

## **Relationships:**

### **General Principles:**

The internal audit service is one of nine areas providing assurance to “those charged with governance”. As such the section does not work in isolation and needs to have positive working relationships with other assurance providers and professional colleagues. The quality of these relationships impacts on the effective delivery of the internal audit function, its reputation and independence.

It is important that relationships are properly defined and managed to ensure clarity on things such as:

- The nature of the relationship and its objectives.
- The responsibilities, expectations and objectives of each party.

Good relationships should ensure that plans and activities are co-ordinated to ensure effective coverage and to avoid duplication.

### **Relationships with management:**

An effective relationship with service managers across the council is essential to ensure that internal audit can achieve its objectives. Internal audit has a comprehensive planning process which involves departmental management teams in a dialogue around priorities, departmental plans are approved by DMTs before submission to Audit Committee.

Individual audit assignments are agreed with auditees and are planned in to cause as little disruption to management of the service as possible. Discussions include; timing of audit work and testing, discussions around draft and final reports and agreement of internal audit recommendations.

Internal audit staff will always contact managers before an audit commences to ensure that there is full knowledge of, and support for the work. Details of the processes followed by internal audit staff are contained in the internal audit manual which can be found on the shared drive. These processes do not detract from internal audits responsibility for reporting control issues to those charged with governance.

### **Relationships with other internal auditors:**

With the increased number of partnerships which exist between the council and other bodies there are some areas where there are overlaps with other internal audit providers. A good example of this is joint service provision with health which gets its internal audit service from the North West Audit Consortium (NWAC). In order to get the best from both providers and avoid unnecessary overlap it is important that a proper protocol exists between the various parties. Work is going on to identify the areas of overlap and a dialogue has started with NWAC to ensure the most appropriate internal audit coverage for these areas.

Bolton also has an agreement with Salford Computer Audit Service (SCAS) for the provision of specialist computer audit. This arrangement is managed through a Memorandum of Understanding (MOU). This MOU defines a range of things including:

- Objectives of the service
- Principles of the operation
- Obligations of SCAS and Bolton Council.

Salford employees work in conjunction with Bolton staff and have the same rights of access to information and records.

Professional relationships exist across internal audit sections of Greater Manchester. The Head of Internal Audit & Risk is an active member of the Greater Manchester Chief Internal Auditors Group. This group meets formally on a quarterly basis but there is also regular contact and networking between members of the group. Professional relationships also exist between other staff across the region, internal audit staff are covered by the Code of Conduct for Local Government Employees.

Relationships with external auditors:

Internal audit and external audit have different roles and responsibilities but they both provide assurance to those charged with governance within the council. Both services are run with a spirit of co-operation and respect. Specific processes that are in place include:

- Each places reliance on the work of the other
- Involvement in each others annual planning processes.
- Regular formal meetings to discuss plans and other topical issues.
- Regular informal contact
- Both formally attend and report to Audit Committee.
- Regular reviews of internal audit by external auditors.

This co-operation ensures that the work of both parties is maximised and duplication is minimised. A protocol exists within internal audit to govern the release of audit files, this is available to all staff on the internal audit shared drive.

Relationships with other regulators and inspectors:

Local government is subject to review by a range of regulators and inspection agencies. The reviews undertaken by these agencies contribute to the assurance framework of the council. These individual agencies all have their own objectives and terms of reference and it has proved difficult in the past to get proper engagement with them. The Head of Internal Audit

and Risk is actively engaged in dialogue with these agencies in order to maximise the benefit of the reports and avoid unnecessary duplication.

In dealing with external agencies internal audit staff are governed by the Code of Practice for Local Authority Employees, the Freedom of Information Act, and Data Protection Act.

#### Relationships with Elected Members:

It is essential that internal audit has good relationships and communications with elected members. Access to members is defined in a range of documents including; councils standing order and financial regulations, and internal audit Terms of Reference.

Communications between elected members and internal audit will usually be through the Head of Internal Audit & Risk or one of the two Group Auditors. Any communication will need to take place within related policies of the council including; Code of Conduct for Local Government Employees, Protocol for member/officers working arrangements.

Head of Internal Audit & Risk March 2013