

	<p style="text-align: center;">Audit Committee 29th September 2010</p> <p style="text-align: center;">Report from the Director of Finance and Corporate Resources</p>
For Action	Wards Affected: ALL
<p>Report Title: Internal Audit Terms of Reference and Strategy</p>	

1. Summary

- 1.1. This report sets out the Internal Audit Terms of Reference and Strategy for 2011 to 2013.

2. Recommendations

- 2.1. The Audit Committee approve the Terms of Reference and Strategy for Internal Audit.

3. Detail

- 3.1. The Accounts and Audit Regulations 2003 (as amended)¹ require the council to make provision for internal audit in accordance with the CIPFA Code of Practice on Internal Audit in the United Kingdom (the Code)². This Code states that the purpose, authority and responsibility of internal audit should be set out within a terms of reference, agreed by the organisation. The relevant body to agree the terms of reference is the Audit Committee.
- 3.2. The Code also requires the Head of Audit to produce an audit strategy outlining the objectives, outcomes and delivery methods. This strategy must be approved by the Audit Committee.
- 3.3. The Terms of Reference and Strategy are attached to this report at appendices 1 and 2.

4. Financial Implications

- 4.1. None

5. Legal Implications

- 5.1. All principal local authorities subject to the Accounts and Audit Regulations

2003 (as amended)¹, must make provision for internal audit in accordance with the CIPFA Code of Practice on Internal Audit in Local Government in the United Kingdom². The requirement for an internal audit function set out in S.151 of the local government act which requires that authorities “make arrangements for the proper administration of their financial affairs”.

- 5.2. In England, more specific requirements are detailed in the Accounts and Audit Regulations 2003 (as amended), in that a relevant body must “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”. The guidance accompanying the legislation states that, for principal local authorities, proper internal control practice for internal audit are those contained within the CIPFA Code of Practice².

6. Diversity Implications

- 6.1. None

7. Background Papers

1. The Accounts & Audit Regulations 2003 (as amended)
2. CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006

8. Contact Officer Details

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