



Committee and Date

Audit Committee

10 November 2011

10 am

Item

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Public

ANNUAL REVIEW OF INTERNAL AUDIT TERMS OF REFERENCE

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1. Summary

This report proposes some minor changes to the Internal Audit Terms of Reference to reflect the Accounts and Audit Regulations 2011 and some structural changes.

2. Recommendations

The Committee are asked to consider and endorse, with appropriate comment, the contents of this report.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 The Internal Audit Terms of Reference have been updated to reflect legislative changes in the Accounts and Audit Regulations 2011, ensuring that they remain up to date and that significant areas of work or responsibility are identified and applied, thereby strengthening the Council's internal control arrangements.
- 3.2 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998. There are no direct environmental, equalities, consultation or climate change consequences of this proposal.

4. Financial Implications

There are no financial implications.

5. Background

- 5.1 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 2010. 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.
- 5.2 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.
- 5.3 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.
- 5.4 The Terms of Reference continue to reflect the Code of Practice for Internal Audit in the United Kingdom issued in November 2006 and have been updated in response to changes in the Accounts and Audit Regulations 2011.
- 5.5 The Accounts and Audit Regulations have amended part 2, section 6 in relation to internal audit to say:
- 'A relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.'
- This is a change to previous regulations which said the body should 'maintain an adequate and effective internal audit'.
- There have also been changes to the wording in 6 (2) referring to making 'documents and records available' for audit rather than 'documents that

relate to accounting and other records'. This is a helpful updating of the language.

5.5 Having reviewed the Terms of Reference the only changes made are minor.

5.6 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 are attached as Appendix A.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Code of Practice for Internal Audit in Local Government in the United Kingdom, 2006 (CIPFA)

Accounts and Audit Regulations 2011

Cabinet Member (Portfolio Holder)

Keith Barrow (Leader of the Council) and Brian Williams (Chairman of Audit Committee)

Local Member All

Appendices Internal Terms of Reference (Revised November 2011)