contained in the AGAR and will submit a full report to the Council via the Clerk/RFO, of his findings after completion of the Internal Audit. The Business Risk Assessment was approved by the Full Parish Council Meeting on 14 <sup>th</sup> May 2019.
<b>Characteristics of 'Effectiveness'</b>	<b>Evidence of Achievement</b>	<b>Areas of Development</b>
Internal audit work is planned	Planned internal audit work is based on risk assessments and is designed to meet the council's governance assurance needs.	Confirmed Reviewed each year along with the appointment of the Internal Auditor.
Understanding the whole organisation, its needs and objectives	The Business Risk Assessment demonstrates how audit work will provide assurance in relation to the council's annual governance statement.	Confirmed Reviewed each year.
Being seen a catalyst for change	Supportive role of audit for corporate developments such as corporate governance review, risk management and ethics.	Confirmed. The Internal Audit arrangements and Financial Risk Assessment drives procedural changes for continuous improvement.
Add value and assist the organisation in achieving its objectives	Demonstrate through positive management responses to recommendations and follow up action where called for.	Confirmed. There is a history and ethos in the Council to address any internal concerns and recommendations as they arise.

Be forward looking	When identifying risks and in formulating the Business Risk Assessment, changes on the national agenda are considered. Internal audit maintains awareness of new developments in the services, risk management and corporate governance.	Confirmed This is addressed as changes are notified to the Council through either the Clerk/RFO or Internal Auditor
Be challenging	Internal audit focuses on risks and encourages members to develop their own responses to risks, rather than solely relying on audit recommendations. The aim of this is to encourage greater ownership of the control environment.	Confirmed
Ensure the right resources are available	Adequate resource is made available for the Internal Audit to complete their work. The Internal Auditor understands the Corporate Body and the legal and corporate framework in which it operates.	Confirmed The Internal Auditor appointed for the Financial Year 2019/2020 has exceptional knowledge of the sector and has been Internally Auditing Parish and Town Council for many years. The Parish Council has effective file management resources in place. The Council strives to follow best practice and and obtain best value for money.
<b>Note: Review of effectiveness of internal audit must be reviewed and adopted by councils annually during the financial year and before 31 March.</b>		

Reviewed:21.04.2020

Next Review: February/March 2021