

AUDIT TERMS OF REFERENCE

Topic:	Creditors
T o R Version:	1.0
Audit Manager:	Mick Ahern
Auditor:	
Date:	13.08.2007
Background:	Audit included in Audit Plan, for completion in 2007/08
Objective:	To provide assurance to the Head of Finance and Audit Committee of NCH that the system for the payment of creditors is operating effectively and there is adequate management control.
Main Risks:	<p>Work will be undertaken to establish that adequate controls are in place to mitigate the following risks:</p> <ul style="list-style-type: none"> • Incorrect payments are made; • Payments are made to fictitious creditors; • Payments are made for goods/ services not received; • Duplicate payments are made; • Transactions are not posted and information is not reflected correctly in the Main Accounting system; • There is a failure to obtain value for money and / or to demonstrate best value; • Non-compliance with relevant tax regulations; • Management reporting is inadequate.
Scope:	<p>The scope of this review will be to concentrate on the processes and controls within the creditors system. In particular this review will look at the procedures and controls in place in the following areas:</p> <ul style="list-style-type: none"> • Ordering goods or services; • Goods Receipting; • Certification of invoices for payment • Batch approval and batch control • Transfer of ROCC files to OneWorld • The payments process

	<ul style="list-style-type: none"> • Compliance with the requirements of CIS • Obtaining value for money • Management reporting. In particular looking at error and exception reporting and budget monitoring.
Approach:	<p>A standard audit approach will be followed for this review which will include:-</p> <ul style="list-style-type: none"> • Discussions with appropriate employees at both NCH and NCC to determine the actual systems and controls in place and to establish any areas of particular concern; • Documenting the systems in place;; • Undertaking testing on a sample basis, in order that conclusions can be made as to the effectiveness of the controls in operation. <p>Note that following the initial meetings with staff the scope may be changed to reflect any issues arising from these meetings. The revised scope will be agreed with the Head of Finance at NCH.</p> <p>Following completion of the audit work a discussion draft report will be produced and will be discussed and agreed with the Head of Finance at NCH. A Final Audit Report will then be produced.</p>
Principal Auditee:	Steve Everson
Final Report to:	Head of Finance/Audit Committee
Timescale:	Report by early December 2007