



# **INTERNAL AUDIT POLICY**

**Approved:**

**Full Council**

## **1. Background**

- 1.1 The Internal Auditor is appointed by the Council to review its governance and financial procedures. This is done by inspecting the books, vouchers and documents of the Council. The auditor needs to be satisfied that the accounts are correctly prepared and show a true and fair view of the financial affairs of the Council.

**True** = that the accounts are properly based on facts and correctly include the financial effect of the transactions which the Council has undertaken during the year.

**Fair** = the financial effects as summarised in the accounts give the reader a balanced understanding of the activities undertaken during the year end and of the financial position of the Council at year end.

**View** = in forming this “view”, the auditor should be satisfied that judgements made during the year are prudent and reasonable, the accounting policies selected have been consistently applied, and that all unusual items or events are clearly explained. Unusual would include items which are exceptional in amount or are not usually undertaken by the Council.

## **2. Conduct of the Audit**

- 2.1 An internal auditor is appointed and carries out such checks as are needed to satisfy themselves that the internal controls are adequate and working (see appendix 1).
- 2.2 The effectiveness of the internal audit is reviewed annually and the Council agrees to the appointment of the Internal Auditor. The auditor who is competent and independent (see appendix 2), is advised of the scope of the work to be carried out.
- 2.3 The report and any recommendations of the auditor are presented to the Council and agreed actions are monitored to ensure that they have been carried out and auctioned within the agreed timescales.
- 2.4 The Council seeks and receives appropriate property, legal, insurance and health and safety advice to manage risk.
- 2.5 Members of the Council can ask for any area of the Council’s business to be looked at by the internal auditor during inspection.
- 2.6 The Finance, Policy and Resources Committee will scrutinise the AGAR and associated information prior to its approval at Full Council.

Once this has been completed, then the AGAR will be submitted to the External Auditors.

- 2.7 Full Council must approve the Annual Governance and Accountability Return (AGAR) before the 30th June 2025.

### **3. Rules**

- 3.1 It is important before the audit that the auditor be in possession of copies of Standing Orders. There are two principle objectives of the audit:

- (i) To enable the auditor to certify that the statement of accounts to be presented, as far as the auditors can determine, is correct;
- .(ii) To certify the annual return.

## Internal Audit Checklist

<b>Proper Bookkeeping</b>	Is the cashbook maintained and up to date – Rialtas Omega? Is the cashbook arithmetic correct – Rialtas Omega? Is the cashbook regularly balanced – Rialtas Omega?	
<b>Standing Orders</b>	Has the Council formally adopted Standing Orders? Has a Responsible Financial Officer been appointed?	
<b>Payment Controls</b>	Are payments in cash book (Rialtas Omega) supported by invoices etc? Has VAT on payments been identified, recorded and reclaimed?	
<b>Risk Management</b>	Do the minutes record the Council carrying out an annual risk assessment? Is insurance cover appropriate and adequate? Are internal financial controls documented and regularly reviewed?	
<b>Budgetary Control</b>	Has the Council prepared an annual budget in support of its precept? Is actual expenditure against budget regularly reported to the Council? Are any significant variances explained?	
<b>Income Controls</b>	Is income properly recorded and promptly banked? Does the precept recorded agree to notification? Are security controls over cash adequate and effective?	
<b>Payroll Controls</b>	Do salaries paid agree to those approved by Council? Has PAYE/NI been properly operated as an employer?	
<b>Asset Controls</b>	Does the Council keep an asset register of all assets? Do asset insurance valuations agree to those in the asset register?	
<b>Bank Reconciliation</b>	Is there a bank reconciliation for each account? Is the bank reconciliation carried out regularly on receipt of statements? Are there any unexplained balancing entries?	
<b>Year End Procedures</b>	Are yearend accounts prepared on the correct accounting basis? Do accounts agree to cashbook? Is there an audit trail from financial records to accounts? Where appropriate, have debtors and creditors been properly recorded?	

## Appendix 2 - Review of Effectiveness of Internal Audit

### **1. Scope of Internal Audit**

Does the internal audit sufficiently cover all aspects of the financial controls relevant to the Council and is there a policy in place and approved?

### **2. Independence**

Is the internal auditor independent?

### **3. Competence**

Is the internal auditor competent and do they carry out their work ethically, with integrity and objectivity?

### **4. Relationships**

Is the Town Clerk consulted in the internal audit plan and training undertaken when necessary?

### **5. Audit Planning and Reporting**

Is there a plan in place for when the internal audit will be undertaken and does the plan properly take account of risk?