

## Agenda item 7

For decision – Reappointment of internal auditor for 2018-19

Author: Sarah Williams, Business Manager

### Summary

To consider the reappointment of the internal auditor for 2018/2019. It is not a legal requirement to change internal auditors annually and it is common practise to retain their services for several years to provide continuity. Our current internal auditor has been with us for seven years and to provide continuity while the Business Manager settles it is proposed to retain them for at least one more year.

### Background

Regulation 5(1) of The Accounts and Audit (England & Wales) Regulations 2015 requires local 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.”

This evaluation must be independent of the other financial controls and procedures of the council which are the subject of review. The internal auditor must be competent to carry out the role in a way that will meet the business needs of the council. This evaluation is an integral part of continually improving governance and accountability.

FTC’s internal controls are reviewed and tested to provide a level of assurance for the council when asked to sign off statements 2 and 6 in the annual governance statement of the Annual Return. The internal auditor carries out planned work necessary to give these assurances and if they are satisfied with their findings they will complete section 4 of the Annual Return.

In previous years and, it is proposed in future, the Audit Plan, with additional testing and reporting, has been agreed to be as follows:

| Main area of review        | Specific point of review  |
|----------------------------|---|
| Finance and administration | <ul style="list-style-type: none"><li>• Financial regulations</li><li>• Income and expenditure</li><li>• Bank reconciliation</li><li>• Year-end accounts</li><li>• Year-end procedures</li><li>• Annual return</li><li>• Payroll and payroll procedures</li><li>• Investments</li><li>• Charity accounts</li><li>• Grant awards</li></ul> |

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|---|--|
|   | <ul style="list-style-type: none"> <li>• Spending powers</li> </ul>  |
| Policies, risk management, health and safety, minutes | <ul style="list-style-type: none"> <li>• General review for effectiveness</li> <li>• Adherence to legislation</li> <li>• Risk register</li> <li>• Standing orders</li> <li>• Internal controls and council procedures</li> <li>• Passwords</li> <li>• Back up and security checks</li> <li>• Effective and efficient management of the Council's resources</li> <li>• Fraud and corruption risk</li> </ul> |

Fair Account, our current internal auditor, has competently audited FTC's accounts for the previous seven financial years and provided support for successful Annual Return submissions for external audit. Comprehensive reports following their quarterly visits are taken to the Council Matters committee. Jackie Wheeler enjoyed a good working relationship with Fair Account and I (Sarah Williams) hope to benefit similarly, relying particularly on their experience in this first year of my preparing the Annual Return. I understand that Fair Account are very thorough and provide advice on any accounting related topics. I recommend we re-appoint them as the council's internal auditor until the end of 2019/20 to maintain consistency of scrutiny during this transition from Jackie to myself.

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| <p><b>Recommendation</b></p> <p>Reappoint Fair Account as the Internal Auditor for Frome Town Council until the end of 2019/20</p> |
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