

# Everdon Parish Council

## Review Effectiveness of Internal Audit

Meeting the Standards		
Expected Standard	Evidence of Achievement	Areas for development / Comment
1. Scope of internal audit	<p>Review and approve Internal Audit Service Terms of Reference in November 2017 and every 3<sup>rd</sup> year after that.</p> <p>Scope of audit work includes risk management processes and wider internal control</p> <p>Terms of reference define audit responsibilities in relation to fraud.</p>	<p>Reviewed in March 2020.</p> <p>To be reviewed again in March 2023</p>
2. Independence	<p>The Internal Auditor does not live in Everdon and holds no role within the Parish Council.</p> <p>Standing Orders and Financial Regulations are reviewed annually.</p> <p>Internal Auditor submits report to the Parish Council.</p>	
3. Competence	<p>The Council agrees that the internal auditor carries out their work ethically, with integrity and objectivity.</p>	
4. Relationships	<p>The Clerk/RFO meets with the Internal Auditor annually</p> <p>Responsibilities for Clerk/RFO and internal auditor are defined in relation to internal control, risk management and fraud and corruption matters.</p> <p>The responsibilities of Councillors are understood; training of Councillors is carried out as necessary.</p>	<p>Councillors attended bespoke NCALC training after the elections. Further training is provided as and when new courses are available – ongoing.</p>
5. Audit Planning and reporting	<p>The Audit Plan properly takes account of corporate risk.</p> <p>Date for annual internal audit is agreed between the Clerk/RFO and the Internal Auditor.</p>	<p>Parish Council to review Audit Plan annually</p>
6. Internal audit work is planned	<p>Parish Council reviews Risk Assessment annually.</p> <p>Parish Council reviews effectiveness of internal audit annually.</p>	<p>Ongoing</p>

	Parish Council maintains an Asset Register & reviews it annually. Annual Return is published on the Council's noticeboard and website	
7. Understanding the Parish Council's needs and objectives	The annual audit plan demonstrates how audit work will provide assurance in relation to the body's annual governance statement.	
<b>Effectiveness of audit</b>		
<b>Characteristics of 'effectiveness'</b>	<b>Evidence of Achievement</b>	<b>Areas for development</b>
8. Be seen as a catalyst for change	Supportive role of audit for corporate developments such as corporate governance review, risk management and ethics. Parish Council: <ul style="list-style-type: none"> <li>▪ Approves Risk Assessment annually</li> <li>▪ Reviews and renews insurance cover annually in May</li> <li>▪ Issues bank reconciliations monthly and publishes it on the website</li> </ul> Reviews expenditure against budget monthly and displays it on website	
9. Add value and assist the Council in achieving its objectives	Demonstrated through positive responses to recommendations and follow up action where called for.	Continue to receive, monitor and, if necessary, challenge the Auditor's reports.
10. Be forward looking	When identifying risks and in formulating the annual audit plan, changes on national agenda are considered. Internal audit maintains awareness of new developments in the services, risk management and corporate governance.	Review annually
11. Be challenging	Internal audit focuses on risks and encourages Councillors to develop their own responses to risks, rather than relying solely on audit recommendations. The aim of this is to encourage greater ownership of the control environment.	
12. Ensure the right resources are available	Adequate resource is made available for internal auditor to complete his/her work: <ul style="list-style-type: none"> <li>• Agendas</li> </ul>	

	<ul style="list-style-type: none"> <li>• Minutes</li> <li>• Policies</li> <li>• Invoices / financial files</li> <li>• Standing Orders</li> <li>• Financial Regulations</li> <li>• Receipts and payments records</li> <li>• Cheque book and stubs</li> <li>• Bank statements</li> <li>• Asset register</li> <li>• Staff payment records / PAYE</li> <li>• Insurance policy</li> <li>• VAT returns/records</li> <li>• Budget/Precept details/breakdown</li> <li>• End of year accounts</li> <li>• AGAR</li> </ul>	
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Date Reviewed	9 March 2021
Date of next review	March 2022