

Part Eight – Procedures

Section Four – Audit Procedure Rules

1. Introduction

- 1.1 The Council is required by statute to undertake internal audit activities, and to undergo the external audit process.

2. Internal Audit

- 2.1 Local authorities are required by law to maintain an internal audit function. The law states, “Every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has the responsibility for those affairs.” This responsibility is vested in the Executive Director for Resources and Assets and the internal audit section acts on his or her behalf.
- 2.2 The law (The Accounts and Audit Regulations 2015) also requires that “A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit, make available such documents and records and supply such information and explanations as are considered necessary by those conducting the internal audit”.
- 2.3 Within the Council the Section 151 Officer is the Executive Director for Resources and Assets, which means that he or she is responsible for ensuring that high financial standards are maintained. The Director of Audit, Fraud, Risk and Insurance reports to him or her. The section itself operates as an independent financial and managerial appraisal function within the Borough, and provides assurance to the Executive Director for Resources and Assets and Chief Executive that there is an adequate and effective system of internal control within the Council.
- 2.4 The role of internal audit is described in Financial Procedure Rules, and gives the right of access across all Council functions, the right to examine documents which appear relevant to an audit, and the right to require officers to provide information and explanations that are necessary for an audit.

3. External Audit

- 3.1 The work of local authorities is subject by statute to external audit review. External Auditors are currently appointed to Local Authorities via Public Sector Audit Appointments under the Local Audit and Accountability Act. Grant Thornton are currently the Council’s appointed external auditors.
- 3.2 External audit is concerned with the accuracy of the information presented in the annual accounts (for the Council and Pension Fund), the overall control environment and the achievement of value-for-money.

4. Access and Accountability

4.1 In respect of internal audit, the Audit and Transparency Committee will:

- (a) consider the annual audit plan;
- (b) receive progress reports on the work internal audit is undertaking; and
- (c) receive the annual report on internal audit activity.

4.2 In respect of external audit, the Audit and Transparency Committee will:

- (a) ensure a rational and cost-effective harmonisation of internal and external audit work;
- (b) consider external audit value-for-money reports, Best Value reviews and the relevant response from Services;
- (c) receive and comment on the external auditors' "management letter" which comments on the performance of the Council;
- (d) receive the External Audit Annual Service Plan.