

**FLAUNDEN PARISH COUNCIL
INTERNAL AUDITOR'S TERMS OF REFERENCE**

PREAMBLE

Extract from Governance and Accountability for Local Councils A Practitioners' Guide (England) 2010

"Internal audit's annual report (Section 4 of the annual return)

2.58 Regulation 6 of the Accounts and Audit Regulations 2003 as amended imposes a duty on local councils to 'maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control'. CLG's Guidance on the Accounts and Audit Regulations 2003 explains that for local councils the non-statutory proper practice in relation to internal control may be found in this Practitioners' Guide.

2.59 Internal audit is a key component of the system of internal control. The purpose of internal audit is to review whether the systems of financial and other controls over a councils activities and operating procedures are effective. It is essential that the internal audit function is sufficiently independent of the other financial controls and procedures of the council which are the subject of review. The person or persons carrying out internal audit must also be competent to carry out the role in a way that will meet the business needs of each local council."

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Task

To assist the Council to maintain and improve internal control in accordance with proper practices as set out in the Accounts and Audit Regulations issued from time to time under the Audit Commission Act 1998 and described in the Governance and Accountability for Local Councils 'A Practitioners Guide (England) 2010' Internal Audit Objectives and Responsibilities.

To review, appraise and report upon the adequacy of the internal control systems operating throughout the Council.

To assess compliance with relevant procedures and controls expected to be in operation during the financial year in order to be able to complete Section 4 of the Annual Return.

Scope of Internal Audit activity

The internal control system comprises the whole network of systems established within the council to provide reasonable assurance that the council's objectives will be achieved with particular reference to:

- 1 The effectiveness of operations
- 2 The economic and efficient use of resources
- 3 Compliance with applicable policies, procedures, law and regulations
- 4 The safeguarding of assets and interests from losses of all kinds including those arising from fraud irregularity and corruption
- 5 The integrity and reliability of information accounts and data

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There are no limitations to the Internal Audit's scope of activities. The scope of Internal Audit allows for unrestricted coverage of the council's activities including both financial and non-financial systems of internal control.

Rights of Access

The internal auditor will have unrestricted access to the officers of the council.

There are no limitations on Internal Audit's access to records and they have authority to access all assets, records, documents, correspondence and control systems in addition to receiving any information and explanation as considered necessary and the requiring of any employee of the council to account for cash or any other council asset under his control.

Objectivity and independence

Objectivity will be preserved by ensuring that all Internal Auditors are free from any conflicts of interest and do not undertake any non-audit duties on behalf of the council.

Reporting

The Internal Auditor will formally report the results of the audit and any appropriate recommendations to the Council.

Where fraud by an officer is suspected, the Internal Auditor must report to the Chairman of the Parish Council.

Where fraud by a councillor is suspected, the Internal Auditor should report to the Clerk.

Council's Responsibilities

The existence of Internal Audit does not diminish the responsibility of the council to establish systems of internal control to ensure that activities are conducted in a secure and well ordered manner.

Approved in Council Meeting Date: 8 January 2018

Chairman: Vivienne Adams