

**OTTERY ST MARY TOWN COUNCIL
REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT 2019-2020**

1. Scope of internal audit	<p>Terms of reference for internal audit were approved by full council on 6th January 2020. The Council appointed Alison Marshall to carry out the role of Independent Internal Auditor for the Council for the year 2019-2020.</p> <p>The general arrangement is covered in an Internal Audit Contract dated 27th September 2019 entered into by both parties</p> <p>Internal audit work takes into account both the council's risk assessment and wider internal control arrangements.</p> <p>Internal audit work covers the council's anti-fraud and corruption arrangements.</p>
2. Independence	<p>The Independent Internal Auditor has the same rights of access to Council records and officers of the Council as the Council's external auditor.</p> <p>A written report in her own name covering the internal audit tests covered and the findings will be submitted to the Council after the end of the financial year and recommendations for action monitored until such time as an identified weakness has been rectified.</p> <p>The Independent Internal Auditor does not have any other role within the Council.</p> <p>The arrangement ensures that the Independent Internal Auditor can raise any matters without any pressure being possible from the Council.</p>
3. Competence	<p>There is no evidence that internal work has not been carried out ethically, with integrity and objectivity.</p>
4. Relationships	<p>Regular meetings are held with the Town CEO/RFO and the Accountant and there is ample opportunity for the raising of issues, reporting findings and need for specific coverage within that process by all parties.</p> <p>The CEO/RFO meets with the Independent Internal Auditor to discuss Audit questions.</p> <p>Responsibilities for the CEO/RFO and Independent Internal Auditor in respect of internal control, risk management, fraud and corruption matters are included in the CEO's/RFO's job description and in the Independent Internal Auditor's Audit Plan.</p> <p>Council Members understand their responsibilities in respect of the Training Statement of Intent with training of Members carried out as necessary. The Training Statement of Intent is reviewed annually.</p>
5. Audit Planning and Reporting	<p>The annual internal audit plan takes account of all the risks facing the Council and was approved by Council on 6th January 2020.</p>

	The Independent Internal Auditor will report to the Council at the end of the financial year.
Characteristics of “effectiveness”	
Internal audit work is planned	The internal audit work is based on the Council’s Internal Audit Plan which in itself is based on the Council’s Risk Assessment of its financial systems and internal controls to reduce the risk or opportunity of fraud, corruption, theft or error. The Internal Audit Plan is therefore designed to meet the Council’s needs.
Understanding the whole organisation, its needs and objectives	As the annual Audit Plan covers all areas of risk and efficiency within the Council, this provides assurance for the Council’s Annual Governance Statement.
Be seen as a catalyst for change	Through the Council’s Internal Audit Plan areas of improvement are identified to ensure that improved services are always delivered to the community
Add value and assist the organisation in achieving its objectives	The Council takes very seriously the recommendations made by the Independent Internal Auditor and implementation of the recommendations is always on going.
Be forward looking	The Independent Internal Auditor encourages the Council to be proactive in developing its services and to be open to change. The Council has created a service based committee structure. The Independent Internal Auditor provides support to officers and members in progressing this transition.
Be challenging	Internal audit focuses on the risks facing the Council and encourages members to develop their own response to risk. New Risk Management arrangements have now been implemented.
Ensure the right resources are available	The Council takes seriously its financial and governance responsibilities and budgets adequately for this service and in the event of additional work being required can find the necessary resources. The Independent Internal Auditor has provided Council with revenue costings for the period of her engagement to enable the Council to budget effectively.

Approved at Full Council Meeting on 6th January 2020

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