

Review of Effectiveness of Internal Audit

Reviewed for the Year 2016 – 2017 at the Annual Meeting May 2016

Introduction

Starting for the 2007-2008 year the Accounts and Audit Regulations require that the internal audit arrangements and their effectiveness are planned and reviewed annually and this will be done at the first meeting of the year in May. This document will be adopted at this meeting.

Statement of Assurance

The Annual Return to the External Auditor contains a declaration (.e.g. Section 2 Item 6) that requires the Parish Council to make a statement that the review of the internal audit has taken place and the internal audit arrangements are effective. This will be the annual Statement of Assurance.

Scope of Internal Audit

The Internal Auditor will audit all financial matters and risks including but not limited to the following in order to be able to complete the Annual Audit submission.

This will be done once a year generally in May / June in order to meet the dead line for the Annual External Audit Submission.

- A Appropriate books of account have been properly kept throughout the year.
- B The council's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT was appropriately accounted for.
- C The council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.
- D The annual precept requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.
- E Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.
- F Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.
- G Salaries to employees and allowances to members were paid in accordance with council approvals, and PAYE and NI requirements were properly applied.
- H Asset and investments registers were complete and accurate and properly maintained.
- I Periodic and year-end bank account reconciliations were properly carried out.

J Year-end accounts were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with cash book, were supported by an adequate audit trail from underlying records, and, where appropriate debtors and creditors were properly recorded.

K For any other risk areas identified by the council adequate controls existed.

Independence

Each year at the first meeting in May an independent, suitably trained and qualified Internal Auditor will be appointed (previously said as follows – but no longer practical - has no other connection to the Parish Council or its Officers or Members).

The Internal Auditor will make a written report in their own name to the Parish Council and the Clerk and one member will meet the Internal Auditor to receive the report in person and to receive an explanation of any matters arising.

Competence

Each year at the first meeting in May the previous years Internal Auditor and External Audit reports, together with any other appropriate evidence, will be reviewed so that the Parish Council are satisfied that the previous internal audit has been completed ethically, objectively and with integrity.

This will enable them to make the Statement of Assurance for the forthcoming Annual Submission and to be able to appoint a suitable Internal Auditor.

Relationships

It will be minuted that all Parish Council Members and the Clerk have taken part in this process and that all Members and Officers understand their responsibilities regarding this Audit Plan and arrangements.

This document will be made available to the Internal Auditor as part of the pack of documents submitted each year for Internal Audit.

Planning and Reporting

As well as this planning document a Risk Plan will be prepared each year and approved at the first meeting in May. The Internal Auditor will report each year generally in June in order that the annual Submission to the External Auditor can be made and this report will be reviewed by the full Parish Council.

Areas for Improvement or Development

Areas for improvement or development will generally be identified but not limited to the Internal and external Auditors reports. Such requirements will be minuted at Parish Council meetings and added to this document as an addendum and the Internal Auditor will monitor and report on progress in implementing them. This will be reviewed annually.

Signed:

Date: