

| Financial Risk Assessment: 8. Internal Audit |   |                 |        |        | Responsible Officer: RFO / Full Council Committee   |  |
|--|---|-----------------|--------|--------|---|--|
| Ref No.                                      | Hazard  | Risk Assessment |        |        | Risk Control Measures   |  |
|  |   | Like-lihood     | Impact | Rating |   |  |
| 1  | Scope of Internal Audit does not include all relevant risks.                                    | 1               | 4      | 4      | <p>The terms of reference for the Internal Audit are agreed by the Policy &amp; Resources Committee.</p> <p>The scope of the audit plan is reviewed annually to ensure it supports the Council's Annual Governance Statement by Council.</p> <p>The scope of audit work takes into account risk management processes and wider internal controls.</p> <p>Terms of reference define audit responsibilities in relation to fraud.</p>                             |  |
| 2  | The Internal Auditor is not sufficiently independent, unbiased and objective.                   | 1               | 4      | 4      | <p>The Internal Auditor has direct access to those charged with governance i.e. Members.</p> <p>Reports are made in their own name to management.</p> <p>Auditor does not have any other role within the Council.</p> <p>The Internal Auditor is not involved with the preparation of management accounts.</p>  |  |
| 3  | The Internal Auditor is unable to carry out the work ethically, with integrity and objectivity. | 1               | 4      | 4      | <p>Internal Audit reports are considered by the Policy &amp; Resources Committee to ensure that the competency of the Internal Auditor meets the Council's requirements.</p> <p>References are obtained when appointing the Internal Auditor.</p>   |  |
| 4  | Relationships impact on an effective audit process.   | 1               | 4      | 4      | <p>The Clerk/RFO is 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, fraud and corruption matters.</p> <p>The Internal Auditor is not allowed to influence the direction or extent of the review.</p> <p>The responsibilities of Council Members are understood; training of Members is carried out as necessary.</p> |  |
| 5  | Inadequate or a lack of audit planning and reporting.   | 1               | 4      | 4      | <p>The Internal Auditor is instructed to undertake a full internal audit currently with 3-4 visits per year and to submit recommendations for improvement.</p> <p>The annual audit plan properly takes account of all the risks facing the Council and is approved by the Council.</p> <p>Internal audit is reported in accordance with the plan.</p>   |  |
| <b>Reviewed by: Karen Slater</b>             |   |                 |        |        | <b>Date:25.02.21</b>  |  |
| <b>Town Clerk Approval:</b>                  |   |                 |        |        | <b>Date:</b>  |  |

26.02.20