

## **Agenda Item 7c**

# **INTERNAL AUDIT – TERMS OF REFERENCE BARROWFORD PARISH COUNCIL 2016-17**

### **Mission**

To assist local councils 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 2008'

### **Internal Audit Objectives and Responsibilities**

The primary objective of Internal Audit is to review, appraise and report upon the adequacy of the internal control systems operating throughout the council and to achieve this adopt a predominantly systems based approach to audit.

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:

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

Accordingly in the internal audit may:

- Carry out a selective assessment of 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
- Review the reliability and integrity of financial information
- Review the means of safeguarding assets and as appropriate verify their existence
- Appraise the economy and efficiency with which resources are employed and identify where appropriate opportunities to improve performance and make recommendations as required.
- Review the established systems to ensure compliance with those policies, procedures, laws and regulations which could have a significant impact on operations determining whether the council is in compliance
- Review operations and activities to ascertain whether results are consistent with objectives and whether they are being carried out as planned

### **Scope of Internal Audit Activity**

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.

The Internal Audit shall however as a minimum cover the areas detailed on the attached example schedule thus providing a test of the key controls in order to provide assurance that coverage has been met.

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### **Independence**

The main deterrent of the effectiveness of Internal Audit is that it is seen to be independent in its planning and operation and as such will have unrestricted access to the officers of the council, the ability to report in its own name and segregation from the day to day operations of the council. 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

### **Rights of Access**

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.

### **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.

### **Reporting**

The Internal Auditor will formally report the results of the audit and any appropriate recommendations to the Council and also make sure that corrective actions where required are taken.