



Review of Effectiveness of Internal Audit and Auditor v8

Last reviewed & adopted	May 2023
Agenda Reference	23/017/ACM
Review Date	May 24

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 review of the effectiveness of internal controls was last undertaken in May 2022 and will be reviewed in June 2023.

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.

Internal Audit last year 2022/23

Last Year NMPC appointed Susan Cook of Auditing Solutions as Internal Auditor for 2023/24. The external Auditor is appointed centrally (PKF Littlejohn)
2022/23 all objectives from the internal audit report were reported to council and action undertaken or comments noted (see below)

Clerk Actions

Asset register to be updated throughout the year with photographic evidence.

Serial numbers are completed where we have them-these are not available for historic assets.

These actions were completed prior to year-end 31st March 2024.

Audit 2023/24

Full IA report circulated. There were no recommended actions required this year.

Meeting the standards		
Expected Standard	Evidence of Achievement	Is this standard achieved/needs
Scope of internal audit	<p>Scope of audit work considers risk management processes and wider internal control.</p> <p>Terms of reference and financial regulations define responsibilities in relation to preventing fraud.</p> <p>NMPC appointed Susan Cook @ Auditing Solutions for the 2023/202 internal audit minute ref 23/050/FPC</p>	Need to approve auditor for 2024/25 later in 2024
Independence	<p>Internal Auditor has direct access to RFO.</p> <p>Reports are made in own name to management.</p> <p>Auditor does not have any other role within the council.</p>	<p>Yes</p> <p>New auditor to council to enable more independence after long term use of previous auditor.</p>
Competence	<p>No evidence that internal work has not been carried out ethically, with integrity and objectivity.</p> <p>Internal auditor familiar with governance processes and accounting regulations for parish councils</p>	<p>Yes (previously a clerk and accountant)</p>
Relationships	<p>Clerk/RFO and councillors are consulted on the internal audit plan and on the scope of each audit.</p> <p>Responsibilities for officers and internal audit are defined in relation to internal control, risk management and fraud and corruption matters.</p> <p>The responsibilities of council members are understood, and training carried out as necessary.</p>	<p>Yes, during review of internal control audit plan is discussed.</p> <p>Clerk and the majority of Cllrs have attended training Newly elected Cllrs are booked in for new Cllr training.</p>
Audit Planning and reporting	<p>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.</p>	<p>An annual audit plan is in place</p> <p>The review of Internal control is now in place every 6 months,</p> <p>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.</p> <p>New for 2023 – Clerk has requested that a Cllr for internal control be appointed (May 2023 agenda item)and will be reviewed May 2024</p>

Characteristics of Effectiveness		
Expected Standard	Evidence of Achievement	Is this standard achieved/needs
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 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 were called for.	Yes. Copy of report with the recommendations is circulated once received and council to be updated in full prior to next audit being instructed. Circulated regularly. Last circulation post audit May 2024
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. Quality council award attained Qualified Clerk New Councillors attending training Clerk continuing CPD and a trained internal auditor/ Internal audit lead for HAPTC and trainer.
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 Council has a good awareness of risk. Risk Assessments are created when new projects are being delivered.
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 previous auditors' recommendations. Parish specific accounting package purchased April 2020. Qualified sector specific Internal auditor engaged External Auditor report to be circulated after Sept 2024