

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 2024

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 2023-24 process

Internal Auditor

JDH Business

Internal Audits undertaken 2023-24

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	Testing of a sample of payments identified that £1842.55 of VAT paid on the Christmas Lighting Contract (14/11/23 ref 158.23) had not been coded to the VAT account within the ledger but	<i>An adjustment should be posted to the Rialtas ledger and if this hasn't been included within the quarterly VAT return, an adjustment should be made to the next VAT return.</i>	Implemented

	had been included within the Christmas lighting code. This could lead to the VAT not being claimed on this payment.		
2	Section 6.14 of the financial regulations require: <i>The council, and any members using computers for the council's financial business, shall ensure that anti-virus, anti-spyware and firewall software with automatic updates, together with a high level of security, is used.</i> The Clerk has obtained information relating to 3 of the 4 bank signatories who use computers for the council's financial business.	<i>The Council need to ensure robust cyber security measures are in place that meet the requirements of s6.14 of the financial regulations.</i>	Currently under development
3	The Council do not include income sampling in their internal control checks.	<i>The periodic checks carried out by members should include income sampling. The sample items should be agreed to price lists.</i>	Now included in the monthly checks.
2023/24 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

Actions arising from the audit are to be considered by Full Council as appropriate.

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 .

17.1.25

Agenda item 6c Review of the Effectiveness of Internal Audit

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 2023-24 was effective and no changes are required for 2024-25.