

CHESHIRE EAST COUNCIL

Audit and Governance Committee

Date of meeting: 17 November 2010
Report of: Head of Internal Audit and Compliance
Title: Terms of Reference for Internal Audit

1.0 Report Summary

- 1.1 This report advises the Committee on the content of the Terms of Reference for the Internal Audit function at Cheshire East Council.

2.0 Recommendation

- 2.1 That the Committee be advised of the content of the Terms of Reference for the Internal Audit function at Cheshire East as set out in Appendix A and to note that they will be amended following the publication of CIPFA's document *The Role of the Head of Internal Audit in Public Service Organisations*.

3.0 Reasons for Recommendation

- 3.1 All principal local authorities subject to the Accounts and Audit Regulations 2003 (as amended) must make provision for internal audit in accordance with the Code of Practice for Internal Audit in Local Government in the United Kingdom.
- 3.2 In order to comply with the Code the Head of Internal Audit and Compliance should advise the organisation on the content of the terms of reference and the need for subsequent amendment. The terms of reference, which were approved by the Governance and Constitution Committee in June 2009, can be found at Appendix A of this report. The terms of reference formally define the purpose, authority and responsibility of internal audit.
- 3.3 It should be noted that following approval of the terms of reference in June 2009, CIPFA has issued a consultation draft statement on the role of the head of Internal Audit in public service organisations. The Statement supports CIPFA's work to strengthen governance, risk management and internal audit across all public services. It is intended to allow the Council to benchmark its existing arrangements against a defined framework and

to report publicly on compliance to demonstrate its commitment to good practice. It will, therefore, be necessary to revise the terms of reference following the publication of the document in order to set out how the Head of Internal Audit will fulfil the prescribed role.

4.0 Wards Affected

4.1 All wards.

5.0 Local Wards Affected

5.1 Not applicable.

6.0 Policy Implications

6.1 Not applicable.

7.0 Financial Implications

7.1 The internal audit function supports the effective and efficient use of resources and the safeguarding of the Council's resources.

8.0 Legal Implications

8.1 Contained within the report.

9.0 Risk Assessment

9.1 Failure to formally define the purpose and scope of internal audit could result in the service failing to contribute appropriately to the organisation it serves.

For further information:

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Background Documents:

The Role of the Head of Internal Audit Consultation Draft May 2010 – CIPFA
Code of Practice for Internal Audit in Local Government in the UK 2006 - CIPFA