

Internal Auditor - Terms of Reference

1. **Purpose of Internal Audit**
2. The purpose of internal audit is to provide the Council with independent assurance that its financial management, governance arrangements and internal control systems are operating effectively and in accordance with proper practices and relevant legislation.
3. The internal audit supports the Council in meeting its responsibilities for the prudent management of public funds.
4. **Scope of Internal Audit**
5. The internal auditor shall review, on a test basis, the adequacy and effectiveness of the Council's:
 - i) Accounting records and financial procedures.
 - ii) System of internal control.
 - iii) Risk management arrangements.
 - iv) Governance processes.
 - v) Compliance with relevant laws, regulations and proper practices for Community Councils in Wales.
6. The audit shall include, but not be limited to, the areas required by the Annual Return for Community Councils.
7. Llangyfelach Community Council appoints an Internal Auditor on a 3-year rolling basis. The Internal Auditor will ensure all aspects outlined in the Terms of Reference are carried out during the 3-year term.
8. Internal audit is an ongoing process, and in depth annual auditing is not practical or economic. Each Internal Audit annual report shall set out the scope of that particular years work. Should the Council require a specific area to be tested further by the Internal Auditor, Council may request that an additional interim report be produced.
9. **Audit Coverage**
10. The internal auditor shall consider the following areas, as applicable:
 - i) Proper setting and monitoring of the Council's budget.
 - ii) Accounting for income and expenditure.
 - iii) Bank reconciliations and cash controls.
 - iv) Payroll and employment payments (where applicable).
 - v) Asset register maintenance.
 - vi) Use and management of reserves.
 - vii) Financial regulations and standing orders.

- viii) Risk assessment and internal control measures.
- ix) Progress in addressing issues raised in previous internal and external audit reports.

11. **Responsibilities of the Internal Auditor**

12. The internal auditor shall:

- i) Act independently of the Council's decision-making and financial administration.
- ii) Plan and carry out audit work in a professional and objective manner.
- iii) Have access to all such records, documents and explanations as necessary to perform the audit.
- iv) Complete the Internal Audit Report included within the Annual Return.
- v) Provide the Council with a written report identifying findings, conclusions and any recommendations for improvement.

13. **Responsibilities of the Council**

14. Llangyfelach Community Council shall:

- i) Ensure adequate accounting records are maintained.
- ii) Make all relevant records and information available to the internal auditor.
- iii) Consider the internal auditor's findings and recommendations.
- iv) Take appropriate action in response to audit recommendations.
- v) Formally receive and consider the Internal Auditor's report.

15. **Reporting**

16. The internal auditor shall provide a written report for Council setting out findings, conclusions, and any recommendations for improvement. Reporting shall be provided in sufficient time to inform the Council's consideration and approval of the Annual Accounting Statements and Governance Statement.

17. Any significant matters, material weaknesses, or concerns identified during the audit shall be drawn promptly to the attention of the Council for formal consideration and minuting.

18. The Internal Auditor shall complete and sign the Internal Audit section of the Annual Return.

19. **Review and Approval**

20. These Terms of Reference apply to the internal audit of Llangyfelach Community Council. Approved by resolution of Council on 17 April 2026.

21. The Council shall review these Terms of Reference at least annually, and additionally where there are material changes to legislation, proper practices, or audit requirements, to ensure they remain appropriate and up to date.

Huw Evans (PSLCC)
Clerk to Llangyfelach Community Council