

**TAVISTOCK TOWN COUNCIL
BUDGET AND POLICY COMMITTEE
WEDNESDAY 12TH JULY, 2023**

**BRIEFING NOTE
INTERNAL AUDIT SERVICES**

1. INTRODUCTION

- 1.1 The Committee will be aware that the Council retains the services of an independent sector specialist – IAC Audit & Consultancy (<https://www.audit-iac.com/>), to discharge Internal Audit services on behalf of the Council.

2. CURRENT POSITION

- 2.1 This aligns with the requirements of the Accounts and Audit Regulations 2015, which place an obligation upon smaller authorities (Councils) to:

“undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the public sector internal auditing standards or guidance”.

Accordingly, the key principles to be followed in selecting an Internal Auditor are independence and competence.

- 2.2 Whilst there is no requirement to rotate Auditors, relevant guidance provides that the independence of the firm which has been appointed should be reviewed on a regular basis with regard to the characteristics of personal independence, financial independence and professional independence.
- 2.3 This report, in part, is therefore prepared to serve that purpose - it is submitted IAC continues to meet those requirements insofar as Tavistock Town Council is concerned - operating as a recognised sector specialist, independent both from the Council and other providers of professional services to the Council.
- 2.4 Linking to the foregoing is the opportunity to consider and agree the Internal Audit programme of work for the Council. As a baseline, the core work to be undertaken to comprise annually: -
- a) Minimum twice-yearly attendance for audits to undertake necessary works including testing the operating effectiveness of

controls and/or the review of specific activities as required including;

- b) The year-end audit;
- c) Together with availability for attendance at a Meeting of the Council (or other Meeting, as appropriate) to present an annual Internal Audit Report if as required; and
- d) the conduct of such discrete topics of audit work as may be directed by assessment of risk associated with relevant areas of organisational activity, or value for money studies as may be required.

Chargeable at the applicable day rate. Note - by way of context in the past two financial years the Council has incurred spend of iro £1,500pa, representing three Audit visits per year.

3. RECOMMENDATION

3.1 It may also be noted that audit is a specialist professional service and there is currently a shortage of qualified auditors within the sector (leading to many Councils struggling to engage services). In the circumstances, and given past satisfactory performance during the challenges of various capital and other financial projects/activities, alongside the role of a leading provider within the sector, it is:

3.2 RECOMMENDED THAT

- a) in view of the independence of IAC from the Council and related bodies, professionally, personally and financially in accordance with applicable definitions, alongside demonstrable competence within the sector (including holding office on the sector led Internal Audit Forum and relevant professional qualifications and experience); and
- b) subject to:
 - i) adoption of the programme of work/audit programme as listed above;
 - ii) a new letter of engagement;
 - iii) confirmation of continuing professional indemnity insurance;
- c) the retention of Internal Audit services be treated as a specialist service for the purposes of procurement; and

the services of IAC Audit and Consultancy be retained by Tavistock Town Council for a further 3 years for the period 2023-2026, and a letter of re-engagement be issued accordingly.

3.3 The instructions of the Committee and Council are sought.

**CARL HEARN
TOWN CLERK & RFO
TAVISTOCK TOWN COUNCIL
JULY 2023**