

Review of Effectiveness of Internal Audit

Background

There is a requirement under the Governance and Accountability for Local Councils (2017) for Council members to review the effectiveness of the internal audit and ensure that the area's cover by the audit is in line with Council's requirement. This is then confirmed under part 2 of the Governance Statement, which Council confirms by resolution in May each year.

Details of the report.

We for 2015/16 changed our Internal Auditor to IAC Internal Audit & Compliance Ltd, which is effectively run by a Mr K Rose.

The internal Audit covers two days, November/ December & May. During the visits the attached areas are covered, this is normally done by sampling the accounts.

Action Required

Members are required to:-

- Review the attached (Part 1 & 2) and make any amendment required.
- After any amendments confirm acceptance Part 1 & 2 and that the internal audit meets the Council's requirement
- That the attached terms of reference from IAC Internal Audit & Compliance Ltd are acceptable

Jeff Ford

Responsible Financial Officer

2nd October 2019

Hungerford Town Council

Internal Audit Review Checklist

Part 1 Meeting Standards

| Expected Standard | Evidence of Achievement | Yes/No | Areas for Development |
|--------------------------------|--|---------------|------------------------------|
| 1 Scope of Internal Audit | Terms of reference for internal audit were agreed in July 2016 | Yes | |
| 2 Independence | Internal Audit although deals with RFO and Town Clerk, is able contact Mayor if issued need discussion. They reserve the right to attend Council meeting. Reports from Internal Audit are reported in written form and circulated to all Councillors (half yearly). Report agrees/ noted each 6 months after visit. | Yes | |
| 3 Competence | IAC audits many Town & Parish Councils. For us work is currently undertaken by Kevin Rose the Director. They are no evidence of a failure to carry out internal work ethically, with integrity and objectivity. | Yes | |
| 4 Relationship | We are consulted on internal audit plan. They are no other personal or business connection with the employees of IAC Internal & Compliance Ltd. We also employ IAC as Data Protection Officer | Yes | |
| 5 Audit Planning and reporting | We have two visits a year, which is appropriate for the risks facing the council. | Yes | |

Part 2 – Characteristics of Effectiveness

| Characteristics of 'Effectiveness' | Evidence of Achievement | Yes/No | Area for Development |
|---|---|---------------|-----------------------------|
| Internal Audit Work is Planned | Work is planned with regard to terms of reference. However due account is taken of previous finding to ensure these matters have been resolved | Yes | |
| Understanding the whole organisation its needs and objectives | The Annual audit plan demonstrates how audit work will provide assurance for the council's Annual Governance Statement | Yes | |
| Be seen as a Catalyst for Change | Internal Audit work supports the Council' work in delivering improved services to the community | Yes | |
| Add Value and assist the organisation in achieving its objectives | The Council makes positive responses to internal audit's recommendations and follows up with action where required | Yes | |
| Be forward looking | When setting the annual audit plan national agenda changes are considered as well as legislation changes. Due their specialisation in Town & Parish Councils IAC keep abreast of risks and corporate governance arrangements changes. | Yes | |
| Be Challenging | Internal Audit focuses on the risks facing the Council. (Legal & Financial) | Yes | |
| Ensure the right resources are available | Internal Audit is happy that 2 days is enough for size of Council. RFO & TC are always there on the day to assist in any queries raised | Yes | |

