

**REPORT TO THE Final Accounts and Audit Committee**

Report No.13

<b>Date of Meeting</b>	<b>26/09/2006</b>
<b>Title of Report</b>	<b>Internal Audit Terms of Reference</b>
Link to Corporate Priorities	No links to corporate priorities, however links to corporate aims: 2. To ensure high quality, cost effective services. 4. To safeguard and enhance the assets and resources of North Wiltshire and the wider community.
Public Report	Yes

**Summary of Report**

To present to the Final Accounts and Audit Committee the Internal Audit Terms of reference for its approval.

**Officer Recommendations**

That the Terms of Reference are approved.

Other than those implications agreed with the relevant Officers and referred to below, there are no other implications associated with this report.

Financial Implications	Legal Implications	Community & Environmental Implications	Human Resources Implications	Equality & Diversity Implications
NONE	NONE	NONE	NONE	NONE

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## **1. Introduction**

- 1.1 Terms of Reference have been drawn up for the Internal Audit section, in accordance with recognised Best Practice.

## **2. Options and Options Appraisal**

- 2.1 Option 1: To approve the Internal Audit Terms of Reference in their current form.
- 2.2 Option 2: To suggest amendments to the current Terms of Reference.

## **3. Background Information**

- 3.1 The CIPFA Code of Practice for Internal Audit in Local Government sets out, in Standard 1, the requirement for Internal Audit to have a Terms of Reference.
- 3.2 The purpose, authority and responsibility of Internal Audit should be formally defined by the organisation in Terms of Reference which:
- Are consistent with the CIPFA Code
  - Establish the responsibilities and objectives of Internal Audit
  - Establish the reporting lines and relationships between the Audit Manager and those charged with governance.
  - Define the organisation independence of Internal Audit, including the accountability of Internal Audit, and appropriate provision for the objective assessment of the resource requirements of Internal Audit.
  - Embrace the control environment of the organisation including all its operations, resources, services, and responsibilities in relation to other bodies.
  - Enable the Audit Manager to deliver an audit opinion.
  - Establish Internal Audit's right of access to all records, assets, personnel and premises, including those of partner organisations, and its authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities.
- 3.3 The attached Terms of reference have been drawn up to ensure compliance with the criteria set out above, and have been compared with Terms of Reference available at other authorities to ensure Best Practice is observed.
- 3.4 The Terms of Reference sit alongside the Internal Audit strategy, which was approved by the Committee on 29<sup>th</sup> June of this year, as the key documents which guide and inform Internal Audit's practices here at the Council.
- 3.5 The Terms of Reference were approved by CMB at their meeting on 27<sup>th</sup> July 2006.

## Implications

Failure to adopt a Terms of Reference would lead to criticism by External Audit and would impact on the ability of Internal Audit to discharge its function.

## Risk Analysis

Achievement of the Internal Audit Plan, and the subsequent opinion on controls offered by the Audit manager, would not be achieved without a robust Terms of Reference.

<b>Appendices:</b>	<ul style="list-style-type: none"><li>• <b>Appendix 1 – Internal Audit Terms of Reference</b></li></ul>
<b>Background Documents Used in the Preparation of this Report:</b>	<ul style="list-style-type: none"><li>• <b>None</b></li></ul>

## Previous Decisions Connected with this Report

<b>Report</b>	<b>Committee &amp; Date</b>	<b>Minute Reference</b>
None	N/A	N/A