

**BUGBROOKE PARISH COUNCIL**  
**Review of effectiveness of internal audit 2016-2017**

**A. MEETING THE STANDARDS**

<u>Expected Standard</u>	<u>Evidence of Achievement</u>	<u>Areas for Development</u>
<b>Scope of internal audit:</b>		
<b>1. Terms of reference of internal auditor:</b>		
➤ Terms of reference were (re)approved by full council on:	This is done at the annual parish meeting in May.	
➤ Scope of audit work takes into account risk management processes and wider internal control :	See terms of reference	
➤ Terms of reference define audit responsibilities in relation to fraud:	See terms of reference.	
<b>2. Independence of internal auditor:</b>		
➤ Internal Auditor has direct access to those charged with governance	Confirmed. Para.4.4 of the Financial Regulations provides that the internal auditor has the power to request the RFO or any member of the council to make available any documents of the council necessary the purpose of the internal audit.	
➤ Reports are made in own name to management.	See previous reports. This year's will use the same procedure. The financial regulations require the internal auditor to make his report to the council, rather than to any individual.	
➤ Auditor does not have any other role within the council.	Confirmed.	
<b>3. Competence of internal auditor:</b>		
➤ No evidence that internal audit work has not been carried out ethically, with integrity and objectivity.	The clerk and parish council are satisfied that this standard has been met. The internal auditor is supplied by NCALC and is trained by them to what the parish council understands to be an adequate level of	

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	competence.	
<b>4. Relationships:</b>	(Evidence is on audit files).	
➤ Responsible officers (Clerk/RFO internal control councillor, etc) are consulted on the internal audit plan and on the scope of each audit.	A meeting is held with the auditor to discuss the format of the audit and any points of concern which the clerk might have. A report is prepared by the auditor which is then put to the parish council for approval and action where necessary. The internal control councillor is kept informed throughout.	
➤ Responsibilities for officers and internal audit are defined in relation to internal control, risk management and fraud and corruption matters.	See: > terms of reference of the internal auditor > the standing orders of the council > the clerk's contract of employment > the council's risk management policy.	
➤ The responsibilities of council members are understood; training of members is carried out as necessary.	Councillors are given training on taking up their position and are thereafter given regular training opportunities.	
<b>5. Audit Planning and reporting</b>		
➤ The Audit Plan properly takes account of corporate risk.	It is intended that this be the case. See also the council's risk policy.	
➤ The plan has been approved by the council.	This will be done in May.	
➤ Internal Audit has reported in accordance with the plan	Report to be submit in May	

## **B. CHARACTERISTICS OF EFFECTIVENESS**

<u>Expected Standard</u>	<u>Evidence of Achievement</u>	<u>Areas for Development</u>
<b>Characteristics of 'effectiveness'</b>		
➤ Internal audit work is planned	Planned Internal audit work is based on risk assessment and designed to meet the body's governance assurance needs.	
➤ Understanding the whole organisation its needs and objectives	The annual audit plan demonstrates how audit work will provide assurance in relation to the body's annual governance statement	
➤ Be seen as a catalyst for change	Supportive role of audit for corporate developments such as corporate governance review, risk management and ethics.	

➤ Add value and assist the organisation in achieving its objectives	Demonstrated through positive management responses to recommendations and follow up action where called for.	
➤ Be forward looking	When identifying risks and in formulating the annual audit plan, changes on national agenda are considered. Internal audit maintains awareness of new developments in the services, risk management and corporate governance.	
➤ Be challenging	Internal audit focuses on risks and encourages members 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.	
➤ Ensure the right resources are available	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.	

Reviewed and adopted on: \_\_\_\_\_

Note: Review of effectiveness of internal audit must be reviewed and adopted by council annually during the financial year and before 31 March.