

Internal Auditor

Background

The Accounts and Audit Regulations 2015 require that smaller authorities '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 appointed internal auditor should have relevant knowledge of the public sector and there are two key principles a smaller authority must follow in appointing an internal auditor: independence and competence.

The Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide no longer requires regular rotation of internal auditors. The independence of the internal auditor should be reviewed every year with regard to: personal independence, financial independence and professional independence. Their competence might include letters of recommendation from other similar authorities.

Dixon Accountancy has been the Parish Council's internal auditor since 2018. After 5 years of internal audit services, it might be considered an opportune time to consider a new internal auditor. Several new sector-specific internal audit organisations have recently come to the fore. However, this view is tempered by the Parish Council's recent employment of a Clerk and a separate Responsible Financial Officer (RFO) both of whom are from outside the sector. Both are learning their craft, although neither of them could be considered novices, as they have relevant and transferrable skills from their time in the private sector. Whilst both the Clerk and the RFO were around during a portion of the time for the audit ended 31 March 2022. Neither has guided and managed the budget and audit process in its entirety.

There is a reluctance to change too much at this key time. The Clerk and the RFO have observed and assisted the locum Clerk preparing the requested information for Dixon Accountancy. Therefore, consideration should be given to securing Dixon Accountancy for one more year.

Dixon Accountancy remain independent of Clipstone Parish Council, and they are competent as they undertake work for several smaller authorities in Nottinghamshire. They have confirmed that their charge for next year will likely to be similar to this year's with potentially a small increase to reflect inflation changes.

Recommendation

The Parish Council is asked to consider the following recommendation:

To secure the internal audit services of Dixon Accountancy for the year ending 31 March 2023.