

## **Introduction**

In association with monitoring of the system of internal control set out in 'The Policy Statement of Internal Control' and the annual review of effectiveness of internal control, under statutory requirement the council must also review the effectiveness of the internal audit and auditor each financial year.

The Account and Audit Regulations 2015 require councils to ensure that an effective system of internal control and audit is in place and is annually reviewed to enable the council to positively answer all assertions in the AGAR (Annual Governance and Accountability Return).

### **Assertion 6 on the AGAR – INTERNAL AUDIT**

**We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.**

### **Assertion 7 on the AGAR – REPORTS FROM AUDITORS**

**We took appropriate action on all matters raised in reports from the internal and external auditor. Please note that there were no matters for action arising in the external auditor's report.**

**The Clerk reviewed points raised in the internal audit report dated 8 May 2025 and the following actions were undertaken/will be implemented:**

**Point B** – “The adopted standing orders should be updated to reflect the values in the newly updated Financial Regulations (see recent HAPTC updates). APC may wish to consider a payment card for the clerk to ensure that all opportunities to reclaim VAT are utilized”.

**Clerk/Council actions** – The new model Financial Regulations and Standing Orders were updated to reflect the same values and were adopted by the Council at the annual meeting in May 2025. The Council previously considered a payment card, however due to associated bank charges and low transactions this was deemed unnecessary.

**Point C** – “APC to complete the photographic evidence in the risk assessment for the review of physical assets. APC to ensure that all contractor risk assessments are held on file APC to obtain a risk assessment for the warden's duties”.

**Clerk/Council actions** – The clerk gathered all missing photos of the physical assets that the document will be adopted at the July meeting. Clerk carried out a risk assessment for the warden”.

**Point D** – “The reserves policy should be reviewed as per the review schedule listed within the document. The underlying budget document (or simplified, accessible summary) should be uploaded to the website with the relevant meeting papers”.

**Clerk/Council actions** – The reserves policy will be reviewed during 2025/26 financial year. The clerk will upload a budget setting document in a format that can be accessible via PC’s website.

**Point G** – “The clerk should ascertain whether the payroll provider has submitted the statutory registration with The Pension Regulator and if not, APC should undertake this as soon as possible.  
It remains a recommendation that a HMRC gateway log in be obtained to enable scrutiny of the HMRC employers’ account.  
APC to continue to monitor the employment and HMRC status of the contracted warden”.

**Clerk/Council actions** – The clerk will action HMRC gateway log in. The warden had signed 2025/26 self-employment agreement.

**Point H** – “APC may wish to consider the options of obtaining ‘cyber security’ cover from their insurer. (In light of recent cases being highlighted by the UK press)”.

**Clerk/ Council Actions** – The Council will consider an add on cyber security insurance cover at the June meeting.

**Point L** – “Members Declarations of Interest to be uploaded to the website”.

**Clerk/Council Actions** – Clerk will upload the documents on the PC’s website.

## Review of effectiveness of internal audit

Expected Standard	Evidence of achievement	Is this standard achieved
<b>Scope of internal audit</b>	Scope of audit work was set out in Terms of Reference took into account risk management process and wider internal control. Terms of Reference define audit responsibilities in relation to fraud – Hertfordshire Internal Audit Service was appointed for the 2024/2025 internal audit on 1 <sup>st</sup> July 2024 Minute ref 24/099 3	Yes
<b>Independence</b>	The auditor has direct access to the RFO. Reports are made in own name to management. The auditor does not hold any other role within the council	Yes- new auditor was introduced after long term use of previous auditor. The 2025/26 audit will be carried out by a new auditor
<b>Competence</b>	No evidence that internal work has not been carried	Yes

	<p>out ethically, with integrity and objectivity. The internal auditor familiar with governance processes and accounting regulations for parish councils. The internal auditor is an internal audit lead for HAPTC and a trainer.</p>	
<b>Relationships</b>	<p>Clerk/RFO and councillors are consulted on the internal audit plan and on the scope of each audit.</p> <p>Responsibilities for officers and internal audit are defined in relation to internal control, risk management and fraud/corruption matters. The responsibilities for council members are understood and training is carried out as necessary.</p>	<p>Yes- Clerk and the majority of councillors have attended training. Newly elected councillors were provided with training.</p>
<b>Audit Planning and Reporting</b>	<p>The audit is a feature of a wider plan with regards to internal control. Policy and procedural reviews and monthly reports form a part of the internal control.</p>	<p>The audit plan is incorporated within the Policy Statement of Internal Control. The review of Internal Control is due in July 2025.</p> <p>A rolling programme of policy, governance and procedures is being undertaken by the clerk and the Council to ensure that the policies and procedures adopted are current.</p>
<b>Internal audit work is planned</b>	<p>Planned internal audit work is based on risk assessment and designed to meet the council's governance assurance needs.</p>	<p>Yes- The Council approved the Terms of Reference (letter of engagement)</p>
<b>Understanding the whole organisation; its needs and objectives</b>	<p>The annual review demonstrates how audit work will provide assurance in relation to the council's annual governance statement</p>	<p>Yes</p>
<b>Be seen as a prompt for improvement</b>	<p>Supportive role of audit and the auditors' recommendations enables the council to positively develop and maintain a high standard of governance</p>	<p>Yes – Copy of the internal audit report was circulated to members upon receipt, and the council have implemented/ will implement recommendations where deemed necessary</p>
<b>Be forward looking</b>	<p>When identifying risks</p>	<p>Yes – clerk receives regular</p>

	changes on national agenda are considered. Internal audit maintains awareness of the new developments in the services, risk management and corporate governance	updates from advisory services regarding changes to procedural templates or regulations. New councillors have attended relevant training and the clerk is CiLCA qualified
<b>Be challenging</b>	Internal audit focuses on risks and encourages members to develop their own responses to risks rather than solely rely on auditors' recommendations	Yes – the council has a robust risk assessments in place and identify the need to mitigate risks when undertaking new projects.

**Reviewed by the Clerk/RFO and recommended for adoption by the Council**