

## **HETHERSGILL PARISH COUNCIL**

September 2013  
Reviewed March 2019

### **Internal Auditor Terms of Reference**

#### **Roles and Responsibilities**

1. To complete the Annual Internal Auditor's Report on the Annual Return, and present an additional written or verbal report to the Parish Council, if necessary.
2. Review and comment on, if necessary, the financial statements prepared by the Responsible Financial Officer (RFO) for the Parish Council.
3. Review and comment on, if necessary, the annual budget prepared by the RFO before submission to the Parish Council.
4. Undertake any special investigation of the Parish Council's accounting procedures as the Parish Council may require.

#### **Period of Appointment**

Initially for 12 months, renewable by mutual agreement annually thereafter.

#### **Remuneration**

The Internal Auditor shall be not be paid by the Parish Council. Expenses may however be claimed by submission of receipt or invoice.

#### **Access to Information**

The Parish Council shall ensure by instruction to the RFO that the Internal Auditor has access to all accounting books and records and answer any questions that the Internal Auditor may require.

#### **Privacy**

The Internal Auditor gives consent that relevant personal details (name and redacted signature as examples) will be displayed publically as part of this role and may be displayed online, on notice boards and as part of public records.

#### **Acceptance of the engagement as Internal Auditor to Hethersgill Parish Council**

Signed \_\_\_\_\_

Dated \_\_\_\_\_

## **Audit Control Objectives:**

1. Appropriate books of account have been properly kept throughout the year:
  - Up-to-date cash book
  - Balances verified against bank statement
2. The Council's financial regulations have been met, payments were supported by invoices, expenditure was approved and VAT appropriately accounted for.
  - Formally adopted standing orders
  - Formally adopted financial regulations
  - Payments supported by invoices
  - Expenditure approved and minuted
  - Verification before payment (two signatures, cheque book stub initialled)
  - Two quotes obtained for significant expenditure
  - Proper legal power available for expenditure
  - VAT identifiable for each reclaim
  - Section 137 limit is not exceeded
3. The Council assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.
  - Annual risk assessment formally adopted
  - Insurance review carried out annually
  - Budget setting carried out annually
  - Expenditure minuted accurately
4. The annual precept requirement resulted from an adequate budgetary process, progress against the budget was monitored and reserves were appropriate.
  - Budget properly prepared and adopted as precept
  - Regular reporting of any variances
  - Adequate reserves maintained
5. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for,
6. Petty cash payments were properly supported by receipts, expenditure was approved and VAT appropriately accounted for.
7. Salaries to employees and allowances to members were paid in accordance with Council approvals, and PAYE and NI requirements were properly applied.
8. Asset and investment registers were complete and accurate and properly maintained.
9. Periodic and year-end bank account reconciliations were properly carried out.
10. Accounting statements were prepared during the year were prepared on the correct accounting basis (receipts and payments/income and expenditure), agreed with the cash book, were supported by an adequate audit trail from underlying records, and where appropriate debtors and creditors were properly recorded.
11. Trust funds (including charitable) The Council has met its responsibilities as a trustee.