

Terms of Reference for internal Audit
Draft 22nd June 2020

1. The Town Council on the recommendation of its Finance Committee will appoint an Internal Auditor who satisfies the principle of independence and competence. The continuation of the contract will be approved each year at the Annual Meeting of the Town Council.
2. The Appointee will receive a letter of appointment which sets out the terms of the appointment. The appointment will be remunerated. The appointment itself and rate of remuneration will be minuted at the time of appointment. The terms of the appointment may be varied to respond to changes in audit and governance requirements.
3. The Council will require the Internal Auditor to conduct three audit exercises: the first in October/November reviewing insurances, asset register and systems of internal control; the second at the same time in respect of the Haverhill Community Trust and Hartseats; and the third within one month of the financial year end reviewing the annual accounts.
4. The Internal Auditor will have access to all the documents they require and access to officers and councillors to enable the auditor to undertake an effective audit on each occasion and that will enable them to complete the Annual Internal Audit Report (AIAR) section of the Annual Governance and Accountability Return (AGAR)
5. Should the Internal Auditor be unable to complete any of the boxes in the AIAR s/he will provide an explanation.
6. Adequate resource will be made available for the internal auditor to complete their work.
7. The Internal auditor understands the council and the legal and corporate framework in which it operates.
8. The Internal Auditor will focus on the risks facing the council.
9. The Internal audit supports the council's work in delivering improved services to the community.
10. Internal audit maintains awareness of new developments in the council's services, risk management and corporate governance arrangements.
11. The Internal Auditor will provide a written independent opinion of its system of internal control that will underpin the Council's Annual Governance Statement
12. The Town Council shall consider at an appropriate time the findings of the review and incorporate them in its Statement of Internal Control.
13. The Council will conduct a review once during each financial year of the effectiveness of its System of Internal Control based on the table below.

These Terms of Reference for Internal Audit were approved by Haverhill Town Council on 22nd June 2020

Specification For Internal Audit

Haverhill Town Council requires that an internal audit is undertaken in order to check upon and report to the Council on the adequacy of its system of Internal Control.

The Council also requests recommendations for improvement where considered necessary by the Internal Auditor. The Annual Internal Audit is to consider the following:

1. Proper Book keeping

Confirm receipts and payments records are kept in good order; reconciliation of books, bank statements, supporting vouchers, invoices and receipts is carried out regularly.

2. Financial Regulations

Confirm Standing Orders and Financial Regulations are in place and up to date. Tenders, appropriate payment controls are in place, including acting within the legal framework and are referenced within Council minutes. VAT payments and reclamation are up to date and correct. Chequebooks, paying in books and other relevant documents are correctly completed and kept.

3. Risk Assessment

Confirm appropriate procedures are in place for the activities of the Council, including event management and insurances.

4. Budgetary Controls

Confirm a verifiable budgeting process with reference to Council minutes and supporting documentation in the determination of the annual precept requirement.

5. Income Controls

Precept and other income

6. Treasury Controls

Confirm appropriate controls are in place to counter fraud and corruption – Segregation of duties is adhered to.

7. Petty Cash

Confirm associated records and an established system in place to record petty cash transactions.

8. Payroll Controls

Confirm PAYE and NIC in place where necessary; Compliance with HMRC procedures; Records relating to contracts of employment.

9. Asset Control

Inspection of asset register and checks on existence of assets. Cross checking on insurance cover.

10. Bank Reconciliation

Confirm regularly completed and cash books reconciled with bank statements

11. Year-end procedures

Confirm appropriate accounting procedures are used and can be followed through from working papers to final accounts.

12. Charity Funds

Confirm that funds held by the Council as Trustee of Haverhill Community Trust and Hartseats are properly recorded and all necessary returns are submitted to the Charity Commission and HMRC.

The Specification for the Internal Audit was approved by Haverhill Town Council on 22nd June 2020