

STROUD DISTRICT COUNCIL
AUDIT AND STANDARDS COMMITTEE

**AGENDA
ITEM NO**

26 JULY 2018

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Report Title	INTERNAL AUDIT / EXTERNAL AUDIT WORKING PROTOCOL
Purpose of Report	To inform Members of the Internal Audit / External Audit joint working protocol which reflects the commitment to promote productive joint working between the Council's audit teams.
Decisions(s)	The Committee RESOLVES that the Internal Audit / External Audit Working Protocol as set out in Appendix A be approved.
Consultation and Feedback	Monitoring Officer and Chief Financial Officer.
Financial Implications and Risk Assessment	<p>Financial Implications: There are no financial implications relating to this report. The joint working arrangements will support efficiency and avoid duplication of resources.</p> <p>David Stanley, (Acting Section 151 Officer) Tel: 01453 754100 Email: david.stanley@stroud.gov.uk</p> <p>Risk Assessment:</p> <ul style="list-style-type: none"> ▪ Not sharing good practice; ▪ Duplication of audit activity; and ▪ Inefficient use of audit resources.
Legal Implications	None. Karen Trickey, Head of Legal Services and Monitoring Officer (Ref: rcd14.6c15.6d5.7)
Report Author	Theresa Mortimer, Head of Audit Risk Assurance (Chief Internal Auditor) Tel: 01453 754319 Email: theresa.mortimer@stroud.gov.uk
Options	There are no alternative options that are relevant to this matter.
Performance Management Follow Up	The protocol will be reviewed annually and updated to reflect changes to internal audit standards, international standard on auditing and codes of practice and presented to the Audit and Standards Committee accordingly.

Background Papers/ Appendices	Appendix A – Internal Audit / External Audit Working Protocol. Background papers: <ul style="list-style-type: none"> ▪ Public Sector Internal Audit Standards 2017 ▪ International Standard on Auditing (UK and Ireland) 610 ▪ National Audit Office – Code of Practice
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1.0 Background

1.1 Stroud District Council faces ever-increasing pressure on their resources. External and internal auditors can assure management and the Audit and Standards Committee that audit resources are being applied efficiently and represent good value for money by demonstrating their commitment to work together effectively. This protocol sets out the arrangements to support that commitment.

2.0 What is the difference between Internal and External Audit?

2.1 External Audit is governed by the Code of Audit Practice determined by the National Audit Office. The work essentially forms two elements: (a) an independent opinion on the financial statements, and (b) a value for money conclusion focusing on the Council's arrangements to take properly informed decisions and deploy resources to achieve planned and sustainable outcomes for taxpayers and local people.

2.2 Whereas internal auditors are required to adhere to the Public Sector Internal Audit Standards (PSIAS) 2017. Internal audit's scope of work is wide ranging and it serves the Council by helping it accomplish its objectives and improving operations, risk management, internal controls and governance processes. Internal Audit is concerned with all aspects of the organisation, both financial and non-financial and the Chief Internal Auditor is required to provide an annual opinion on the effectiveness of those arrangements.

3.0 What are the objectives of this protocol?

- provide a framework for cooperation in planning and conducting respective audit work;
- maximise the benefit from available audit resources, through agreed coordination arrangements; and
- assist the Audit and Standards Committee to fulfil its responsibility for overseeing effective liaison between both external and internal audit.