

Clerk report in March 2021 explained this process/CLr audit responsibilities.

Updates in yellow



**NASH MILLS**  
PARISH COUNCIL

## Nash Mills Parish Council

# Review of Effectiveness of Internal Audit and Auditor v4

Last adopted.

Adopted

Agenda Reference

### **Introduction**

In association with the monitoring and approval of the system of internal control, Nash Mills Parish Council must also review the effectiveness of the internal audit and auditor each financial year.

***The Account and Audit Regulations 2015*** require councils to ensure that an effective system of internal control and audit is in place and is reviewed to enable Nash Mills Parish Council to positively answer all assertions in the AGAR (Annual Governance and Accountability Return).

### **Assertion 6 Internal Audit**

***We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.***

### **Assertion 7 Reports from Auditors**

***We took appropriate action on all matters raised in reports from internal and external audit.***

Last Year NMPC appointed Philip Rhoden of Etaerio as Internal Auditor.

The external Auditor is appointed centrally.

Meeting the standards		
Expected Standard	Evidence of Achievement	Is this standard achieved/needs
1. Scope of internal audit	Scope of audit work considers risk management processes and wider internal control. Terms of reference and financial regulations define responsibilities in relation to preventing fraud. NMPC appointed Phillip Roden @ Etaerio for 2021/22 audit Minute ref 21/014/FPC	Need to approve auditor for 2021/22 later in 2021
2. Independence	Internal Auditor has direct access to RFO. Reports are made in own name to management. Auditor does not have any other role within the council.	yes
3. Competence	No evidence that internal work has not been carried out ethically, with integrity and objectivity. Internal auditor familiar with governance processes and accounting regulations for parish councils Qualification: ICAEW	Yes (previous experience on DBC audit panel when it was all audited by DBC before it was disbanded). Has been NMPC auditor for a number of years.
4. Relationships	Clerk/RFO and councillors are consulted on the internal audit plan and on the scope of each audit. 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, and training carried out as necessary.	Yes, during review of internal control audit plan is discussed. Clerk and the majority of Cllrs have attended training
5. Audit Planning and reporting	The audit is a feature of a wider plan with regards to internal control. Policy and procedural reviews and Monthly reports and strong internal control procedures embed this approach within NMPC.	An annual audit plan is now in place The review of Internal control is now in place every 6 months, a rolling programme of policy, procedural and risk assessment reviews is being undertaken to ensure that the policies and procedures adopted are compliant and current.

<b>Characteristics of Effectiveness</b>		
<b>Expected Standard</b>	<b>Evidence of Achievement</b>	<b>Is this standard achieved/needs</b>
Internal audit work is planned	Planned internal audit work is based on risk assessment and designed to meet the body's governance assurance needs.	Yes, plan in place and terms of reference/ letter of engagement to be agreed by council.
Understanding the whole organisation its needs and objectives	The annual review demonstrates how audit work will provide assurance in relation to the body's annual governance statement.	yes
Be seen as a catalyst for change	Supportive role of audit for corporate developments such as corporate governance review, risk management and ethics.	yes
Add value and assist the organisation in achieving its objectives	Demonstrated through positive management responses to recommendations and follow up action where called for.	Yes. Copy of report with the recommendations to be circulated once received and council to be updated in full prior to next audit being instructed. Circulated regularly. Last circulation April 2021
Be forward looking	When identifying risks and in formulating the annual internal control plan, changes on national agenda are considered. Internal audit maintains awareness of new developments in the services, risk management and corporate governance.	Yes, Clerk regularly receives updates from advisory services regarding changes to procedural templates or regulations.
Be challenging	Internal audit focuses on risks and encourages members to develop their own responses to risks, rather than relying solely on audit recommendations. The aim of this is to encourage greater ownership of control environment.	yes
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.	Rigorous systems have now been implemented in line with auditors' recommendations. Parish specific accounting package purchased April 2020.