

Lackford Parish Council

REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT & APPOINTMENT OF INTERNAL AUDITOR 2020-21

1.0 Overview

1.1 Regulation 6 of the Accounts and Audit Regulations 2003 as amended imposes a duty on local councils to “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control.”

1.2 Internal audit is a key component of the system of internal control. The purpose of internal audit is to review whether the systems of financial and other controls over a council’s activities and operating procedures are effective.

1.3 Local councils are required, at least once a year, to conduct, in accordance with proper practices, a review of the effectiveness of internal audit. The council is required to sign the annual governance statement (on the annual return submitted to the external auditor) to evidence that this review has been undertaken.

2.0 Review of effectiveness of internal audit

2.1 Mr Michael Williamson, Mijan Ltd acted as the Lackford Parish Council internal auditor for the 2019/20 financial year. Previously to this the internal audit for the Council was carried out by SALC. Mr Michael Williamson’s work as internal auditor is done on a paid basis. This year the Council have resolved to re-appoint the current internal auditor to oversee the audit provision for the year 2020-2021:

Mr Michael Williamson, Mijan Ltd, The Willows, Long Drove, Waterbeach, Cambs CB25 9LK

2.2 For internal audit to be considered effective, the following criteria must be satisfied:

- that the internal auditor is independent of the other financial controls and procedures of the council which are subject of review;
- that they are competent to carry out the role in a way that will meet the business needs of the council;
- that consideration is made to how many times in a year the systems and records should be subject to internal audit;
- that the scope of internal audit is sufficient;
- that any internal audit report is considered in full by a meeting of the parish council; and
- that appropriate action is taken on any recommendations contained in the internal audit report.

□ The council must also satisfy itself that the quality of delivery of the internal audit service provides reliable assurance about the council's internal controls and its management of risk.

2.3 Considering these requirements for internal audit for Lackford Parish Council:

i.) Independence

Mr. Williamson (Mijan Ltd) has no involvement in the Council's financial controls, procedures or decision making. He is not related to, nor associated with, any member of the Council or the Clerk. The internal auditor has direct access to the Council should he think this necessary.

ii.) Competence

Mr. Williamson has a small consultancy that has experience of carrying out audit work for parish councils and voluntary organisations in the East Cambridgeshire and Suffolk areas. He has built up knowledge of local council finance over the years, and also sits on the Parish Council of Waterbeach, so has a good knowledge of Council procedure. His past and current employment suggests that he is a capable and competent person to carry out this task.

There is no evidence/reason to believe that the internal audit will not be carried out competently, ethically and with integrity and objectivity.

iii.) Frequency of Internal Audit

An internal audit, undertaken annually.

iv.) Scope of Work

The scope of the internal audit work carried out by Mr. Williamson follows the suggested approach to internal audit provided by the "Governance and Accountability for Local Councils – a Practitioner's Guide 2010." Under the Audit Commissions Act 1998.

v.) Audit Report

Mr. Williamson will prepare a report on behalf of the consultancy's name and addressed to the council following his completion of the internal audit, and will complete and sign Section 4 of the Annual Return. It will be presented in full to the Council at the next meeting after it has been issued. Any actions to be taken on the recommendations made will be minuted.

Prepared by: Vicky Bright, Parish Clerk and Responsible Financial Officer to Lackford Parish Council

13th July 2020

Reviewed and Adopted: 28th July 2020 Minute No:

Signed: