

# Cyngor Cymuned Trefriw Community Council

## Internal Audit – Terms of Engagement

### **1. Roles and Responsibilities:**

- 1.1. The Council is responsible for determining the necessary scope and extent of its internal audit.
- 1.2. The Clerk/RFO is responsible for contacting the internal auditor to agree the date(s) for audit visits and for providing access to such information and records as is necessary (see 5. Below).
- 1.3. The internal auditor is responsible for conducting the agreed tests to review whether the systems of financial and other control are effective.

### **2. Audit Plan:**

- 2.1. The audit should, as a minimum, cover the suggested testing of key controls as detailed in Part 2: Governance and Financial Management (item 7) of the Governance and Accountability for Local Councils in Wales, A Practitioners' Guide (2019 Edition). Any additional tests required will be notified in writing to the internal auditor.
- 2.2. Internal audit is an ongoing function but must report at least annually. It can be undertaken as appropriate during the financial year to test the existence and adequacy of internal controls and does not only have to be carried out at the completion of each financial year-end.

### **3. Reporting Requirements:**

- 3.1. The internal auditor is responsible for reporting back his/her findings to the council on completion of the audit, by means of a written report.

### **4. Independence / Competence:**

- 4.1. The internal auditor must be independent of the council, i.e., must not be involved in the council's administrative or management roles.
- 4.2. The person or persons carrying out the internal audit must be competent to carry out the role in a way that will meet the business needs of the council, e.g., be CIPFA qualified and/or be able to demonstrate confidence in undertaking local council audits.
- 4.3. The council will not ask those charged with carrying out the internal audit to offer consultancy or advice on the council's financial controls and procedures, as this would prejudice their ability to give an objective and independent view on whether these meet the needs of the council.

### **5. Access to Information, Members and Officers:**

- 5.1. The Clerk/RFO is responsible for providing access for the internal auditor to such records and information as is necessary to carry out the required system and transaction testing.
- 5.2. The internal auditor will be given full access to those charged with governance (i.e., members of the Council), as required and will attend a meeting of the Council to discuss his/her report, if requested to do so.

### **6. Period of Engagement:**

- 6.1. The internal auditor will be (re)appointed annually.

### **7. Remuneration:**

- 7.1. The fee for undertaking the internal audit will be reviewed and agreed by the Council and auditor on an annual basis.