



## Adequate and effective system of Internal Audit

Version Number	Date	Author	Notes
1.0	23 January 2019	M Harper	For review and agreement at Resources meeting 23 Jan 2019 for approval at PC meeting
1.1	30 January 2019	M Harper	For approval at PC meeting 30 Jan 2019 – minute ref 124.1.2
2.0	15 January 2020	M Harper	For review and agreement at Resources meeting 22 January 2020
2.1	29 January 2020	M Harper	For approval at PC meeting 22 Jan 2020 – minute ref 84.1.5
2.2	8 January 2021	M Harper	For review and agreement at Resources meeting 20 January 2021
2.3	27 January 2021	M Harper	For approval at PC meeting 27 January 2021 – minute ref 20/21.70.7.6
3.1	19 January 2022	M Harper	For review and agreement at Resources meeting 19 January 2022
3.2	26 January 2022	M Harper	For approval at PC meeting 26 January 2022 – minute ref 21/22.102.7.6

## Danbury Parish Council - Adequate and effective system of Internal Audit

### a) Scope of Internal Audit

The Internal Auditor should:

- Undertake an Interim Audit and End of Year Audit when the accounts have been completed
- Have access to whatever documents and records are required
- Ensure correct book-keeping has taken place by checking cash book, regular reconciliation of books and bank statements, plus cash at bank and supporting vouchers
- Inspect: Standing Orders and Financial Regulations, tenders, appropriate payment controls including acting within the legal framework with reference to council minutes. Identifying VAT payments and reclamation, reviewing cheque books, paying in books and other relevant documents
- Inspect the Risk Assessment ensuring that the appropriate procedures are in place for the activities of the Council
- Verifying the Budgetary process with reference to Council minutes and supporting documents
- Inspect the Income Controls – including precept and other income and control mechanisms
- Inspect Petty Cash and associated books to ensure that an established system is in place
- Inspect Payroll controls – check PAYE and NIC in place; compliance with Inland Revenue procedures and records relating to contracts of employment
- Inspection of asset register and checks on existence of assets cross checking with insurance cover
- Check End of Year Procedures and that accounts have been prepared on the correct accounting basis (i.e. Income and Expenditure)
- Internal Auditor to check balances as Annual Return and sign page

### b) Independence

- Auditing Solutions were appointed as Internal Auditors on 1 April 2021 They are completely independent of the Parish Council
- They play no part in the Council's management, control or decision making
- They must be a professional company with the experience of local government and a good understanding of local councils
- They have no input into other Council matters, eg accounting, financial statements, annual return (other than signing Section 4 Annual Internal Audit Report)
- The appointment of the Internal Auditor will be reviewed every three years

### c) Competence

After each visit the Internal Auditor submits a report which is considered by the Resources Committee of the Council, actioned where appropriate and recorded in the Minutes. The Council must be fully satisfied with the independent services provided by the Internal Auditors.

The review of the effectiveness of the system of internal audit should be completed annually by the Resources Committee. The Risk Assessments are updated annually in February. The Asset Register is updated and is made available for the internal auditor twice a year and the external auditor annually.