



Committee and date

Audit Committee

25 November 2010

10.00 am

Item No

11

Public

ANNUAL REVIEW OF INTERNAL AUDIT TERMS OF REFERENCE

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Summary

This report proposes some minor changes to the Internal Audit Terms of Reference.

Recommendations

Members are asked to consider and comment on the proposed changes to the Internal Audit Terms of Reference.

Report

1. Best practice dictates that there should be clear Terms of Reference established for Internal Audit and approved by the Section 151 Officer. The current Terms of Reference for Internal Audit were last reviewed and updated in November 2009. Under the core functions of the Audit Committee there is a requirement for this Committee to consider and comment annually on any proposals for the revisions to the Terms of Reference for Internal Audit to ensure they are current and up to date.
2. Terms of Reference for Internal Audit have been in place for some time and have been periodically updated to reflect the latest best practice guidance and to reflect any changes required by legislation.
3. The current Terms of Reference for Internal Audit cover:
 - The legislative framework;
 - Role and objectives;
 - Scope;
 - Competence and standards;
 - Internal audit planning;

- Internal audit reporting;
 - Relationships;
 - Independence;
 - Quality assurance;
 - Rights of access.
4. The Terms of Reference were updated in November 2006 to reflect the Accounts and Audit (Amendment) (England) Regulations 2006 and the Code of Practice for Internal Audit in the United Kingdom issued in November 2006 and these are still current.
 5. Having reviewed the Terms of Reference the only changes made are minor.
 6. Members are asked to comment on the proposed changes to the Internal Audit Terms of Reference. A copy of the Terms of Reference with changes identified in bold and underlined type are attached as **Appendix A**.

Financial Implications

7. There are none.

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| <p>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</p> |
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| <p>Accounts and Audit (Amendment) (England) Regulations 2006</p> |
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| <p>Code of Practice for Internal Audit in Local Government in the UK, 2006</p> |
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| <p>Human Rights Act Appraisal</p> |
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| <p>The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.</p> |
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| <p>Environmental Appraisal</p> |
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| <p>N/A</p> |
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| <p>Risk Management Appraisal</p> |
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| <p>Incomplete or out of date Internal Audit Terms of Reference could lead to significant areas of work or responsibility not being identified and applied, thereby weakening the Council's internal control arrangements.</p> |
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| <p>Community / Consultations Appraisal</p> |
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| <p>Cabinet Member</p> |
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| <p>Keith Barrow, Leader of the Council (Brian Williams, Chairman of Audit Committee)</p> |
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| <p>Local Member</p> |
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| <p>Appendices</p> |
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| <p>Appendix A – Internal Audit Terms of Reference</p> |
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