Hertfordshire Internal Audit Service

Audits will be carried out using the Herts Internal Audit checklist which covers the Practitioners Guide, the requirements of the Annual Internal Audit Report, and the Accounts and Audit Regulations.

Auditors will comment on every item on the checklist. Any exceptions identified will be reviewed in more detail and may give rise to an Audit Observation and

Recommendation.
A full report will be provided to the Clerk to present to the Council.
In February, Auditors will make contact with the council to arrange a suitable date for the audit to take place.

Who is my Internal Auditor?
The Council appoints their own Internal Auditor. HAPTC shares contact details of service providers recommended by other Hertfordshire Councils. However, HAPTC is now providing a Herts Internal Audit Service.

When will my Internal Audit take place? Your auditor will contact you to make arrangements for your first meeting. Please make sure that you are prepared for this meeting in advance e.g. that the figures on section 2 of the AGAR are drafted and that these balance. You will also need to ensure that any additional information that has been requested by the auditor is made available.

How many meetings will I have with our Internal Auditor? Due to the law requiring an ever-increasing amount of council information and documentation to be published on a public website your auditor will be able to do much of their internal audit work remotely ahead of the meeting. This should mean that most councils will only need one meeting.

Where/how will we meet? It is up to you to agree with your auditor how/where to meet. This will be remote unless there is a need for a face-to-face meeting. If it is agreed to meet in person and the council does not have an office, arrangements may need to be made for use of a village hall/ meeting room/ local library.

Will our auditor just be checking our accounts and financial records? No. The job of an Internal Auditor is to provide a “systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes” (Governance and Accountability 2019, 4.3). Although council finances are certainly an important element of this, there are many equally important non-financial elements which will be checked as part of internal audit, e.g. is the council assessing and mitigating the risks it faces, including the use of effective internal controls.

Can the Auditor be contacted at any other time? If at any time the council or a member of the public wishes to contact the council’s internal auditor, then they can do so. The meeting with your auditor and their completion/verification of the relevant pages of the AGAR (ex-Annual Return) marks the completion of the review of the previous financial year’s processes and systems.

Checklist:
1. Book-keeping
2. Due process and governance
3. Risk management
4. Budget preparation and control
5. Payroll Clerk and other staff
6. Asset control
7. Bank reconciliation
8. Year End procedures
9. Specific services e.g. cemeteries/allotments
10. Transparency code <£25,000 and >£200,000
11. Miscellaneous e.g. electronic files back-up
12. Spot check transactions
13. AGAR review

Internal Audit Service Fees & Charges Year Ending 31st March 2026

Band	Expenditure from	To	Council Fee 31 March 2026
1	£0	£15,000	£200.36
2	£15,001	£25,000	£251.88
3	£25,001	£50,000	£309.12
4	£50,001	£100,000	£360.64
5	£100,001	£200,000	£446.51
6	£200,001	£300,000	£532.38
7	£300,001	£400,000	£595.35
8	£400,001	£500,000	£658.32

Where a council requests additional audit work that is substantially beyond the scope of the annual internal audit then details of the work should be submitted to the County Officer, who will consider the request and advise of any additional cost
Expenditure is the *total* payments made

Internal Audit Service - Terms of Reference

Internal Audit Objectives and Responsibilities

The primary objective of Internal Audit is to review, appraise and report upon the adequacy of internal control systems operating throughout the council using a systems-based approach.

The council's internal control system comprises the whole network of systems established within the council to provide reasonable assurance that the council's objectives will be achieved, with particular reference to:

- The effectiveness of operations
- The economic and efficient use of resources
- Compliance with applicable policies, procedures, laws, and regulations
- The safeguarding of assets and interests from losses of all kinds, including those arising from fraud, irregularity, and corruption
- The integrity and reliability of information, accounts, and data

Accordingly, in the conduct of planned audits Internal Audit may:

- Carry out a selective assessment of compliance with relevant procedures and controls expected to be in operation during the financial year to be able to complete Section 4 (Annual Internal Audit Report) of the Annual Governance and Accountability Return (AGAR)
- Review the reliability and integrity of financial information and the means used to identify, measure, classify and report such information
- Review the means of safeguarding assets and, as appropriate, verify the existence of such assets
- Appraise the economy and efficiency with which resources are employed, identify opportunities to improve performance and recommend solutions to problems
- Review the established systems to ensure compliance with those policies, procedures, laws, and regulations which could have a significant impact on operations, and determine whether the council is in compliance
- Review operations and activities to ascertain whether results are consistent with objectives and whether they are being carried out as planned

The Scope of Internal Audit Activity

- There are no limitations on Internal Audit's scope of activities. The scope of Internal Audit allows for unrestricted coverage of the council's activities, including both financial and non-financial systems of internal control.

Independence

The main determinant of the effectiveness of Internal Audit is that it is seen to be independent in its planning and operation. To ensure this, Internal Audit will operate within a framework that allows:

- Unrestricted access to the officers of the council
- Reporting in its own name
- Segregation from the day-to-day operations of the council

Every effort will be made to preserve objectivity by ensuring that all Internal Auditors are free from any conflicts of interest and do not undertake any non-audit duties on behalf of the council.

Rights of Access

Audit visits should take place at a mutually agreed location. There are no limitations on Internal Audit's access to records. Internal Auditors shall have the authority to:

- Access council premises at reasonable times agreed in advance
- Access all assets, records, documents, correspondence, and control systems
- Receive any information and explanation considered necessary concerning any matter under consideration
- Require any employee of the council to account for cash, stores, or any other council asset under his/her control
- Access records belonging to third parties, such as contractors, when required

The Council's Responsibilities

The Responsible Financial Officer and Proper Officer have clearly defined responsibilities for Risk Management, Internal Control, Internal Audit and preventing Fraud and Corruption.

The existence of Internal Audit does not diminish the responsibility of the council to establish systems of internal control to ensure that activities are conducted in a secure and well-ordered manner.

Bullying & Respect

The Internal Auditor must respect the officers and members of the council, who in turn must respect the Internal Auditor. Members and officers must not bully, intimidate, or coerce the Internal Auditor. Bullying of the Internal Auditor will not be tolerated, and such behaviour may lead to the service being halted and suspended temporarily or withdrawn permanently.

Reporting

The Internal Auditor will formally report the results of audits and the recommendations made to council and will follow up at subsequent Internal Audits to make sure that corrective actions are taken.

This constitutes the formal binding contract between the Council and the Hertfordshire Internal Audit Service.

Approved by:

____Parish/Town/Community Council

On (date): _______________________ Minute reference: ______________

For (Delete as applicable): 1 year/3 years
If signing-up for 3 years, please note the fees will be reviewed and confirmed annually

Signed: ___________________________ Position (Clerk/RFO):________________