

REPORT TO FINANCE AND POLICY COMMITTEE

Agenda Item 10- Annual Review of the Work of the Internal Auditor

Meeting Date 4th March 2024

Released to Council on 27th February 2024

Prepared by Town Clerk

Town & Parish Councils do not submit profit & loss accounts and balance sheets like private companies. Each year they have to submit The Annual Governance & Accountability Return (AGAR) Part 3. The return has four sections:

- The Annual Internal Audit Report
- Section 1 – Annual Governance Statement
- Section 2 – Accounting Statements
- Section 3 – External Auditor Report & Certificate

Sections 1 & 2 are completed by the Council. The Council must comply with Proper Practices as set out in the most current version of the ‘Joint Panel on Accountability & Governance Practitioners’ Guide’ (‘JPAG’).

The purpose of this item is to review the following points in order that (a) Assertion 6 Section 1 of the Annual Return may be completed accurately (see below) and (b) the adequacy of the current provider is assessed. The relevant section of the JPAG practitioner's guide is appended.

‘Assertion 6 — Internal Audit

We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.

In order to warrant a positive response to this assertion, the authority needs to have taken the following actions:

1.35 Internal audit — The authority needs to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes considering internal auditing guidance for smaller authorities.

1.36 Provision of information — The authority needs to ensure it has taken all necessary steps to facilitate the work of those conducting the internal audit, including making available all relevant documents and records and supplying any information or explanations required.

1.37 Non-statutory guidance on internal audit can be found in Section 4.’

The Council’s internal auditor, IAC Audit & Consultancy Ltd, is a specialist provider of internal audit services to town and parish councils. IAC was first appointed in September 2014 following competitive action and has provided a good service since.

Each year a letter of engagement is exchanged and consideration given to particular areas for examination. Two audits are conducted each year. The first – usually in November after the first half of the financial year looks at processes and procedures and the second looks at the year-end and the completion of the AGAR. This year the second in person audit will take place on 21st March and then the year end parts will be dealt with virtually). After each audit, a report is prepared and discussed with the Clerk. The report is then presented to the Council.

Throughout the year IAC will answer any ad hoc enquiry about the application of accounting rules, governance, etc. They appear up-to-date and well connected with regard to developments in local authority accounting.

The Committee is being asked to (should you agree):

- (i) To note the satisfactory performance of the internal auditor
- (ii) That the Council was compliant with proper practice as defined in the ‘Joint Panel on Accountability & Governance Practitioners’ Guide’ in relation to assertion 6 in Section 1 of the AGAR.