

Internal Audit Plan

This Internal Audit Plan was reviewed and adopted by Chew Stoke Parish Council at its meeting on 6th March 2025.

It was resolved that the Parish Council is satisfied that the existing internal audit process is satisfactory and meets all the statutory requirements.

CHEW STOKE PARISH COUNCIL

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Responses made are proportional and in line with the relative scale of the response required. ... 8

Introduction

Chew Stoke Parish Council is committed to ensuring transparent and compliant processes in line with the Local Audit and Accountability Act and has adopted this plan to ensure relevant processes are in place to comply with the requirements of legislation.

This Internal Audit Plan runs from January of each year. It encompasses three financial years: reviewing the previous year's audit, auditing the current year, and appointing an internal auditor for the new year beginning in April.

A Responsible Finance Officer (RFO) is appointed by The Council to take responsibility for this plan and all finance related activity required. In the instance of Chew Stoke Parish Council the Clerk also acts as the RFO.

This Internal Audit Plan will be reviewed in line with the schedule below (and as a minimum at each Annual Meeting of the Parish Council), or in the event of a change in legislation.

January

- 1) The Clerk to review the effectiveness of the Internal Audit plan and relevant documentation.
- 2) The Council to review and approve selection of Internal Auditor before March
- 3) The Council to check that a risk assessment has been adopted in the last twelve months.
- 4) Nominated councillor to undertake quarterly internal audit/bank reconciliation testing with Clerk.
- 5) The Clerk to present the final draft of the Budget for the following financial year.
- 6) The Council to agree budgets for the following financial year and agree precept request for submission to District Council.

February

- 1) The Council to approve this Audit Plan.
- 2) The Council to approve the Terms of Reference for the Internal Auditor.

March

- 1) The Clerk to prepare and ensure all financial records are up to date and accurate for the year end process.

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April

- 1) Council (via RFO) receives Annual Governance and Accountability Return (or Audit Return).
- 2) Start of the new financial year.
- 3) Nominated councillor to undertake quarterly internal audit/bank reconciliation testing with Clerk.
- 4) Clerk to prepare Annual Governance and Accountability Return (AGAR) Part 1, 2 or 3 (depending on your council's gross income or expenditure in the previous 2 years)
- 5) Clerk to prepare Year End Accounting Statements for internal audit.
- 6) Clerk to recover VAT reclaim (VAT126 form) online.

May

- 1) The Internal Auditor to receive the accounts for the last 12 months from Clerk.
- 2) The Council to review any issues raised by the Internal Auditor.

June

- 1) Internal Audit must be complete by 30 June.
- 2) The Internal Auditor to meet with the Clerk to note any issues raised by the Internal Auditor.
- 3) Clerk to present Annual Internal Audit report prepared by Internal Auditor to The Council
- 4) Full Annual Governance and Accountability Return (or Audit Return) and Accounting Statement to be presented by the Clerk for consideration and approval.
- 5) Once agreed, AGAR to be signed and dated by the Chairman.
- 6) The council to agree dates for Exercise of Public Rights of Annual Governance and Accountability Return to include the first 10 working days in July.

July

- 1) The Council to review any issues raised by the Internal Auditor.
- 2) By 1 July, publish 'Notice of Public Rights and Publication of Unaudited Annual Governance & Accountability Return' establishing a 30-working day window for the public to inspect the accounting records, which must include the first 10 working days of July.
- 3) Council to note any issues which may need to be addressed in the next audit cycle.
- 4) By 2 July, The Clerk must publish the unaudited Annual Return on a freely accessible website.
- 5) The Council to receive a copy of the Audit Return forms and approve it at the relevant Parish Council meeting.
- 6) The Audit Return forms must be sent to the External Auditor by 2 July.
- 7) Nominated councillor to undertake quarterly internal audit/bank reconciliation testing with Clerk.

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August

- 1) Clerk to ensure all Risk Assessments are reviewed and up to date.

September

- 1) Council to receive a report from the External Auditor
- 2) Implement Action plan (if required).
- 3) By 30 September, Clerk to post a Notice of Completion, Internal and External reports, accounting statements, and complete Annual Governance and Accountability Return (Audit Return) on a freely accessible website.

October

- 1) Nominated councillor to undertake quarterly internal audit/bank reconciliation testing with Clerk.
- 2) The Clerk to start to prepare first draft of the Budget for the following financial year.

November

- 1) The Clerk to review this Audit Plan.
- 2) The Clerk to review the Council's system for internal financial control.
- 3) The Clerk to present the first draft of the Budget to the Council.

December

- 1) The Finance Working Party to present the second draft of the Budget to the Council.

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Internal Audit Review Checklist – Part 1 – Meeting standards

The Council must RESOLVE by 31st March of each municipal year to continue with the appointment of NAME or ORGANISATION as the internal auditor for the Parish Council.

The Council considered and agreed the review of effectiveness of the internal audit process in the following areas:

- Expected standard.
- Evidence of achievement.

Areas for development or additional details

1. Scope of internal audit

Has the scope of the internal audit been discussed with the internal auditor to ensure that the audit covers all the relevant risk areas?

Internal audit must consider both the council's risk assessment and internal control arrangements. The audit also covers the council's anti-fraud and corruption arrangements.

2. Independence

The internal auditor is sufficiently independent, unbiased, and objective as they do not have any other role within the council/board. The Internal auditor must be given direct access to those charged with governance, if required.

3. Competence

The internal auditor has sufficient knowledge to be able to carry out the audit. There is no evidence of a failure to carry out internal audit work ethically, with integrity and objectivity.

4. Relationships

The responsibilities of council members are understood; training of members is carried out, as necessary. Responsible officers (Clerk and RFO) are consulted on the internal audit plan. (Evidence is on audit files). Respective responsibilities for officers and internal audit are defined in relation to internal control, risk management and fraud and corruption matters (job descriptions and engagement letter).

5. Audit Planning and Reporting

Is the body aware of a timetable of when the internal audit or audits will take place and when a report, if any, will be reported? Does the internal audit plan properly take account of the risks facing the council and has been approved by the council?

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Internal Audit Review Checklist – Part 2 – Characteristics of Effectiveness

- Characteristics of 'effectiveness'
- Evidence of achievement
- Yes or No
- Areas for development

Internal audit work is planned

Planned internal audit work is based on risk assessment and designed to meet the council's needs, as per financial regulations.

Understanding the whole organisation, its needs and objectives

The annual audit plan demonstrates how audit work will provide assurance for the council's Annual Governance Statement, as per financial regulations.

Be seen as a catalyst for change

Internal audit supports the council's work in delivering improved services to the community, as appropriate, where relevant.

Add value and assist the organisation in achieving its objectives

The council makes positive responses to internal audit's recommendations and follows up with action where this is called for, as appropriate.

Be forward looking

In formulating the annual audit plan, agenda changes are considered. Internal audit maintains awareness of new developments in the council's services, risk management and corporate governance arrangements. All aspects are considered based on the scale of response.

Be challenging

Internal audit focuses on the risks facing the council. Internal audit encourages managers/members to develop their own responses to risks, rather than relying solely on audit recommendations. We have a full risk management process and internal audit.

Ensure the right resources are available. Adequate resource is made available for internal audit to complete its work. Internal audit understands the council and the legal and corporate framework in which it operates, and proportional resources are made available.

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Responses made are proportional and in line with the relative scale of the response required.

The Parish Council has a strong ethos of good management of these processes and procedures. The Parish Council is advised on updates and changes in best practice by their own proactive Clerk and RFO.

Processes, Risk Management and Policy changes are reviewed on a regular basis and relevant updates, changes, and challenges to these are implemented as required and in scale to the Parish Councils responsibilities. The Council is constantly looking forward to incoming policy changes and developing appropriate responses to those where required and as appropriate and reflect best practice with support from Council groups such as NALC.

The Internal Audit and the mechanisms for financial management have been recommended to a full council meeting in **** and received approval by the council. The audit process challenged previous processes and found them satisfactory to meet current requirements.