

Internal Audit Report

(to be read in conjunction with the Annual Internal Audit Report in the Annual Governance and Accountability Return)

Name of council:	Cadeby Parish Council		
Name of Internal Auditor:	Jack Fargher	Date of report:	8 th May 2019
Year ending:	31 st March 2019	Date audit carried out:	8 th May 2019

Internal audit is the periodic independent review of a council's internal controls resulting in an assurance report designed to improve the effectiveness and efficiency of the activities and operating procedures under the council's control. Managing the council's internal controls should be a day-to-day function of the staff and management and not left for internal audit.

The council is required to take appropriate action on all matters raised in reports from internal and external audit and to respond to matters brought to its attention by internal and external audit. Failure to take appropriate action may lead to a qualified audit opinion.

To the Chairman of Cadeby Parish Council:

Background.

The Accounts and Audit (England) Regulations 2015 (as amended) require all Town and Parish Councils "to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance."

The job of an Internal Auditor is to provide a "systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes" (Governance and Accountability for Smaller Authorities, A Practitioners' Guide, March 2019, 4.3). Although council finances are certainly an important element of this, there are many equally important non-financial elements which will be checked as part of internal audit, e.g. is the council assessing and mitigating the risks it faces, including the use of effective internal controls. It does NOT involve the detailed inspection of all records and transactions of the parish council in order to detect error or fraud.

I have been allocated by the Leicestershire & Rutland Association of Local Councils (LRALC) as the appointed Internal Auditor for ~~Heather~~ Cadeby Parish Council for the financial year ended 31st March 2019. My role as internal auditor, acting independently and on the basis of an assessment of risk, is to carry out a selective assessment of compliance with relevant procedures and controls which were in operation during the financial year.

Section 5 paragraph 104 of the Practitioners' Guide sets out the following list of key systems and processes to be reviewed by the internal auditor:

- proper book-keeping including the cash book;
- standing orders and financial regulations;
- payment controls;
- income controls;
- budgetary controls;