

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

Extract from Governance and Accountability for Smaller Authorities in England A Practitioners' Guide to Proper Practices 2023

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 2022-23 process

Internal Auditor

JDH Business

Audits undertaken April 23 and May 24

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

	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
2022/23 interim internal audit recommendations			

	ISSUE	RECOMMENDATION	Action
1	A review of payments identified a payment in Month 10 that had been entered in the nominal ledger for funding to the swimming pool was incorrect. The payment had not yet been made and the payment schedule was corrected during the interim audit.	<i>A correction must be posted to the ledger.</i> <i>Invoices received should be checked to ensure they are for the expected amount before being processed for payment.</i>	Implemented
2	The Council now have a corporate credit card available for the Clerk to use. The Council documentation on internal controls and the financial regulations do not state the monthly and individual transaction limits in place, controls over physical security and the reporting of transactions to Council.	<i>The Council should review the internal controls in place over the use of the credit card and ensure that internal controls documentation is updated accordingly.</i>	Internal controls amended 23.5.23 approved at full council 25.5.23 minute point 480/23

Action Plans considered by Full Council on 25.5.23 under minute point 480/23 and 481/23b

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 Town Clerk's opinion that the Town Council's internal audit process for 2022-23 was effective and no changes are required for 2023-24.