

Seneley Green Parish Council

Review of Effectiveness of Internal Audit

As part of its Annual Return, a parish council should confirm it has maintained an adequate system of internal control and has reviewed its effectiveness. In addition, the Accounts and Audit Regulations require councils to review the effectiveness of their system of internal audit once a year. Guidance from the Council's previous auditors (BDO) notes that the internal audit review is part of the wider review of internal control. The current review is set out in the table for the Council to consider.

Characteristics of 'effectiveness'	Evidence of Achievement	Areas for development
1. Scope of internal audit	Internal Audit arrangements are approved by the Council annually. The scope of audit work takes account of risk management processes and wider internal control issues. It is based on the guidance in "Governance and Accountability for Local Councils: A Practitioners' Guide (England). The audit responsibilities also cover the risk of fraud and corruption.	None identified to date
2. Independence	Internal Auditor has direct access to the Council and would report direct to them where necessary. The auditor does not have any other role within the Council.	None identified to date
3. Competence	There is no evidence that internal audit work has not been carried out ethically, with integrity and objectivity. The non-reciprocal audit is carried out by an experienced clerk from another parish council.	None identified to date
4. Relationships	The Clerk is consulted on the scope of the audit. Responsibilities of 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. Training of members is carried out as necessary.	None identified to date
5 Audit Planning and reporting	Audit Planning takes account of corporate risk. Internal Audit reports formally as part of the approval of the Annual Return. There would be additional reporting to the Council if this were considered necessary.	None identified to date
6. Internal audit work is planned	Internal audit work is based on risk and is designed to meet the Council's assurance needs. It is based on an agreed work plan.	None identified to date

Characteristics of 'effectiveness'	Evidence of Achievement	Areas for development
7. Understanding the whole organisation, its needs and objectives	The conduct of the audit demonstrates how audit work will provide assurance in relation to the annual governance statement.	None identified to date
8. Be seen as a catalyst for change	Internal audit would have a supportive role for developments such as risk management and ethics.	None identified to date
9. Add value and assist the organisation in achieving its objectives	Demonstrated through positive management responses to recommendations and follow up action where required.	None identified to date
10. Be forward looking	Changes in the national agenda are considered when identifying risks. Internal audit maintains awareness of new developments in services, risk management and corporate governance.	None identified to date
11. Be challenging	Internal audit focuses on risks and encourages members to develop their own responses to risks, rather than relying solely on audit recommendations. This encourages greater ownership of the control environment.	None identified to date
12. Ensure the right resources are available	Adequate resources are made available for internal audit to complete its work. The internal auditor understands the Council and the legal and corporate framework in which it operates.	None identified to date

Action Required (in relation to this document):

The Council needs to consider this 'review of effectiveness' and identify any concerns arising from it.

It should also recognise that internal audit provides assurance about the system of internal control and its effectiveness. This will be reflected in members' consideration of assurances in the Annual Governance Statement (within the Annual Return submitted to the external auditor) at the year end.

The Council should note and approve the Engagement Letter and Work Plan for the internal auditor (done at the date of the 1st audit of each year)

The Council should also consider whether it wishes to continue with the current internal audit arrangements, where the audit is carried out by an experienced clerk from another parish council.

Reviewed: 18th May 2023 and signed by Cllrs S Murphy, Chairman