

Assessment of Internal Audit effectiveness 2022

The Council is required to confirm (and the Chair & Clerk to certify) that 'we have maintained throughout the year an adequate and effective system of internal audit of the council's accounting records and control systems and carried out a review of its effectiveness' and that we 'arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the council and have reviewed the impact of this work'.

Q	A
<p>Internal Auditor:</p> <p>a. Has the PC approved his/her Terms of Reference?</p> <p>b. Is he 'independent'?</p> <p>c. Is he competent?</p>	<p>Our previous Internal Auditor listed the documents he <u>wished</u> to see and we provided them; this has continued with the present auditor.</p> <p>Yes.</p> <p>Yes – He is an accountant and he has signed a contract and, in doing so and thus undertaking to do what is required, he is clearly claiming he is competent to do it.</p>
<p>Is the Internal Audit Plan:</p> <p>a. Appropriate?</p> <p>b. Approved?</p>	<p>Yes. We are so small that we don't need a 'plan'. But we do need to be able to demonstrate a more hands-on approach, so the RFO presents a reconciliation of the Parish accounts at every monthly meeting and one councilor oversees the finances.</p> <p>Yes. The RFO compiles it and presents the PC with the outcome.</p>
<p>Is there a formal report to the Council?</p>	<p>LPC passed its internal audit and the internal auditor signed the AGAR (the Annual Return). The council is informed and the process minuted.</p>
<p>Is the Council's financial approach 'risk based'?</p>	<p>Yes. We have a Risk Assessment that ensures LPC won't suffer from embezzlement: all invoices are emailed to all councilors and all payments, whether made online or by cheque, have to be approved by two councilors. LPC's finance councilor has access rights to view and check LPC's bank accounts but not to pay bills.</p>
<p>Are the financial arrangements understood?</p>	<p>Yes.</p>
<p>Are the audit arrangements properly 'resourced'?</p>	<p>Yes. The internal auditor (and anyone else) can have access to whatever he/she wants/needs.</p>
<p>Value added?</p>	<p>The Internal Audit points out error/suggests alternative accounting methods/procedures.</p>
<p>Does the internal audit assist the PC in being 'forward looking'?</p>	<p>Yes. We don't do much future planning but when projecting the budget we do have the opportunity to fund any anticipated projects.</p>
<p>Is the process 'challenging'? Does the audit process 'encourage greater ownership of the control environment'?</p>	<p>Yes.</p>

LEWKNOR PARISH COUNCIL

Internal Audit 2021-22

Documents	Comments
Copy of previous year's financial statement	Folder A
Copy of 2020/21 AGAR	Folder B
2021/22 AGAR	Folder C
2021/22 financial statement	Folder D
Payments Record	Folder E plus BACS proof
Bank Statements	Folder F
Bank Reconciliation Statements (Cashflow spreadsheets)	Folder G
Cheque books	Samples on request
Petty Cash Records & Clerk's travel expenses	Folder H
Paid Invoices for year	Folder I
Income Records	Folder J Receipts spreadsheet and remittance advice papers
VAT Reclaim	Folder K One claim made in 2021/22
Budget (precept) estimates for audit and current year	Folder L Budget calculations and outturn for 2021/22; drafts and final calculations for 2022/23; plus minutes from relevant Council meetings; precept submission form and half year and end of year financial reports
Salary records	Folder M Summary showing payments through the year (paid by Standing Orders); plus HMRC PAYE sheets
Council owned assets	On council website under Key Documents
Insurance policy	Folder N
Risk Assessment	On council website under Key Documents
Standing Orders	On council website under Key Documents
Financial Regulations	On council website under Key Documents
Certificates of Acceptance and Registers of Interest	Folder P
Grasscutting Contracts	Folder Q Details of quotes and confirmation for 2022/23
Minutes	Folder R Signed (also on council website)
COVID	Folder S Documents relating to the pandemic
Royal Obit procedure	Folder T