

AUDIT TERMS OF REFERENCE

Topic:	Sundry Income
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 all income due to NCH is properly identified, collected and accounted for, is under appropriate management control and that appropriate action is taken to monitor arrears and appropriate recovery action taken.
Main Risks:	Work will be undertaken to establish that adequate controls are in place to mitigate the following risks: <ul style="list-style-type: none">• Income is not collected;• Income is inaccurate;• Recovery of debts is inadequate;• Management reporting is inadequate.
Scope:	The scope of this review will be to concentrate on the processes and controls within the sundry income system. In particular this review will look at the procedures and controls in place in the following areas: <ul style="list-style-type: none">• There is a clearly defined procedure for the receipt of payments;• There are adequate records in support of all income received;• Appropriate reconciliations are undertaken and there are adequate controls over suspense accounts;• There is a clearly defined procedure for the treatment of outstanding and bad debts;• The accounts accurately reflect sundry income;• Data is secure and adequately maintained;• Management monitoring and reporting is adequate

<p>Approach:</p>	<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>
<p>Principal Auditee:</p>	<p>Steve Everson</p>
<p>Final Report to:</p>	<p>Head of Finance/Audit Committee</p>
<p>Timescale:</p>	<p>Report by early December 2007</p>