

**CONGLETON TOWN COUNCIL**

**COMMITTEE REPORTS AND UPDATES**

<b>COMMITTEE:</b>	Finance and Policy		
<b>MEETING DATE AND TIME</b>	27 <sup>th</sup> January 2021 7.00pm	<b>LOCATION</b>	Congleton Town Hall
<b>REPORT FROM</b>	Chief Officer/Responsible Financial Officer		
<b>AGENDA ITEM REPORT TITLE</b>	<b>14 Appointment of Internal Auditor</b>		
<b>Background</b>	<p>The Town Council is required by Regulation 5(1) of the Accounts and Audit regulations 2015 to “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes”. The Council complied with the requirements in terms of independence from the Council decision making process by appointing Auditing Solutions Ltd to provide this function to the Council.</p> <p>As the Council’s Internal Auditor, the Internal Auditor has a duty to complete the internal audit report in the Council’s Annual Return, which covers the basic financial systems, activities, operating procedures and requires assurances in separate areas as shown below. After each audit a report of findings is generated, the interim audit reports are presented to Finance and Policy Committee and the Final Report is presented to Finance and Policy Committee and Council.</p>		
<b>AREA FOR REVIEW</b>	<b>EXPECTED ACHIEVEMENTS</b>	<b>ACHIEVED YES/NO</b>	<b>AREAS COVERED</b>
<b>Scope of internal audit</b>	Terms of reference approved by council	Yes	Internal Audit covers: Risk arrangements, Security of Assets, review of minutes, insurance, security of assets, expenditure, income, accounting records, year-end accounts.
	Internal audit work takes into account risk assessment	Yes	Covered by financial risk assessment review and Health and Safety review annually. Insurance risk assessed annually.

	Internal audit work takes into account wider control arrangements	Yes	Project budgeting process in place.  Financial Regulations show delegated authority to spend  Monthly variance reports in place and considered by Finance and Policy committee.
	Internal audit work covers anti-fraud and corruption arrangements	Yes	Internal Auditor reviews and reports on the Councils system of internal controls. Cash handling procedures reviewed by internal auditor.  Two staff handling all purchasing and cash payments.  Sales invoicing and receipts are handled by two separate members of staff.
<b>Independence</b>	Internal audit has direct access to those charged with governance	Yes	Chief Officer and internal audit discuss governance.  Interim and annual audit reports discussed at meetings.
	Internal audit has no other role within the council	Yes	
<b>Competence</b>	There is no evidence of a failure to carry out internal audit work ethically, with integrity and objectivity.	Yes	Internal auditor works with other councils.
	Responsibilities for officers and internal audit are defined in relation to internal control, risk management, fraud and corruption by means of a job description, engagement letter.	Yes	Chief Officer's Key Performance Areas show this, as do Responsible Financial Officers.
<b>Audit Planning and Reporting</b>	The annual internal audit plan properly takes	Yes	Financial Risk review completed annually.

	account of all risks facing the council and has been approved by council.		Internal audit monitors against identified risk.
	Internal audit has reported in accordance with the plan	Yes	Internal audit investigation is thorough and provides sound reports with full explanations.
	Reports are received by council	Yes	Reports acted upon as shown by minutes.
	Planned internal audit work is based on risk assessment and designed to meet the council's needs	Yes	Largest risks covered by insurance i.e., loss of income.  Internal auditor provides detailed report to Council of the risk areas that have been covered during the audit.
<b>Understanding the whole organisation, its needs and objectives</b>	The annual audit plan demonstrates how audit work will provide assurance for the council's Annual Governance Statement.	Yes	Internal Auditor fully updated on any new issues.
<b>Be seen as a catalyst for change</b>	Internal audit supports the council's work in delivering improved services to the community	Yes	Auditor assessing work done by council on levels of risk.
<b>Adds value</b>	The council makes positive responses to internal audit's recommendations and follows up where action is needed	Yes	Audit reports are scrutinised by Responsible Financial Officer and the Finance and Policy Committee and acted upon.
<b>Be forward looking</b>	National agenda changes are considered.	Yes	Vision, Asset transfer, neighbourhood plan, growth of council, projects undertaken all indicators of change.
	Internal audit is aware of new developments in	Yes	Staff constantly update training

	council services, risk management and corporate governance arrangements		Internal auditor reviews Council minutes.
<b>Be challenging</b>	Focuses on risks and encourages development of own responses to risk management	Yes	Internal auditor provides Council with detailed reports following audit.
<b>Right resources</b>	Adequate resources are made available for internal audit's work	Yes	
	Internal audit understand the council	Yes	Internal auditor has been working with the council for a number of years.
<b>Proposal</b>	The current internal audit is provided by Accounting Solutions Ltd. They are a well-established company with extensive experience with Town and Parish Councils. They audit the Council's financial and other internal control systems and the financial records four times per year and have provided good advice. They work with many other councils in providing this service and are familiar with our processes and procedures. The fact that historically our external audit has been consistently good demonstrates that the guidance and support being provided by the Internal auditor is sound. Remaining with Accounting Solutions would provide the new Responsible Financial Officer continuity with the audit procedure of Congleton Town Council in order to give support due to their historic knowledge of the Council.		
<b>Finance</b>	The 2022/23 Budget cost for Accounting Solutions is £ 1,780, the daily cost is £445 which includes travelling.		
<b>Decision Requested</b>	That the Finance and Policy Committee resolve to approve continuing with Accounting Solutions for internal audit provision for the financial year 2022-23.		