

REGULATION 11: AUDIT ARRANGEMENTS (PROPOSED)

11.1 EXTERNAL AUDIT

- 11.1.1 The external auditors will be appointed in accordance with the Audit Commission Act 1998 or any Local Audit Acts which supersede it.
- 11.1.2 The Statutory Chief Finance Officer will work with the external auditors and advise the Council, Audit and Governance Committee, Executive and Directors on their responsibilities in relation to external audit.
- 11.1.3 The "Nominated Audit Manager" must ensure that there is effective liaison between internal and external audit.

11.2 INTERNAL AUDIT

- 11.2.1 **Responsibility:** The Statutory Chief Finance Officer is responsible for maintaining an adequate and effective internal audit of its accounting records and of its system of internal control in compliance with the latest Accounts and Audit Regulations.
- 11.2.2 An annual report should be prepared for the Audit and Governance Committee on the activity and findings of the internal audit service.
- 11.2.3 The internal audit service should comply with the Public Sector Internal Audit Standards 2013. This includes maintaining an Internal Audit Charter (Financial Regulation Support Document 14) which documents the purpose, authority and responsibility of the internal audit activity.
- 11.2.4 **Standard Powers of Auditors:** The Statutory Chief Finance Officer and members of the in-house Internal Audit and Corporate Fraud teams, whilst carrying out their duties, have the authority to:
- a) *Premises:* Enter, at any reasonable time, any premises or land owned, leased or controlled by the Council.
 - b) *Documents:* Examine all documents, correspondence or information held by employees, members of the council or other third parties, pertinent to their audit work.
 - c) *Explanations:* Obtain such information and explanations from any employee or member as necessary concerning any matter under examination.
 - d) *Property:* Require any Council employee, agent or member to produce cash, stores, ICT equipment, or other Council property under their control upon request.

These powers may also be conveyed on the auditors working under contract on agreement with the "Nominated Audit Manager" or Statutory Chief Finance Officer.

11.2.5 Powers During an Investigation: Where a significant irregularity is suspected the in-house Internal Audit and Corporate Fraud teams also have the authority to:

- e) *Property:* Carry out a search of or seize any Council owned property and equipment.
- f) *Access systems:* Require any Council employee or member to surrender any keys, cards, de-encryption codes, passwords or any other item or information needed to allow access to Council premises, assets or data.
- g) *Interception:* Intercept and review communications, data or information held on Council's own equipment such as internet logs, email, fax and phone messages.
- h) *Remove documents:* Remove any documents or other material which may be required as evidence.
- i) *Exclusion:* Require an employee to leave the Council's premises immediately.

Execution of these powers shall be in accordance with the Investigation policy and procedures of the Council.

11.2.6 Responsibility of Auditees: Auditees are responsible for :

- a) Maintaining a constructive approach to the audit process.
- b) Adhering to agreed timescales.
- c) Making available employees, documents, computerised systems and information in a timely manner.
- d) Providing accurate information to the best of their knowledge.
- e) Providing prompt responses to audit reports.
- f) Implementing any actions arising in a timely manner.