

## **The Review of the Effectiveness of the Internal Auditor 2017**

The Accounts and Audit Regulations 2003: (as amended by The Accounts and Audit (Amendment) (England) Regulations 2006) -  
“Internal audit ..... A relevant body shall maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices”.

‘Clubfinance, PO Box 1036 Hemel Hempstead, HP1 2WU. Clubfinance Ltd is authorised and regulated by the Financial Conduct Authority (firm reference no. 400139).’

### **Scope:**

The purpose of internal audit is to review whether the systems of financial and other control are effective; neither the internal nor the external auditor can be expected to look for fraud. The internal auditor does not give an opinion on the accounts, but is required to review controls and give recommendations.

The internal auditor is required to review the completeness and accuracy of the council’s accounts for the year, and to carry out a sample testing from the accounts to supporting documentation. The internal auditor shall also review payroll and VAT for reasonableness.

The internal auditor will discuss his findings with the responsible financial officer and will then write a report on his findings to the Parish Council. In the case of a serious problem the auditor will report directly to the Chair. Recommendations from the report will be recorded in the minutes and any action taken will be noted.

### **Independence:**

The internal auditor shall not have any other role or employment within the council and the council confirms that this is the case.

The internal auditor will report under his own name and will address his report to the council.

### **Competence:**

The internal auditor shall be competent to carry out the work. They should have an understanding of the accounting process, an understanding of the role of internal audit in reviewing systems, an awareness of risk management issues and an understanding of the accounting requirements, legal framework and powers of local councils.

The review is set within the framework of the Risk Assessment Procedure part of the Parish Council's internal controls. The Parish Council is confident that it is effective. The Parish Council would like to propose that as far as it is in its power to do so the review considers the scope of internal audit, independence of the internal auditor, competency of the internal auditor, relationships of the auditor to the Parish Council, and planning and reporting.

1. The Internal Auditor appears to be independent.
2. The Internal Auditor appears to be competent.
3. The Internal Auditor seems to have a satisfactory relationship with the Clerk/Responsible Financial Officer and the Parish Council.
4. Audit planning and contact with Parish Council is satisfactory. The Internal Auditor reports back to Parish Council after the internal audit which is carried out in a timely manner. Customer service in the interim with the Internal Auditor is satisfactory. It was agreed by Parish Councillors that in the event of the Internal Auditor detecting fraud they would approach, depending on the circumstances, the Chair, Finance Chair, Parish Clerk/RFO or Full Council.

**Internal controls:**

The Parish Council shall carry out an annual review of its system of internal control and of its financial risk management. It was concluded by the Parish Council that the current arrangements for the internal audit were effective. The review of internal audit shall be approved by the Parish Council and signed by the Chair and Clerk/Responsible Financial Officer.

**Signed:**

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CHAIR & CLERK/RFO

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**13/3/2017**