

REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

Under the Accounts and Audit Regulations 2006 (which amends the Accounts and Audit Regulations 2003) there is a new requirement to conduct a review of the effectiveness of the Parish Council's system of internal audit and formally report accordingly.

Effectiveness of the system of internal audit.

The Parish Council uses a group of 2 Clerks from neighbouring Parish Councils, namely Hest Bank and Bolton-le-Sands to act as its independent internal auditor.

Audits are carried out by each of the Clerks on a rotating basis.

The role of the internal audit is to assist the Parish Council in fulfilling its responsibility for the prevention and detection of fraud and corruption, errors and mistakes. It is for the Parish Council to determine the level of internal audit required based on the internal controls in place.

Currently the internal audit twice during the financial year. The first audit reviews the internal controls and carries out testing on the transactions undertaken and ensures compliance with financial regulations.

The second audit is carried out when the annual accounts have been prepared. At this time the audit seeks to ensure that the documents to be sent to the external auditor are in order.

The internal audit produces a written report for the Parish Council after both stages of the internal audit and highlights any deficiencies in the internal controls or provides a clean bill of health.

On reviewing the effectiveness of the internal audit, the following five standards need to be addressed

- Scope of the internal audit
- Independence
- Competence
- Relationships
- Audit Planning and Reporting.

REVIEW

The scope of the internal audit to be confirmed in engagement letter.

These internal auditors are fully independent of the Council and meet the competency criteria required to carry out the internal audit.

An internal audit plan setting out proposals for the auditor be produced and confirmed that this properly takes account of the corporate risk (i.e. controls and procedures which minimise the risk of the Council not being able to function or carry out what it sets out to do).

Minimum tests proposed in audit plan are adequate and effective for the Council's internal audit purposes.

Adopted by the Council at the meeting held on 13th June 2018