

OLD PARISH COUNCIL – Review of the effectiveness of internal audit 20 May 2020

1. Expected standard	Evidence of achievement	Areas for development
1. Scope of internal audit	<p>Terms of reference were (re) approved by council on (date)</p> <p>Scope of audit work takes into account risk management processes and wider internal control</p> <p>Terms of reference define audit responsibilities in relation to fraud</p>	<p><i>NCALC appointed IIA and terms of engagement/reference agreed 20th May 2020.</i></p> <p><i>There is no limit to the scope of the internal audit.</i></p> <p><i>NCALC terms of reference.</i></p>
2. Independence	<p>Independent Internal Auditor (IIA) has direct access to those charged with governance</p> <p>Reports are made in own name to management</p> <p>Independent Internal Auditor does not have any other role within the council</p>	<p><i>There is unrestricted access to the Responsible Financial Officer(RFO) and members of the Council.</i></p> <p><i>The IIA reports all findings/recommendations to Council.</i></p> <p><i>The IIA does not have any other role within Council.</i></p>
3. Competence	<p>No evidence that internal audit work has not been carried out ethically, with integrity and objectivity</p>	<p><i>Council not aware of any evidence to the contrary.</i></p>
4. Relationships	<p>Responsible Financial Officer/s 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: training of members is carried out as necessary</p>	<p><i>RFO will consult with IIA in advance of year end.</i></p> <p><i>Defined within the Risk Assessment and the Risk Management Policy. Reviewed annually.</i></p> <p><i>Council members must comply with the Code of Conduct, Standing Orders and Financial Regulations.</i></p> <p><i>Members undertake training though this could be more strategic with a training plan in place.</i></p>
5. Audit planning and reporting	<p>The Independent Internal Audit Plan properly takes account of corporate risk</p> <p>The Audit Plan has been approved by the council (date)</p> <p>Internal audit has reported in accordance with the IIA Plan</p>	<p><i>Defined within the Risk Assessment and the Risk Management Policy. Reviewed annually.</i></p> <p><i>Audit Plan produced and to be reviewed annually.</i></p> <p><i>The RFO will meet with the IIA no later than 30 June and RFO</i></p>

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2. Characteristics of effectiveness	Evidence of achievement	<i>will ensure that IIA reports following that meeting</i> Areas for development
Internal audit work is planned	Planned internal audit work is based on risk assessment and designed to meet the body's governance assurance needs	<i>Internal audit is undertaken in line with the Risk Assessment.</i>
Understanding the whole organisation: its needs and objectives	The Audit Plan demonstrates how audit work will provide assurance in relation to the body's annual governance statement	<i>Audit Plan written and to be reviewed annually. The RFO will ensure the IIA will have access to all Council governance documentation. Annual Governance Statements are reviewed and approved by Council annually.</i>
Be seen as a catalyst for change	Supportive role of audit for corporate developments such as corporate governance review, risk management and ethics	<i>Recommendations are brought to Council for consideration.</i>
Add value and assist the organisation in achieving its objectives	Demonstrated through positive management responses to recommendations and follow up action where called for	<i>Recommendations are brought to Council for consideration.</i>
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	<i>Audit Plan written and to be reviewed annually. Risk Assessment and Risk Management Policy are reviewed annually.</i>
Be challenging	Internal audit focuses on risks and encourages managers/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 the control environment	<i>The Risk Management Policy incorporates responsibility for risk management.</i>
Ensure the right resources are available	Adequate resource is made available for internal auditor to complete its work Internal auditor understands the body and the legal and corporate framework in which it operates	<i>Adequate resources through budget provision are made available by Council to allow the internal auditor to complete work.</i>

Reviewed and adopted on: (date) **20 May 2020** _____ (signature) _____

Note: Review of effectiveness of internal audit must be reviewed and adopted by council/meeting/board/body annually during the financial year and before 31 March.