SAXMUNDHAM TOWN COUNCIL

INTERNAL AUDIT
EFFECTIVENESS REVIEW 2024-2025

Annual Approval: June 2025
Minute Item: 34/25TC

Legislative Background

This review is undertaken in accordance with Regulation 5 of the Accounts and Audit Regulations 2015, which requires relevant authorities 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."

Guidance issued by the Joint Panel on Accountability and Governance (JPAG) states that authorities should undertake an annual review of the effectiveness of internal audit as part of the consideration of the system of internal control, which supports the Annual Governance Statement.

Scope and Objectives of Internal Audit

Internal audit is an independent and objective assurance process designed to add value and improve the Council's operations. Its core objectives are to review whether:

- Proper accounting records have been kept;
- Financial regulations and standing orders have been followed;
- The Council's assets are safeguarded;
- Adequate measures are in place to prevent and detect fraud and corruption;
- Financial management and budgetary control are effective;
- Risk management processes are in place and functioning appropriately.

Independence and Competence

The internal audit function is carried out by an independent organisation - Suffolk Association of Local Councils - with no involvement in the financial decision-making, management, or preparation of records. This ensures the necessary degree of independence and objectivity.

The appointed auditor is suitably qualified and experienced to undertake internal audit duties for a local authority of this size and complexity.

Audit Planning and Coverage

The internal audit work plan is agreed in advance and covers key risk and control areas, including:

- Cashbook/bank reconciliations
- Income and expenditure
- VAT returns
- Payroll
- Asset register

- Budget setting and monitoring
- Compliance with relevant laws and regulations
- Year-end procedures and the Annual Governance and Accountability Return (AGAR)

Coverage for the 2024-2025 audit was appropriate and proportionate, with adequate evidence of risk-based sampling and control testing.

Reporting and Follow-up

The internal auditor provides a written report to the Council with detailed findings and any recommendations for improvement. The report is reviewed at a full Council meeting and any recommendations are noted and acted upon as appropriate.

Effectiveness Assessment

The Council assesses the effectiveness of the internal audit function using the following criteria:

Criteria	Assessment
Independent and objective	✓ Yes
Competent and suitably qualified	✓ Yes
Works to agreed audit programme	✓ Yes
Provides detailed written reports	✓ Yes
Recommendations acted upon	✓ Yes
Adds value to financial governance	✓ Yes

Recommendation

It is recommended that the Council confirms its satisfaction with the internal audit arrangements and notes this review as part of the evidence base for the Annual Governance Statement.