

## REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT

For the period 1<sup>st</sup> April 2021 – 31<sup>st</sup> March 2022

Expected Standard	Evidence of Achievement	Areas for Development
1. Scope of internal audit	Terms of reference were (re)-approved by full council on [date]. Scope of audit work takes into account risk management processes and wider internal control. Terms of reference define audit responsibilities in relation to fraud.	Standing Orders (Fully Updated to be in line with Model Standing Orders) were formally adopted on 22 <sup>nd</sup> March 2021. Financial regulations (Sec 4.5) define audit responsibilities. These will be reviewed from time to time (Sec 18) and deal with concerns about protection against fraud.
2. Independence	Internal Auditor has direct access to those charged with governance (see Financial Regulations). Reports are made in own name to council. Auditor does not have any other role within the council.	Confirmed.
3. Competence	No evidence that internal audit work has not been carried out ethically, with integrity and objectivity.	Confirmed.
4. Relationships	Responsible officers (Clerk, RFO etc) are consulted on the internal audit plan 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.	Confirmed, though training is determined as it is locally available, based on need. Clerk and all Councillors are provided information about all opportunities for training, and to support this effort funds are budgeted each year.
5. Audit planning and reporting	The audit plan properly takes account of corporate risk. The plan has been approved by the council [date]. Internal Auditor has reported in accordance with the plan on [date].	Confirmed. For the audit plan, see Financial Regulations (Sec 4) approved 21 <sup>st</sup> July 2020. Internal audit Report received by the council on 26 <sup>th</sup> April 2021 was in accordance with the audit requirements.

Characteristics of 'Effectiveness'	Evidence of Achievement	Areas for Development
Internal audit work is planned	Planned internal audit work is based on risk assessment and designed to meet the council's governance assurance needs.	Confirmed, and reviewed each year.
Understanding the whole organisation, its needs and objectives	The annual audit plan demonstrates how audit work will provide assurance in relation to the council's annual governance statement.	Confirmed, and reviewed each year.
Be seen as a catalyst for change	Supportive role of audit for corporate developments such as corporate governance review, risk management and ethics.	Confirmed. Internal audit and Financial Risk Assessment drives procedural changes for continuous improvement.
Add value and assist the organisation in achieving its objectives	Demonstrated 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 annual audit plan, changes on 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 and is considered in each annual review.
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 internal audit to complete its work. Internal Auditor understands the body and the legal and corporate framework in which it operates.	Confirmed.

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

### Review of the policy.

This policy was accepted by the Parish Council at its meeting on 26 April 2021 and will be reviewed annually.

Signed:

B Urbick

Chairman