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<b>REPORT TO:</b>	<b>AUDIT SUB COMMITTEE</b>	<b>AGENDA ITEM: 9</b>
<b>DATE OF MEETING:</b>	<b>14th December 2006</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>DIRECTOR OF CORPORATE SERVICES</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>TONY STAMPER (595706)</b>	<b>DOC:</b>
<b>SUBJECT:</b>	<b>Internal Audit's Terms of Reference</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE:</b>

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### **1.0 Recommendations**

1.1 Members are asked to agree the changes to the financial regulations and procedure rules. These will then be included with other amendments to the Constitution for later submission to Full Council.

### **2.0 Purpose of Report**

2.1 To provide members with details of proposed changes to Internal Audit's terms of reference as outlined in the Audit Commission report on Internal Audit - May 2006.

### **3.0 Detail**

3.1 The External Auditor undertook a review of Internal Audit as part of their 2005/06 programme.

3.2 This assessed the service against the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2003.

3.3 A number of issues were raised concerning Internal Audit's terms of reference.

3.4 These terms of reference are embodied within a number of documents.

3.5 The External Auditor recommended that the relevant financial regulations and financial procedure rules should be reviewed and revised to reflect current practice.

3.6 Specifically these detail the reporting lines and responsibilities associated with the establishment of the Audit Sub Committee.

3.7 A section on Audit Committees is to be included in the financial procedure rules (see annexe 1). This details the responsibilities of the Director of Corporate

Services (as Responsible Finance Officer) and Chief Officers. Consequently this updates Internal Audit's terms of reference to reflect current practice.

- 3.8 The CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2003 has recently been reviewed and consequently there may be some further amendments once the revised code is received.

#### **4.0 Financial Implications**

- 5.1 None stemming directly from this report.

#### **6.0 Conclusions**

- 6.1 The proposed additions to the financial procedure rules will implement the External Auditor's recommendations.

#### **7.0 Background Papers**

- 7.1 None