

12. INTERNAL AUDIT

12.1 INTERNAL AUDIT RESPONSIBILITY

The Head of Finance shall be responsible for ensuring the provision of an effective system of internal audit in terms of the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom (2006). In the discharge of those duties the Head of Finance shall not be subject to the control or direction of any person.

12.2 ROLE OF INTERNAL AUDIT

The primary role of Internal Audit is that of an assurance function which provides an independent and objective opinion on the adequacy of the Council's control environment. In addition to the provision of assurances, Internal Audit undertakes non-assurance work including consultancy, other reviews and fraud-related work.

A more detailed account of the role of internal audit is contained in the Internal Audit Terms of Reference (attached at [Appendix 4\(i\)](#)), supported by the Chief Internal Auditor's Audit Strategy (attached at [Appendix 4\(ii\)](#)).

12.3 ACCESS AND AUTHORITY RIGHTS

The Head of Finance, the Chief Internal Auditor, and any other member of staff they so authorise, shall have authority to:-

- a. enter any Council premises or land.
- b. have access to, and remove, all records, documents and correspondence which, in the view of the Head of Finance or Chief Internal Auditor (or nominated representatives), are considered to relate to any matter which may have audit or assurance implications for the Council.
- c. be provided with a separate log-in to any computer system within the Council and have full access to any system, personal computer or other device in the ownership of the Council.
- d. require explanations considered necessary from any employee, including Chief Officers.
- e. require any employee, or agent of the Council, to produce cash, stores, assets or any other property under his control or to which he has access.

12.4 SCOPE OF INTERNAL AUDIT

The scope of Internal Audit allows for unrestricted coverage of the Council's activities and unrestricted access to all records and assets deemed necessary in the course of audit activity. In addition, Internal Audit through the Chief Internal Auditor, where they deem necessary, will have unrestricted access to:-

- The Chief Executive
- The Audit Sub-Committee and all Members
- Individual Chief Officers
- All Council employees

12.5 USE OF DEPARTMENTAL SPECIALISTS

Upon request from the Head of Finance, appropriate specialists from departments / services other than Finance should be made available to take part in any audit or review requiring such specialist knowledge.

12.6 DUTY OF COUNCIL EMPLOYEES

Any council employee has a duty to inform the Head of Finance and the Chief Internal Auditor, normally through their relevant service directorate, of any suspicion of fraud, or irregularity affecting cash, stores, assets, other property or contracts of the Council or any other related matter concerning the contravention of the Council's Financial Regulations. The Chief Internal Auditor, in consultation with the Head of Finance, shall be responsible for the investigation of any such matters. Where it is considered a criminal offence has taken place, the matter shall be referred to the Police after consultation with the Chief Executive, Director of Corporate Services, Head of Finance, Head of Law & Administration and Head of Corporate Planning & Human Resources.

Where there is a suspicion of theft or irregularity involving Council staff that relates to non-council monies or other items, the Chief Internal Auditor must be notified immediately and prior to any referral to the Police. The Chief Internal Auditor will consult with the Head of Finance, the Head of Corporate Planning & Human Resources and relevant management representatives in relation to Police referral arrangements. Where suspicion falls on third parties in relation to thefts, Chief Officers may call in the Police after contacting the Chief Internal Auditor.

Further details of the duties of council employees are contained in documents relating to the policies of Angus Council in relation to Anti-fraud and Corruption and the Fraud Guidelines and Response Plan that are included in [Appendix 4\(iii\)](#) and [Appendix 4\(iv\)](#) respectively.

12.7 INTERNAL AUDIT INVOLVEMENT IN SYSTEMS DEVELOPMENT AND ENHANCEMENT

Prior to the commencement of any new major systems development or enhancement, a standard pro-forma detailing the proposals, timescale for development, development cost and the annual value of amounts flowing through the system shall be sent to Internal Audit. On receipt of the report, the Chief Internal Auditor, in consultation with the departmental manager responsible for systems development and enhancement, shall decide on the level of Internal Audit involvement. This will depend on the outcome of a risk assessment based on the information contained within the report.

In this regard the pro-forma is included as [Appendix 15](#) and can be obtained electronically from the Chief Internal Auditor or through the "Forms" section of the Financial Regulations on the Council's Intranet.

12.8 INTERNAL AUDIT REPORTS

All major audits and other (non-investigation) assignments will be the subject of a formal report. Draft reports will be subject to a factual accuracy agreement process with the Managers of the areas under review and thereafter will be formally issued in the name of the Chief Internal Auditor, who retains right of final edit of all such reports.

Copies of all reports will be issued to the Chief Officer of the area under review, the Chief Executive, Head of Finance, External Audit and the Chief Officer of any other department impacted. In addition, summaries of the reports will be presented to the Audit Sub-Committee with subsequent update reports to that Sub-Committee on the follow-up and any outstanding actions.

Consultation and distribution arrangements for investigation reports will depend on the circumstances of each case and will be discussed with the relevant parties.

**For clarification or any queries in respect of this section please contact
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