HORNDEAN PARISH COUNCIL

INTERNAL AUDITOR TERMS OF REFERENCE

Role

1. The Internal Auditor is responsible for conducting an objective and independent appraisal of all the Parish Council's activities, financial and otherwise. He/she should provide a service to the whole organisation. It is not an extension of, nor a substitute for, good management, although it can have a role in advising management. The Internal Auditor is responsible for evaluating and reporting to Council, and thereby providing them with assurance on the arrangements for risk management, control and governance, and value for money. It remains the duty of management, not the Internal Auditor, to operate these arrangements.

Scope

2. The Internal Auditor will consider the adequacy of controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. He/she will seek to confirm that management has taken the necessary steps to achieve these objectives and manage the associated risks.

3. The scope of Internal Audit work should cover all operational and management controls and should not be restricted to the audit of systems and controls necessary to form an opinion on financial statements. This does not imply that all systems will be subject to review, but that all will be included in the audit risk assessments and hence considered for review following the assessment of risk. The role of Internal Auditor is to confirm that there are adequate systems for management of the resources. The Internal Auditor might review a grant to ensure that the requirements of the grant have been met, but it should not form a view on the merit of the award.

4. It is not within the remit of the Internal Auditor to question the appropriateness of policy decisions. However, the Internal Auditor is required to examine the arrangements by which such decisions are made, monitored and reviewed.

5. The Internal Auditor may conduct any special reviews requested by the Council, provided such reviews do not compromise its objectivity or independence, or achievements of the approved audit plan.

Responsibilities

6. The Internal Auditor is required to give an opinion to Council on the adequacy and effectiveness of the arrangements for risk management, control and governance; and for economy, efficiency and effectiveness (value for money) within the Council; and the extent to which Council can rely on these.

7. To provide the required assurance, the Internal Auditor will undertake:

- To identify, assess and report on risks.
- To ensure compliance with policies, laws and regulations.
- To ascertain the integrity and reliability of financial and other information provided.
- To ascertain that systems of control are laid down and operate to promote the most economic, efficient and effective use of resources and to safeguard assets.

Standards and Approach

8. In achieving the Internal Audit objectives the Internal Auditor will develop and implement an audit strategy that assesses the Council's arrangement for risk management, control and governance and for achieving value for money.

Independence

9. The Internal Auditor should not have any kind of relationship with any officer or Member of the Council.

10. The Internal Auditor should provide an overview of qualifications and experience to the Council in any tender documents or letter of engagement.

11. The Internal Auditor has no executive role within the Council, nor does he/she have any responsibility for the development, implementation or operation of systems. However, the Internal Auditor may provide independent and objective advice on risk management, control and governance, value for money and related matters, subject to resource constraints.

12. To preserve this objectivity and impartiality of the Internal Auditors' professional judgment, it is for the Council to note audit recommendations, to recognise and accept the risks of not taking action, and to implement recommendations.

13. The Internal Auditor should report to the Council any serious weaknesses, significant fraud or major accounting breakdown discovered during the normal course of audit work.

14. The Internal Auditor should be identified by the Council and appointed at its Annual Council Meeting which takes place each year in May.

Prepared by Becky White, Clerk & Interim RFO.
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