

Audit Summary Report

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# Joint working protocol

Uttlesford District Council

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### **Status of our reports**

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

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- any third party.

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## Introduction

- 1 Uttlesford District Council and its external auditor have different responsibilities. It is the Council's responsibility to establish and maintain proper arrangements for the governance and stewardship of its resources, the external auditor reviews and assesses the adequacy of the arrangements. In order to facilitate an efficient and effective audit, the relationship manager and auditor should work closely together with the Council.
- 2 The Audit Commission publication 'Statement of Responsibilities of Auditors and Audited Bodies' gives more information on the respective responsibilities of the Council and its external auditors under the Code of Audit Practice (the Code).
- 3 The purpose of this protocol is to set out an agreed framework showing how we will work together with your staff and internal audit to meet our responsibilities under the Code.
- 4 The key principles behind this agreement are:
  - a willingness and commitment to working together;
  - clear and open lines of communication;
  - avoidance of duplication of work wherever possible; and
  - delivery of the audit within the fee set out in the audit plan.
- 5 This report summarises the key actions that the Council, Internal Audit and external audit agree to undertake to facilitate an efficient and effective audit.

## The Council

### General

- 6 The Council will:
  - provide external audit with access to relevant staff and working papers;
  - inform external audit of any significant issues arising in the course of the year including:
    - suspected fraud or other irregularities;
    - significant systems failure; and
    - significant changes in financial projections.
  - monitor progress made in response to agreed audit recommendations; and
  - respond to queries raised by external audit promptly.

### Governance

- 7 The Council will ensure that:

- Internal Audit's role is clear and that it has sufficient resources to achieve its objectives;
- Internal Audit's status within the Council is sufficient and that reporting lines are appropriate; and
- Internal Audit's independence is not compromised by being asked to carry out non-audit work.

## Accounts

- 8 The Council will provide external audit:
- detailed working papers supporting the accounts and notes to the accounts;
  - an analytical review of the key values in the financial statements and explanations for significant variances from budget and between years;
  - a letter of representation to confirm that you have disclosed to us all known:
    - contingent liabilities and provisions;
    - instances of non-compliance with laws or regulations likely to have a significant effect on the finances or operations of the Council;
    - significant post balance sheet events;
    - material transactions to related parties, material being defined as material to either party;
    - significant claims pending or litigation proceeding; and
    - significant instances of known irregularities, including fraud.
  - written representation explaining the reasons why identified non trifling, but not material, misstatements are not amended.

## Performance

- 9 The Council will:
- identify an appropriate key contact for each performance audit; and
  - provide external audit with an update on progress made against agreed recommendations when requested.

## Use of Resources

- 10 The Council will:
- identify appropriate key contacts for the main KLOE areas; and
  - provide external audit with access to relevant staff and working papers.

## Grants

- 11 The Council has several grant claims that require auditor certification. In respect of these claims, the Council will:

- inform external audit of any potential grant claims that may require auditor certification at the start of the financial year and update this list as changes are required;
- Provide external audit with the signed grant claim form and supporting working papers by the submission deadline for that grant. If the submission deadline cannot be met, the Council should provide an explanation and an indication of when the claim will be ready for audit.

### Internal Audit

#### 12 Internal Audit will:

- allow external audit reasonable access to staff and all working papers;
- provide external audit with strategic and operational plans and monitoring reports;
- document and review all material systems regularly and liaise with external audit on the timing of these reviews;
- provide external audit with copies of all agreed reports on request;
- notify external audit promptly of any significant system weaknesses, failure of controls and any other matters of concern; and
- provide assistance, as necessary, in the completion of annual governance returns to the Audit Commission.

### External audit

#### 13 External audit will:

- share its risk assessments with the Council and Internal Audit;
- prepare an audit and inspection plan based on the risk assessments;
- agree an audit fee with the Council;
- provide the Council with details of working paper requirements to support financial statements;
- agree a timetable in advance for audit visits;
- discuss the findings of any review of Internal Audit with the Internal Audit Manager before reporting to the Council;
- place reliance on work done by Internal Audit where possible;
- notify the Council promptly if the audit fee is at risk of being breached;
- notify the Council promptly when any significant weaknesses or other matters of concern are identified;

- on completion of the audit of the Council's accounts, report to those charged with governance any instances of uncorrected non trifling misstatements; and
- present an annual audit and inspection letter to those charged with governance summarising the main findings for the relevant audit year.

## Electronic audit

- 14 The Audit Commission uses an electronic audit (e-audit) package to deliver and manage the Council's audit. It is helpful if working papers and documents are provided to us in electronic format, in other words on disc, CD or via email. These might include:
- final accounts working papers and supporting documents;
  - systems documentation;
  - committee minutes;
  - Internal Audit reports;
  - business plans; and
  - performance monitoring reports.

## Freedom of Information

- 15 As you will be aware, the Freedom of Information Act (FoIA) came into force on 1 January 2005. As a public Council, the Audit Commission is committed to openness in respect of public services, and welcomes the FoIA. Information obtained or generated as part of Audit Commission functions such as inspections, studies, comprehensive performance assessments, or grant certification work is subject to the FoIA. The auditors it appoints are not, however, designated as public authorities, whether they are employees of the Audit Commission or private firms, and they are not presently subject to the Act. They are therefore not under any obligation to comply with FoIA requests about information collected or generated as part of their statutory audit functions under the code of audit practice.
- 16 In respect of its own functions, and in common with all public authorities, the Audit Commission has to confirm or deny whether requested information is held and disclose that information unless another Act of Parliament prohibits it, or one of the FoIA exemptions applies.
- 17 Much of the information that we hold is collected from audited bodies under the powers granted by the Audit Commission Act 1998 (ACA). Except in certain circumstances, disclosure of that information could have been a criminal offence. ACA has now been amended so that the Commission can disclose information it holds unless doing so would 'prejudice the effective performance' of its statutory functions.

- 18 To satisfy its obligations, and mindful of how our present and future statutory functions may be affected by the disclosure of audited body information, we will respond to requests for information supplied to us by an audited body by identifying whether the requested information is already published by the audited body itself. If it is, we will direct the applicant to the relevant source for that information.
- 19 If the request is for non-published information, we will consult the audited body to seek permission for it to be disclosed. If permission is granted, we will disclose it. If permission is refused, we will consider whether we have grounds to withhold the information, taking into account other legislation, including ACA. When replying with a refusal, we will ask an audited body to provide its reasons and legal justification, such as an exemption under FoIA or other Act of Parliament. If the Commission does not have grounds to refuse, the information will have to be disclosed.
- 20 The timescale to reply to applicants is very tight under FoIA – twenty working days. We will ask audited bodies to respond to our requests for permission to disclose within three working days (fifteen percent of the total time available). If we do not receive a reply in that time, we will be obliged to make our own judgement about disclosure.
- 21 As a reciprocal courtesy, if you receive a request for information supplied to you by us, it would be very helpful if you could either contact your relationship manager immediately or email our Freedom of Information Manager on [foi@auditcommission.gov.uk](mailto:foi@auditcommission.gov.uk) to consult with us before you decide whether to disclose. We need to consider each request on a case by case basis to determine whether the information is subject to confidentiality restrictions, and, if so, whether disclosure would prejudice the effective performance of our statutory functions. Where this applies, disclosure would be an offence under the ACA.
- 22 The key contacts are:

## Key Contacts

**Table 1**

<b>Council</b>	
Name and position	Contact details
Adrian Webb, Acting Chief Finance Officer	<a href="mailto:awebb@uttlesford.gov.uk">awebb@uttlesford.gov.uk</a> 01799 510421
<b>External audit - Audit Commission</b>	
Paul King, District Auditor and Relationship Manager	<a href="mailto:paul-king@audit-commission.gov.uk">paul-king@audit-commission.gov.uk</a> 0844 798 5811

Melanie Matthews, Audit Manager	<a href="mailto:m-matthews@audit-commission.gov.uk">m-matthews@audit-commission.gov.uk</a> 0844 798 3066
Rob Evans, Team Leader	<a href="mailto:robert-evans@audit-commission.gov.uk">robert-evans@audit-commission.gov.uk</a> 0844 798 5834
<b>Internal Audit</b>	
Sheila Bronson, Acting Audit Manager	<a href="mailto:sbronson@uttlesford.gov.uk">sbronson@uttlesford.gov.uk</a> 01799 510610

- 23 The key contacts for performance audits will be agreed on a project by project basis.

## Reporting

- 24 As your external auditor we see our reports as a key tool to work with the Council to secure future improvements. We use draft feedback meetings to discuss the main findings of the audit, to seek clarification on any disagreements and to ensure there is no confusion caused by terminology or use of language. In addition at this stage we will ask the Council how it proposes to implement the agreed recommendations and complete an action plan, if applicable. Once the draft report and action plan are agreed the final report will be issued.
- 25 We are flexible in the way in which we feedback the findings of our work, a formal report may not necessarily be the most effective medium. We are happy to discuss alternative approaches with officers, at the start of a project, to determine the most effective method.