

Report to: Audit Committee

Date: 15 March 2007

Report of: Head of Internal Audit &SDT

Report No:

Contact Officer: John Midlane

Tele No: 331620

Report Title: **Internal Audit – Terms of Reference**

Confidential /

Non Confidential: (***Non-Confidential***) This report does **not** contain information which warrants its consideration in the absence of the press or members of the public

Purpose: To consider the revised Terms of Reference for the Internal Audit Section.

Recommendations:

Audit Committee is asked to consider and approve the new Terms of Reference for Internal Audit

Background Doc(s): Audit Committee Terms of Reference
CIPFA Code of Practice for Internal Audit in the UK 2006.

1. INTRODUCTION:

The internal audit function operates under the CIPFA Code of Practice for Internal Audit in the UK 2006 and this code requires that the section has terms of reference that are reviewed on a regular basis.

The last review of the terms of reference took place in April 2005.

2. INTERNAL AUDIT TERMS OF REFERENCE:

Good practice requires that the Internal Audit Section should have a terms of reference document which outlines the purpose, authority, and responsibilities of the internal audit function and that this should be regularly reviewed.

The new internal audit code of practice published by CIPFA recommends some changes to what is included in terms of reference, these and other internal changes, are reflected in the revised draft.

The revised Terms of Reference for the Internal Audit Section are attached as an appendix to this report; the main changes are detailed below:

- Extends internal audit remit to the entire control environment.
- Clarifies internal audits role in fraud
- Clarifies internal audits role in the assurance system
- Explains how internal audit resources are assessed.
- Updates references/titles.

3. RECOMMENDATIONS:

Audit Committee is asked to consider and approve the new Terms of Reference for Internal Audit