

Annual review of Internal Financial Controls

Characteristics of 'effectiveness'	Evidence of Achievement	Areas for development
1. Scope of internal audit	Scope of audit work takes into account risk management processes and wider internal control Risk Assessment defines audit responsibilities in relation to fraud	Audit incorporates all aspects on internal controls as required by legislation.
2. Independence	Internal Auditor has direct access to all records. Reports are made in own name to management. Auditor does not have any other role within the Council.	Christopher Noake was appointed in February 2019 after the resignation of the previous IA, Beth Webb. Two AGAR based Internal Audits have now been completed (18/19 & 19/20) and all his recommendations implemented. Council needs to consider replacing IA after completion of 20/21 financial year audit in line with good practice guidelines, but this is not mandatory.
3. Competence	No evidence that internal audit work has not been carried out ethically, with integrity and objectivity.	Feb. 2021: Chris Noake is wholly independent of Council and has proven financial competency and an understanding of local government legislation

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<p>4. Relationships</p>	<p>Responsible Financial Officer consulted on the internal audit and on the scope of each audit. (Evidence is on audit files). Responsibilities for officers and internal audit are defined in relation to internal control, risk management and fraud and corruption matters. The responsibilities of council members are understood; training of members is carried out as necessary.</p>	<p>Feb. 2021 Council is fully compliant with Transparency Code as evidenced by monthly publication of all financial data. AGAR3 required for financial year 2020/2021. Unqualified assurance received for 2018/19 and 2019/20. All paperwork published online and freely available to residents and public via website.</p>
<p>5 Audit Planning and reporting</p>	<p>The Audit takes account of corporate risk. The details of the internal audit will be approved by the council as report received. Internal Audit has reported in accordance with the objectives and responsibilities of the Council</p>	<p>Interim IA not completed as no recommendations put forward by Internal Auditor after full IA in 2020. Delays reported due to CV19 restrictions and compliance guidelines on social distancing. Full IA review scheduled for April 2021 after Financial year end closure.</p>
<p>6. Internal audit work is planned</p>	<p>Planned Internal audit work is based on risk assessment and designed to meet the Council's needs</p>	<p>Next full / interim review as above. Clerk is also a member of EDDC and serves on their Audit and Governance Committee and receives additional A&G training via LGA</p>
<p>7. Understanding the whole organisation its needs and objectives</p>	<p>The annual audit demonstrates how audit work will provide assurance in relation to the Councils responsibilities</p>	<p>Council understands requirement and need for Internal Auditing and the benefits and assurances it provides to Council and public alike. February 2021: Continuous auditing via full / interim / full cycle ensures financial governance and accountability conformance is maintained.</p>

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<p>8. Be seen as a catalyst for change</p>	<p>Supportive role of audit for developments such as risk management and ethics.</p>	<p>February 2021: IA makes recommendations as a result of Internal Audit process which are reported to Council and then implemented. Comprehensive Risk Assessment already carried out by Finance Committee over several months (2020) and continuing again presently.</p>
<p>9. Add value and assist the organisation in achieving its objectives</p>	<p>Demonstrated through positive management responses to recommendations and follow up action where called for.</p>	<p>February 2021: All members of Council receive copies of monthly financial reports and IFCR documents. Risk Assessments copied to all Councillors once reviewed by Finance Committee.</p>
<p>10. Be forward looking</p>	<p>When identifying risks and in formulating the annual audit, changes on national agenda are considered. Internal audit maintains awareness of new developments in the services and risk management</p>	<p>GDPR compliance was required May 2018+ Re: Internal audit, RFO discussed improvements to AGAR system and compliance with Transparency Code as a result of public enquiry. RFO has been on VAT Training Course. Council continues to seek grants from external sources to assist towards Community projects and better amenities & facilities. RFO also attends higher authority A&G training and meetings.</p>
<p>11. Be challenging</p>	<p>Internal audit focuses on risks and encourages The council to develop their own responses to risks, rather than relying solely on audit recommendations. The aim of this is to encourage greater ownership of the control environment.</p>	<p>February 2021: as above, new liabilities and assets have been taken into account and community liaison is progressing. Council actively involves residents and conveys information on a frequent basis via various media to encourage community engagement. Budget and Precept discussions are carried out in public and all financial data published for public review with accompanying statements to explain financial decisions.</p>

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<p>12. Ensure the right resources are available</p>	<p>Adequate resource is made available for internal audit to complete its work. Internal auditor understands the body and the legal and corporate framework in which it operates.</p>	<p>March 2019: a copy of the revised Governance and Accountability Regs. was provided to new IA upon request. Adequate time is allowed for end-of-year review of procedures and audit assessments. Full audit completed in May 2019. Interim audit undertaken in October 2019. Full audit completed July 2020. Council signs off and approves as per EA requirements. Notice Period for Inspection of Public Rights has been noted by RFO and hard copies retained for audit. All relevant documents published in full and unredacted on public access website. Next audit due after 31/03/2021 and RFO and IA liaise to arrange initial meeting to discuss, review and assess financial papers as per regulatory process.</p>
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To be reviewed at the NPHPC Finance Committee meeting to be held on 18th February 2021