

Review of effectiveness of the Town Council's Internal Audit Process

Extract from Governance and Accountability for Smaller Authorities in England A Practitioners' Guide 2025

4.15. It is a matter for the authority to determine how best to meet the statutory requirement for internal audit, having regard to its size, scope of services and complexity of financial arrangements.

4.16. Authorities should, at least annually, carry out a review of the effectiveness of their overall internal audit arrangements. It should be designed to provide sufficient assurance for the authority that standards are being met and that the work of internal audit is effective. Authorities should judge the extent and scope of the review by reference to their own individual circumstances.

4.17. As with any review, it should be evidence based. Wherever possible this should be gathered throughout the year. Sources may include:

- previous review and action plan
- annual report by internal audit
- other reports from internal audit, including internal audit plan, monitoring reports, and the results of any investigations
- any reports by the external auditor
- the results of any other external reviews of internal control

4.18. As part of the review the internal auditor should produce a report to the authority highlighting areas for improvement or development. An action plan should be produced setting out the areas of improvement required, any proposed remedial actions, the members or officers responsible for delivering improvement, and the deadlines for completion of the actions.

4.19. Internal auditors should be aware of the National Audit Office guidance to external auditors regarding the additional work expected in respect of authorities with income or expenditure in excess of £2,000,000

Review of 2024-25 process

Internal Auditor

JDH Business

Internal Audits undertaken 2024-25

Detailed action plans were produced following each audit and considered by the Finance Committee and at Full Council. Items raised were as follows

	ISSUE	RECOMMENDATION	Action
	The Council have not approved a risk assessment in 2024/25. A risk assessment was carried out in March	<i>The risk assessment should be carried out and formally approved annually by Council.</i>	Risk Assessment scheduled to be approved by Council every April.

	2025 but it was not approved by council until April 2025.		
	The Council installed a solar panel system on the swimming pool at a cost of £102,523. The final invoice was paid in October 2024 but the solar panel system has not been included in the asset register as a final grant relating to the funding had not been received by 31/3/25 (this is correctly included in the accounts as a debtor).	<i>As the solar panel system has been fully installed and is owned by the Council, it should be included in the asset register as at 31/3/25 and adequately insured.</i>	Implemented
2024/25 interim internal audit recommendations			
	ISSUE	RECOMMENDATION	Action
1	Pay increases are notified to the payroll agent via a letter from the Town Clerk.	The Chair should notify the payroll agent of annual officer pay rise information.	Considered under Minute point 481/23b and implemented
	<p>Budgetary Control:</p> <p>The newly adopted Financial Regulations do not contain any controls over budget virements or budgetary control reporting as currently the new FRs state only the following:</p> <p>The previous model Financial Regulations contained both detailed controls for virement authorisations and budgetary control reporting.</p>	<i>The council should ensure that appropriate internal controls over virements and budgetary control reporting are incorporated into the adopted Financial Regulations.</i>	Implemented.
	The Council do not have a signed data	<i>The Council should ensure that a data processing</i>	To be considered.

	processing agreement with the payroll agent.	<i>agreement is in place with the payroll agent.</i>	
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Other reports from internal audit, including internal audit plan, monitoring reports, and the results of any investigations

No other reports produced however advice has been sought from internal auditor throughout the year on a variety of issues .

Any reports by the external auditor

No reports from external auditor.

The results of any other external reviews of internal control

No other external reviews carried out.

It is the RFO's opinion that the Town Council's internal audit process for 2024-25 was effective and no changes are required for 2025-26.