BRIEFING NOTE

To: Members of the Finance + General Purposes Committee

Internal Audit – Review of effectiveness of Internal Control 2017/18
Internal Control Arrangements
(Regulation 6 of the Accounts and Audit Regulations 2015)

1. The Panel is asked to undertake a Review of the effectiveness of the Internal Audit in the current Council Year. It is important to note that this is not a matter for delegation to the Clerk and this Review will be subsequently presented to Council for approval. *(Reference is made to the publication: NALC Governance and Accountability for Local Councils March 2017, Regulation 6 of the Accounts and Audit Regulations 2015).*

Internal Audit Review Checklist - Part 1 - Meeting standards (Section 4 of G+AALC)

Expected standard	Evidence of achievement	Yes or No	Areas for development
1. Scope of internal audit	Terms of reference for internal audit were (re)approved by full council on 16 Jan 2014. Internal audit work takes into account both the council's risk assessment and wider internal control arrangements. Internal audit work covers the council's anti-fraud and corruption arrangements.	Yes Yes Yes	
2. Independence	Internal audit has direct access to those charged with governance (see Financial Regulations). Reports are made in own name to management. Internal audit does not have any other role within the council/board.	Yes Yes Yes	
3. Competence	There is no evidence of a failure to carry out internal audit work ethically, with integrity and objectivity.	Yes	
4. Relationships	All responsible officers (Clerk and RFO) are consulted on the internal audit plan. (Evidence is on audit files). Respective responsibilities for officers and internal audit are defined in relation to internal control, risk management and fraud and corruption matters (job descriptions and engagement letter). The responsibilities of council members are understood; training of members is carried out as necessary. (See Member training plan).	Yes Yes Yes Yes	
5. Audit Planning and Reporting	The annual internal audit plan properly takes account of all the risks facing the council and has been approved by the Council 26 May 2016.	Yes	

Internal Audit Review Checklist - Part 2 - Characteristics of Effectiveness

Characteristics of 'effectiveness'	Evidence of achievement	Yes or No	Areas for development
Internal audit work is planned	Planned internal audit work is based on risk assessment and designed to meet the council's needs.	Yes	
Understanding the whole organisation its needs and objectives	The annual audit plan demonstrates how audit work will provide assurance for the council's Annual Governance Statement.	Yes	
Be seen as a catalyst for change	Internal audit supports the council's work in delivering improved services to the community.	Yes	
Add value and assist the organisation in achieving its objectives	The council makes positive responses to internal audit's recommendations and follows up with action where this is called for.	Yes	
Be forward looking	In formulating the annual audit plan, national agenda changes are considered. Internal audit maintains awareness of new developments in the services, risk management and corporate governance.	Yes	
Be challenging	Internal audit focuses on the risks facing the council. Internal audit encourages managers/members to develop their own responses to risks, rather than relying solely on audit recommendations.	Yes Yes	
Ensure the right resources are available	Adequate resource is made available for internal audit to complete its work. Internal audit understands the council and the legal and corporate framework in which it operates.	Yes Yes	

Stephen Hoyles
CLERK TO THE COUNCIL
3 May 2017