

## Swaffham Town Council

### INTERNAL AUDIT TERMS OF REFERENCE

The following terms of reference should be taken in conjunction with the tests detailed in the latest edition of "Governance and Accountability in Local Councils in England and Wales – A Practitioners Guide".

1. The requirement for and Internal Audit come under local government legislation – section 151 of the Local Government Act 1972. The Accounts & Audit (amendment) (England) Regulations 2006 also identify the need for an Internal Audit function.
2. Appointment of the Internal Auditor shall be at the Annual meeting of the Town Council in May each year (or at the earliest opportunity).
3. The Responsible Finance Officer shall prepare the appropriate internal control processes to include Standing Orders, Financial Regulations, Financial Risk Assessments and General Management Risk Assessments.
4. Draft internal control documents shall be discussed and approved at a Finance **Full Council Committee** meeting.
5. All internal control processes shall be reviewed annually, and documents updated as appropriate.
6. The Internal Auditor must be independent of the activities he audits so as to remain impartial and effect professional judgments and recommendations. He shall have no other role within the Council.
7. The Internal Auditor shall carry out the work required by the Responsible Finance Officer, or by the Council, or by the Finance **Full Council Committee**, with a view to satisfactory completion of the Internal Auditor's Report section of the Annual Return as required annually by the External Auditors.
8. The Internal Auditor shall have direct access to the Responsible Finance Officer, the Chair/Mayor of the Council, Finance **Full Council Committee** or Full Council meetings/minutes whichever is the appropriate in the circumstance.
9. The Internal Auditor shall carry out his work in accordance with proper practices guidance with particular reference to Appendix 8 of the "Governance and Accountability in Local Councils in England and Wales – A Practitioners Guide".
10. The Internal Auditor's Report shall be in their own name and addressed to the Council. A minimum of one annual report and one half yearly reports in respect of each financial year shall be produced.
11. Should the Internal Auditor find that no matters have arisen from the audit which necessitate bringing to the attention of the Council the report shall reflect this.
12. Each item of the Internal Auditor's report must be fully addressed and minuted by the Finance **Full Council Committee** or Full Council meetings as appropriate.
13. Accountability for the response to the risks identified by Internal Audit shall be with the Council who either identify and implement the appropriate actions or accept the risk.
14. Internal Audit shall provide advice on the risks of fraud and help raise awareness of fraud issues.

15. In the case of suspected fraud, the internal auditor should report to the Responsible Finance Officer, the Chair/Mayor of the Council, Finance **Full Council Committee** or Full Council – this will depend on the type of fraud discovered. It may be appropriate for the Internal Audit to advise or assist with an investigation, including liaison with the police.

Richard Bishop RFO – 17<sup>th</sup> August 2020 21<sup>st</sup> December 2021

**AUDIT PLAN FOR THE FINANCIAL YEAR** (times may vary)

**Finance & General Purposes Committee**

**1<sup>st</sup> & 2<sup>nd</sup> Quarter (October or November)**

Internal Audit Report – Insurance Review – Annual Review of Internal Audit – Review and update Assets Register - Monitor Budget - Review approved list of contractors – Review information for annual estimates – Review annual ROSPA report – Monitor Budget

**3<sup>rd</sup> & 4<sup>th</sup> Quarter (April or May)**

Internal Audit Report - Review budgetary issues – Review Committee budgets or recommendations – Monitor Budget - Preparation of Annual Budget – Review of Staff Pay Scales

**Full Council or Full Council Finance**

**May – Annual meeting**

Appointment of Internal Auditor

**May or June**

Review and approve Annual Return - Annual Report of Internal Auditor

**July** – Review of Standing Orders

**December** – Review of Financial Regulations

**Internal Audit Quarterly and Annual Reviews**

Reported via Quarterly Finance **Full Council Committee** meetings in written form and verbally at the meeting, similarly at any monthly Full Council meetings as appropriate.