

## **AUTHORITY'S PROCEDURES RELEVANT TO COMPLIANCE WITH INTERNATIONAL AUDITING STANDARDS**

### **ISA 240**

#### **Objective**

Management assessment of the risk that Financial Statements may be misstated due to fraud and the Council's processes for identifying and responding to these risks.

#### **Procedures in Place**

The County Council's control framework which includes:

- Financial Regulations and Procedures
- Standing Orders relating to Contracts
- Strategic Departmental Risk Registers supplemented by Project Risk Registers
- Project Management Toolkit
- Partnership Protocol
- Schemes of Delegation
- Ongoing activities of the Governance Group
- Continuous Internal Audit process driven by Strategic and Annual Audit Plans which are kept under continuous review to reflect changing risk profiles and emerging risks and overseen by the Audit Committee
- Audit Services Audit Manual
- Regular bank reconciliations
- Regular reconciliations of all feeder systems and interfaces
- Budget monitoring procedures
- Procurement controls

#### **Objective**

Communication to employees of business practice and ethical behaviour.

#### **Procedures in Place**

- Induction process
- Code of Conduct for Employees
- Anti-Fraud/Anti-Corruption Strategy
- Fraud Response Plan
- Confidential Reporting Code
- Workforce articles and payslip messages
- Financial Regulations and Standing Orders relating to Contracts
- Dnet

- Procedure notes and manuals

### **Objective**

Communication to those charged with governance the processes for identifying and responding to fraud.

### **Procedures in Place**

- Audit Committee Terms of Reference
- Audit Committee training
- Regular review by the Audit Committee of:
  - the Annual Governance Statement, Action Plan and work of the Governance Group
  - Financial Statements
  - detailed progress reports against Plan of the activity of Audit Services
  - Audit Services Annual Report and Audit Opinion
  - External Audit reports
  - the Authority's Strategic Risk Register
  - annual reports on the effectiveness of Internal Audit
  - annual reviews of Financial Regulations and Standing Orders, the Anti-Fraud Anti-Corruption Strategy, Fraud Response Plan, Confidential Reporting Code, Codes of Conduct for Officers and members
  - specific reports on the Authority's progress in relation to specific initiatives eg Schools Financial Value Standard and National Fraud Initiative
- Review and approval of Internal and External Audit Plans

### **Objective**

Awareness of any actual or alleged instances of fraud.

### **Procedures in Place**

- Specific requirements of Financial Regulations and Standing Orders relating to Contracts
- Anti-Fraud Anti-Corruption Strategy
- Fraud Response Plan
- Confidential Reporting Code
- Protocol for consideration of Audit Reports following Special Investigations
- Audit Services Audit Manual
- Membership of National Anti-Fraud Network
- 
- Membership of national, regional and County Audit Groups and other professional groupings
- Role of the Monitoring Officer and the Standards Committee

- Audit Services distribute letters to Members, Strategic Directors/Directors on potential frauds, scams etc.

## **ISA 250**

### **Objective**

Requires that auditors understand how management gain assurance that all relevant laws and regulations are complied with.

### **Procedures in Place**

All Member Reports must include legal considerations which reflect the impact of statutory/regulatory requirements. The Monitoring Officer (Director of Legal Services) has a specific responsibility to ensure that the Authority operates lawfully. Legal officers are present at Member meetings to provide advice and the inclusion in identified posts for office holders to maintain an up-to-date knowledge of appropriate legislation eg Strategic Directors, Director of Finance & ICT, Director of Legal Services (Monitoring Officer), Assistant Director of Finance (Audit).

## **ISA 501**

### **Objective**

Requires that auditors obtain confirmation from management around the potential for litigation and claims that would affect the Financial Statements.

### **Procedures in Place**

- The Director of Finance & ICT seeks specific assurance from the Head of Paid Service and Director of Legal Services whether or not there are material claims or potential claims which would affect the Financial Statements.
- The Director of Legal Services also raises this as an item at his Departmental Management Team.
- Should the potential for any such claim be identified by Audit Services this would be raised directly with the Director of Finance & ICT.
- As part of Audit Services review of insurance the procedures for identifying potential claims/risk exposure and potential mitigation are reviewed.