

**REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT 2018/19**  
**MEETING THE STANDARDS**

Cumnor Parish Council is responsible for ensuring that its business is conducted in accordance with the law and proper standard and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk and for reviewing the effectiveness of internal audit.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically.

	Expected Standard	Evidence of Achievement	Has the Standard been met?
1.	Scope of Internal Audit.	The scope of audit work includes reference to the risk management processes and wider internal control. Terms of reference are set you in the letter of appointment of the internal auditor. Council approved appointment of Phil Hood FMAAT, Arrow Accounting at its meeting on 3 September 2018 minute 325/18.	Yes
2.	Independence.	Internal Auditor has direct access to the RFO and if necessary the Chairman. Internal Audit report was received via email, addressed directly to Cumnor Parish Council. The Internal Auditor does not have any other role within the Council/Committees.	Yes
3.	Competence.	The Internal Audit report 2017/2018 was received by Council at its meeting on 2 July 2018 minute 250/18. Quarterly financial summaries are presented to Council. There is no evidence that internal audit work has not been carried out ethically.	Yes
4.	Relationships.	Responsibilities are defined in the job description for the Clerk/RFO  Responsible Officer (Clerk / RFO) is consulted on the internal audit plan and on the scope of each audit. (Evidence on audit files.)  Responsibilities of RFO and internal audit are defined in relation to internal control, risk management and fraud and corruption matters.  The responsibilities of Finance Committee / Council members are understood; training of members is carried out as necessary.	Yes
5.	Audit Planning and Reporting.	The Annual Return 2017/2018 was signed by the Internal Auditor on 1 June 2018. Council approved appointment of Phil Hood FMAAT, Arrow Accounting at its meeting on 3 September 2018 minute 325/18 for 2018/2019.	Yes

		The Plan has been approved by the Finance Committee / Council annually. Internal Audit is reported in accordance with the Plan annually.	
6	Internal Audit Work	Financial statements and bank reconciliations are produced by RFO assisted by Critchleys Accounts for inspection at quarterly Council meetings. An analysis of income and expenditure for setting the precept 2018/2019 was produced for review by Council on 8 January 2018 minute 16/18. Cheques and electronic payments are signed and cheque stubs initialled by two Councillors. Invoices are available for inspection when payment is authorised at Council meetings.	Yes
7	Understanding the organisation, needs and objectives.	The annual audit plan shows how audit work will provide assurance in relation to the Council's annual governance statement. Accounts are held on the computer and are backed up regularly and sent to Critchley Accountants.	Yes
8	Being seen as a catalyst for change.	Keeping a good relationship with Ady Podbery and MRH Services has resulted in the Council receiving excellent service with reasonable financial costs and prompt service.	Yes
9	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.	Yes
10	Be challenging.	Internal audit focuses on risks and encourages managers / 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.	Yes
11	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. Access to a range of Council documents are available on the website <a href="http://www.cumnorparishcouncil.org.uk">www.cumnorparishcouncil.org.uk</a> Finance for the internal audit is included under Table 1 Expenditure General Administration of the budget when setting the precept.	

Reviewed by the Finance and General Purposes Committee on Tuesday 23 October 2018 minute 14/18.