

**Statement of responsibilities of
Local Government Auditor and
Local Government Bodies –
Issued by the Local
Government Auditor
2016**

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The purpose of this statement

- 1 The Department with regulatory responsibility (the Department)¹ has, with the consent of the Comptroller and Auditor General (the C&AG) for Northern Ireland, designated a member of the staff of the Northern Ireland Audit Office (NIAO) as the Local Government Auditor².
- 2 The Local Government Auditor may make arrangements with the C&AG for members of the staff of the NIAO to assist in the performance of his/her functions.
- 3 The Local Government Auditor is responsible for preparing a Code of Audit Practice (the Code) every five years, which prescribes the way in which he/she, as the auditor of local government bodies, carries out his/her functions. The current Code was approved by resolution of the Northern Ireland Assembly on 14 March 2016.
- 4 This statement is aligned to the current Code and serves as the formal terms of engagement between the Local Government Auditor and local government bodies (see paragraph 5). It summarises where the different responsibilities of the Local Government Auditor and of the local government bodies begin and end, and what is expected of both parties. It relates to the full programme of work performed during a financial year:
 - financial statement audits;
 - proper arrangement audits;
 - improvement audits and assessments (applicable to councils only);
 - any other work required relating to specific powers or duties under the Local Government (Northern Ireland) Order 2005 (the Order);and
 - grant certification.

¹ The Department for Communities

² Local Government (Northern Ireland) Order 2005, as amended by the Local Government Act (Northern Ireland) 2014

- 5 Throughout this statement, the term 'local government body' is used to refer to all local government bodies, which include district councils and joint committees. In the case of district councils the term covers both the members of the local government body (elected members) and its management (the senior officers).
- 6 A small number of local bodies are classified as 'small local government bodies' and are defined in the Local Government (Accounts and Audit) Regulations Northern Ireland 2015 and relevant directions from the Department. The work of the Local Government Auditor has been tailored to meet their needs proportionately.
- 7 The responsibilities of the Local Government Auditor are defined in statute - principally the Order and the Local Government (Northern Ireland) Act 2014³ (the Act). Nothing in this statement is intended to limit or extend those responsibilities. In particular, local government bodies should note that, because the Local Government Auditor must not prejudice his/her independence of the local government body, the audit role does not include providing financial, performance improvement, legal advice or consultancy to the local government body.
- 8 The Local Government Auditor may refer to this statement in audit planning documents, annual audit letters, reports and other audit outputs.

³ The Local Government Auditor is also the independent external auditor of the financial statements of Northern Ireland Local Government Officers' Superannuation Committee under Local Government Pension Scheme (Administration) Regulations (Northern Ireland) 2009. However, under legislation this is not a local government body and is treated, from an audit perspective, as a non departmental public body. This statement is therefore not applicable to this body.

Introduction to responsibilities

- 9 Those responsible for the conduct of public business and for spending public money are required to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.
- 10 In discharging these responsibilities, local government bodies are responsible for putting in place proper arrangements for the governance of their affairs and the stewardship of the resources at their disposal. They are also required to report on their arrangements in their published Annual Governance Statement.
- 11 Some local government bodies (i.e. councils) have an additional duty to make arrangements to secure continuous improvement in the exercise of their functions. They are also required to publish information in relation to their improvement planning and a self assessment of their performance in relation to their improvement duties.
- 12 In carrying out the programme of audit work the Local Government Auditor and his/her support staff⁴ (collectively referred to as auditors) will:
- plan and manage the audits in a timely, professional and efficient manner;
 - plan to complete work within agreed deadlines;
 - maintain close liaison with the local government body; and
 - provide appropriate and adequate resources and assign responsibilities to staff with the relevant expertise and experience.
- 13 In meeting their responsibilities, auditors will obtain representations from management, both orally and in writing, on specific aspects of the audits.
- 14 Where private audit firms are appointed, they will undertake the detailed work to support the Local Government Auditor's financial audit opinion. On a day-to-day basis the financial audit will be managed by the private audit firm and

⁴ Support staff include employees of the Northern Ireland Audit Office as well as contracted private audit firms who may carry out audit work on behalf of the Local Government Auditor.

all audit work will be completed by their staff, under the direction of the NIAO. The responsibility for recommending the form of audit opinion to the Local Government Auditor shall be retained by staff of the NIAO.

Responsibilities in relation to the financial statements

15 The financial statements are an essential means by which a local government body accounts for its stewardship of the resources at its disposal and its financial performance in the use of those resources.

16 A local government body has statutory responsibility for ensuring that:

- financial management is adequate and effective;
- it has a sound system of internal control which facilitates the effective exercise of its functions to ensure the regularity and lawfulness of transactions;
- proper accounting records are maintained;
- accounting practices comply with any relevant regulations and Departmental guidance; and
- its financial statements are prepared in accordance with regulations, proper accounting practices and in the form directed by the Department.

17 A local government body is also responsible for preparing and publishing with its financial statements an Annual Governance Statement, prepared in accordance with proper practice.

18 In preparing its financial statements, the Local Government Auditor expects that local government bodies will:

- prepare realistic plans for the preparation of its financial statements that include clear targets and achievable timetables;
- assign responsibilities clearly to staff with the appropriate expertise and experience;
- provide necessary resources to enable delivery of the plan;

- ensure that senior management monitors, supervises and reviews work to meet agreed standards and deadlines;
- ensure that a senior individual at top management level personally reviews and approves the financial statements of accounts before presentation to the auditor; and
- maintain adequate documentation in support of the financial statements and, at the start of the audit, provide a complete set of working papers that provide an adequate explanation of the entries in those financial statements.

19 If draft financial statements and working papers of appropriate quality are not available at the agreed start date of the audit, the Local Government Auditor may not be able to commence the audit as planned and consequently may not be able to meet the planned audit timetable.

20 The audit fee is calculated on the basis that the draft financial statements and detailed working papers are provided to an agreed timetable, are of an acceptable standard and that the relevant council officers are available. If information is not provided to this timetable, is provided to an unacceptable standard, or officers are unavailable, the NIAO will incur additional costs in carrying out any extra work that is necessary. These additional costs are borne by the local government body.

21 In carrying out their responsibilities in relation to the financial statements auditors should comply with auditing standards, other relevant guidance issued by the Financial Reporting Council and the NIAO on behalf of the Local Government Auditor as well as the Code.

The financial audit process

22 Auditors plan and perform their audit in compliance with the above requirements (see paragraph 21) and with relevant quality control standards. Their work is based on their assessment of risk, is proportionate and designed to meet the Local Government Auditor's statutory responsibilities,

applying the auditors' professional judgement to tailor their work to the circumstances in place at the local government body and the audit risks to which they give rise. The auditors conduct their work economically, efficiently and effectively, and in as timely a way as possible.

23 Auditors plan their audit so that they have a reasonable expectation of detecting material misstatements in the financial statements or accounting records (including those resulting from fraud, error or non-compliance with laws or regulations), but this examination should not be relied upon to disclose all such material misstatements as may exist. Due to the test nature and other inherent limitations of a financial audit there is an unavoidable risk that some material misstatement may remain undiscovered.

24 Auditors will examine selected transactions and balances on a test basis and assess the significant estimates and judgements made by the local government body in preparing the financial statements. In carrying out their work, the auditors exercise professional scepticism. They obtain and document such information and explanations as they consider necessary to provide sufficient, appropriate evidence in support of their judgements, which will be used by the Local Government Auditor to form his/her opinions.

25 Auditors evaluate significant financial systems, and associated internal financial controls for the purpose of supporting the Local Government Auditor's opinion on the financial statements (see paragraph 34). However, they do not provide assurance to the local government bodies on the operational effectiveness of specific systems and controls or their wider system of internal control. Where auditors identify any weaknesses in such systems and controls, they will be brought to the attention of the local government body, but auditors cannot be expected to identify all weaknesses that may exist.

26 The auditors work on internal control will not be sufficient to enable the Local Government Auditor to express any assurance on whether or not an audited body's internal controls are effective. The financial statement audit cannot be

relied upon to draw to attention all matters that may be relevant as to whether or not the system of internal control is effective.

- 27 As part of the audit process auditors will request from management written representations on matters material to the financial statements where other sufficient appropriate evidence cannot reasonably be expected to exist, and where management may have made certain oral representations (Letter of Representation).
- 28 Auditors shall obtain an understanding of internal audit to identify and assess the risks of material misstatement of the financial statements. Auditors will assess the internal audit function when this is relevant to the risk assessment and, where we intend to use specific audit work, they will evaluate and perform audit procedures on that work to confirm its adequacy for their purposes. Taking assurance from the work of internal audit may not always be appropriate for the purposes of the audit of the financial statements.
- 29 Where auditors take assurance from the work of another auditor, they will consider how the work of the other auditor will affect the audit. They shall consider the professional competence of the other auditor in the context of the engagement and perform procedures to obtain sufficient evidence that the work of the other auditor is adequate for their purposes.
- 30 Where auditors judge that it is appropriate to use the work of an expert they will:
- obtain sufficient appropriate audit evidence that such work is adequate for the purposes of the audit;
 - evaluate the professional competence of the expert;
 - evaluate the objectivity of the expert;
 - ensure that the scope of the work of the expert is adequate for their purposes; and
 - evaluate the appropriateness of the expert's work as audit evidence regarding the assertions being considered.

- 31 Auditors review whether the Annual Governance Statement has been presented in accordance with relevant requirements and reports if it does not meet these requirements or if it is misleading or inconsistent with other information of which they are aware. In doing so auditors take into account their knowledge of the local government body gained through their work in relation to the audit of the financial statements' through their work in relation to the body's arrangements for securing economy, efficiency and effectiveness in the use of its resources and through performance improvement work.
- 32 The Local Government Auditor is not required to consider whether the Annual Governance Statement covers all financial risks and controls, nor is he/she required to form a formal opinion on the effectiveness of the local government body's corporate governance procedures or risk and control procedures.
- 33 The Local Government Auditor also reviews for consistency other information that is published by the local government body alongside financial statements. If there is a concern over the consistency of any such information the Local Government Auditor will report this to those charged with governance.
- 34 At the conclusion of the audit of the financial statements, the Local Government Auditor gives his/her opinion as set out in Chapter 2 of the Code.

Independent auditor's report

- 35 The Local Government Auditor will provide an audit report which will contain an opinion on whether the local government body's financial statements:
- give a true and fair view, in accordance with relevant legal and statutory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom, of the financial position of the local government body and its expenditure and income for the year in question; and
 - have been properly prepared in accordance with relevant regulations and the Department's directions issued thereunder.

36 The Local Government Auditor may also provide an opinion on whether other information published together with the audited financial statements is consistent with the financial statements, for example, an explanatory foreword. In addition, the Local Government Auditor can report the following matters by exception:

- If the Annual Governance Statement does not reflect compliance with proper practices, as required by the Department.
- Matters reported in the public interest under Article 9 of the Order.
- Any recommendations made to the audited body under Article 12 of the Order.
- Application to the High Court for a declaration that an item of account is contrary to law under Article 19 of the Order.
- Certification of a loss caused by a failure to account or wilful misconduct under Article 20 of the Order.
- Application for judicial review under Article 21 of the Order.

Electronic publication of the financial statements

37 Where the local government body publishes its financial statements electronically, it is responsible for ensuring that the publication presents accurately the financial statements and the Local Government Auditor's report on those financial statements. This responsibility also applies to the presentation of any financial information published in respect of prior periods.

38 The Local Government Auditor's report on the financial statements should not be reproduced or referred to electronically without the Local Government Auditor's written consent.

39 The examination of the controls over the electronic publication of local government statement of accounts is beyond the scope of the financial statement audit and the Local Government Auditor can not be held

responsible for changes made to local government information after the initial publication of the statement of accounts and the Local Government Auditor's report.

Responsibilities in relation to arrangements for securing economy, efficiency and effectiveness

- 40 It is the responsibility of the local government body to put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Local government bodies are required to maintain an effective system of internal control that supports the achievement of their policies, aims and objectives whilst safeguarding and securing value for money from the public funds at their disposal.
- 41 The local government body is responsible for reporting on these arrangements as part of its Annual Governance Statement.
- 42 Auditors have a responsibility to satisfy themselves that the local government body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In carrying out this work, the auditor is not required to satisfy themselves as to whether or not the local government body has actually achieved value for money during the reporting period.
- 43 In planning this work, auditors consider and assess the significant risks of giving a wrong conclusion on the local government body's arrangements for securing economy, efficiency and effectiveness. The auditor's assessment of what is significant is a matter of professional judgement and includes consideration of both the quantitative and qualitative aspects of the item or subject matter in question.
- 44 The auditors will take into account their knowledge of the relevant local government sector as a whole, and the local government body specifically, to identify any risks that, in the auditor's judgement, have the potential to cause

the auditor to reach the wrong conclusion on the local government body's arrangements.

45 In assessing risks auditors have regard to:

- the local government body's Annual Governance Statement and any additional reporting by the body on the arrangements it has in place to manage risks to the achievement of value for money through the economic, efficient and effective use of its resources;
- evidence that the local government body's arrangements were in place during the reporting period;
- evidence obtained from the auditor's other work – including previous proper arrangements work, work completed as part of the audit of the financial statements, work completed as part of the performance improvement audits and assessments and the local government body's response to this work;
- the work of third parties, where the results are relevant to the auditor's proper arrangement responsibilities. The auditor is not required to quality assure or re-perform the work of others and should rely on such work to the extent that, in their judgement, it is appropriate to do so; and
- any other evidence source that the auditor regards as necessary to facilitate the performance of their statutory duties.

46 In reviewing the local government body's arrangements for securing economy, efficiency and effectiveness in its use of resources, it is not part of auditors' functions to question the merits of the policies of the local government body, but auditors may examine the arrangements by which policy decisions are reached and consider the effects of the implementation of policy. It is the responsibility of the local government body to decide whether and how to implement any recommendations made by auditors and, in making any recommendations, auditors must avoid giving any perception that they have any role in the decision-making arrangements of the local government body.

- 47 The Local Government Auditor does not provide assurance to local government bodies on the operational effectiveness of specific aspects of their arrangements. Neither can the work of auditors be relied on to have identified every weakness or every opportunity for improvement. Local government bodies should consider auditors' conclusions and recommendations in their broader operational or other relevant context.
- 48 Audit work in relation to the local government body's arrangements to ensure that it promotes and demonstrates the principles and values of good governance does not remove the possibility that breaches of proper standards of financial conduct, or fraud and corruption, have occurred and remained undetected. Nor is it auditors' responsibility to prevent or detect breaches of proper standards of financial conduct, or fraud and corruption, although they are alert to the possibility and act promptly if grounds for suspicion come to their notice.
- 49 At the conclusion of the audit, the Local Government Auditor provides a conclusion within an Annual Audit Letter (see paragraph 45) as to whether he/she is satisfied that the local government body has (or has not) put in place proper arrangements to secure, value for money through economic, efficient and effective use of its resources for the relevant financial year.

Specific powers and duties of the Local Government Auditor

- 50 In connection to the audit of the financial statements, the Local Government Auditor has specific powers and duties under the Order in relation to the following:
- To consider whether, in the public interest, to report on any matter that comes to the attention of the auditor so that it may be considered by the body concerned or brought to the attention of the public (Article 9 of the Order).

- To consider whether a written recommendation should be made to the audited body requiring it to be considered and responded to publicly (Article 12 of the Order).
- To give interested persons the opportunity to raise questions with the Local Government Auditor about the accounts and for the Local Government Auditor to consider and decide upon objections received in relation to the accounts (Articles 17 and 18 of the Order).
- To consider whether to apply to the court for a declaration that an item of account is contrary to law (Article 19 of the Order).
- To consider whether there has been a loss or deficiency caused by a failure to account or wilful misconduct (Article 20 of the Order).
- To consider whether to make an application for judicial review (Article 21 of the Order).
- To perform an extraordinary audit of the accounts of any local government body if, at any time, it is directed by the Department. (Article 22 of the Order)

51 Fees arising in connection with the Local Government Auditor's exercise of these powers and duties, including costs relating to the appointment of legal or other advisers to the auditor are borne by the local government body.

Reporting the results of financial statement and proper arrangements audit work

52 The Local Government Auditor provides:

- an audit planning document;
- oral and/or written reports or memoranda to officers and, where appropriate, members on the results of, or matters arising from, specific aspects of auditors' work;
- a report to those charged with governance, normally submitted to the audit committee, summarising the work of the Local Government Auditor;
- an audit report, including the Local Government Auditor's opinion on the financial statements;

- a certificate that the audit of the accounts has been completed in accordance with statutory requirements; and
- an Annual Audit Letter.

53 Any outputs arising from the exercise of specific powers and duties of the Local Government Auditor (see paragraph 50), the need for which may arise at any point during the audit process, are issued when appropriate.

54 When considering the action to be taken on audit reports, local government bodies should bear in mind the scope of the audit and responsibilities of the Local Government Auditor, as set out in the Code and as further explained in this Statement. Matters raised by the Local Government Auditor will be drawn from those that come to his/her attention during the audit. The audit cannot be relied upon to detect all errors, weaknesses or opportunities for improvements in management arrangements that might exist. Local government bodies should assess the Local Government Auditor's conclusions and recommendations for their wider implications before deciding whether to accept or implement them.

55 Although annual audit letters and reports may be addressed to officers or members of the local government body, they are prepared for the sole use of the local government body. Local government auditors do not have responsibilities to officers or members in their individual capacities (other than in the exercise of the local government auditors' specific powers and duties in relation to matters relating to electors' rights) or to third parties that choose to place reliance upon the reports from auditors.

Other relevant reporting matters under other legislation

56 Other information may be reported to the Local Government Auditor in a specified format to enable him/her to carry out any other functions which lie

outside of the Order and the Act. This can include matters relating to whistleblowing, or to assist other bodies, such as the Northern Ireland Audit Office, in carrying out its functions, such as data matching exercises (in accordance with the Audit and Accountability (Northern Ireland) Order 2003, (as amended by the Serious Crime Act 2007) may need to be reported. This may arise at any point during the audit process.

Responsibilities in relation to the improvement audits and assessments

- 57 Part 12 of the Act details the framework for continuous improvement in the delivery of council services, in the context of strategic objectives and issues that are important to those who receive the services. Councils are under a general duty to make arrangements to secure continuous improvement in the exercise of their functions.
- 58 Councils are required to set improvement objectives and put in place arrangements to deliver the objectives and publish this information in an annual improvement plan. In addition, they are required to gather information to assess improvements in their services and to issue a self assessment report annually on their performance against indicators which they have either set themselves, or that have been set by departments.
- 59 The Local Government Auditor is responsible for conducting an annual improvement assessment (conducted under section 94 of the Act) for each council to determine whether a council is likely to comply with the requirements of Part 12 of the Act. The Local Government Auditor will also undertake an improvement information and planning audit (as required under section 93 of the Act) to ascertain whether the council has discharged its duties under section 92 and the extent to which it has acted in accordance with Departmental guidance.

60 In preparing their improvement arrangements , the Local Government Auditor expects that councils will:

- prepare a realistic improvement plan for discharging its improvement responsibilities that include clear targets and achievable timetables;
- assign responsibilities clearly to staff with the appropriate expertise and experience;
- provide necessary resources to enable delivery of the improvement plan;
- maintain adequate documentation in support of the improvement plan and the self assessment report and, at the start of the audit and assessment, provide a complete set of relevant working papers that support their content ;
- ensure that senior management monitors, supervises and reviews work to meet agreed standards and deadlines; and
- ensure that a senior individual at top management level personally reviews and approves the improvement plan and self assessment report before presentation to the auditor.

61 If the improvement plan or self assessment report and supporting documentation of appropriate quality are not available at the agreed dates of the audit and assessment, the Local Government Auditor may not be able to commence the programme of work as planned and, consequently may not be able to meet the planned audit and assessment timetable.

62 The audit and assessment fee is calculated on the basis that the improvement plan, the self assessment report and all supporting documentation are provided to an agreed timetable and are of an acceptable standard. If information is not provided to this timetable, or is provided to an unacceptable standard, the NIAO will incur additional costs in carrying out any extra work that is necessary. These additional costs are borne by the council.

63 In carrying out their responsibilities in relation to the performance improvement framework auditors should comply with the legislation and relevant guidance issued by the Department.

64 The Local Government Auditor will provide a report, or reports, to the council and the Department, which will:

- Certify that the Local Government Auditor has carried out an audit under section 93 of the Act in respect of the previous financial year
- State whether , as a result of the audit, the Local Government Auditor believes:
 - i. That the council has discharged its duties under section 92;and
 - ii. That the council has acted in accordance with any guidance issued by the Department about the councils duties under section 92;
- Include a certification that the Local Government Auditor has carried out an assessment under section 94 in respect of the financial year;
- State whether, as a result of the assessment the Local Government Auditor believes that the council is likely to comply with the requirements of Part 12 of the Act during the financial year;
- If appropriate, recommend any action that the council should take in order to comply with Part 12 of the Act;
- If appropriate recommend that the Department should give a direction under section 100 of the Act and, if so, the type of direction
- State whether, in light of the audit and assessment the Local Government Auditor is minded to carry out a special inspection under section 98 of the Act.

65 Auditors plan and perform their audit and assessment in compliance with the requirements of the Code and with relevant quality control standards. The auditors' work is proportionate and is designed to meet the Local Government Auditor's statutory responsibilities, applying the auditors' professional judgement to tailor their work to the circumstances in place at the council. The auditors conduct their work economically, efficiently and effectively, and in as timely a way as possible.

- 66 In carrying out their work, the auditors exercise professional scepticism. They obtain and document such information and explanations as they consider necessary to provide sufficient, appropriate evidence in support of their judgements, which will be used by the Local Government Auditor to form his/her opinions.
- 67 Auditors will evaluate relevant performance improvement systems, and associated internal controls for the purpose of supporting the Local Government Auditor's assessment. However, they do not provide assurance to the local government bodies on the operational effectiveness of specific systems and controls or their wider system of internal control. Where auditors identify any weaknesses in such systems and controls, they will be brought to the attention of the local government body, but auditors cannot be expected to identify all weaknesses that may exist.
- 68 Auditors review whether the improvement plan and self assessment report have been presented in accordance with relevant requirements and reports if it does not meet these requirements. In doing so the auditors take into account their knowledge of the local government body gained through their work in relation to the audit of the financial statements and through their work in relation to the body's arrangements for securing economy, efficiency and effectiveness in the use of its resources.

Reporting the results of improvement audit and assessment work

- 69 The Local Government Auditor provides:
- an audit and assessment planning document;
 - An annual report (or reports) to the council and the Department, in relation to section 95 of the Act;
 - A special inspection report (where required); and
 - A published annual improvement report for each financial year which summarises or reproduces the section 95 report and (where relevant) any special inspection report.

70 When considering the action to be taken on these reports, councils should bear in mind the scope of the audit and assessment and responsibilities of the Local Government Auditor, as set out in the Act, the Department's guidance and the Code and in this Statement. Matters raised by the Local Government Auditor will be drawn from those that come to his/her attention during the audit and assessment. The audit and assessment cannot be relied upon to detect all weaknesses or opportunities for improvements in the council's performance improvement arrangements that might exist. Councils should assess the Local Government Auditor's conclusions and any recommendations for their wider implications before deciding whether to accept or implement them.

71 Although the reports relating to schedule 95 of the Act may be addressed to officers or members of the council and the Department, they are prepared for the sole use of the council and the Department. Auditors do not have responsibilities to officers or members in their individual capacities or to third parties that choose to place reliance upon the reports.

Ad hoc requests for the Local Government Auditors views

72 There may be occasions when local government bodies will seek the views of auditors on the legality, accounting treatment or value for money of a transaction before embarking upon it. In such cases, auditors will be as helpful as possible, but are precluded from giving a definite view in any case because auditors:

- must not prejudice their independence by being involved in the decision-making processes of the local government body;
- are not financial, legal or performance improvement advisers to the local government body; and

- may not act in any way that might fetter their ability to exercise the special powers conferred upon the Local Government Auditor by statute.

73 In response to such requests, the Local Government Auditor can offer only an indication as to whether anything in the information available to him/her at the time of forming a view could cause them to consider exercising the specific powers conferred upon him/her by statute. Any response from the Local Government Auditor should not be taken as suggesting that the proposed transaction or course of action will be exempt from challenge in future, whether by the Local Government Auditor or others entitled to raise objection to it. It is the responsibility of the local government body to decide whether to embark on any transaction.

Access to information

74 The Local Government Auditor has wide-ranging rights of access to documents and information in relation to the audit under Article 7 of the Order. Such rights apply not only to documents and information held by the local government body and its members and staff, including documents held in electronic form, but also to the local government body's partners and contractors, whether in the public, private or voluntary sectors (as per Chapter Eight of the Code).

75 The Freedom of Information Act does not apply to the Local Government Audit function as it is not designated a public authority for the purposes of the Act. Local government bodies wishing to disclose information obtained from the Local Government Auditor (in response to a Freedom of Information request) are required to consult with the Local Government Auditor before taking any decision to disclose such information.

Proceeds of Crime reporting

- 76 The C&AG, as head of the NIAO, is a relevant person within the meaning of the Money Laundering Regulations 2007. As such, all NIAO staff (which includes the Local Government Auditor) are required to report all knowledge or suspicion, or reasonable grounds to know or suspect, that a criminal offence giving rise to any direct or indirect benefit from criminal conduct has been committed, regardless of whether that offence has been committed by their client or by a third party.
- 77 If as part of the auditors work there is knowledge or suspicion, or have reasonable grounds to know or suspect, that such offences have been committed the C&AG is required to make a report to the National Crime Agency (NCA). In such circumstances it is not practice to discuss such reports with the audited body because of the restrictions imposed by the “tipping off” provisions of the anti-money laundering legislation.
- 78 From 1 April 2016 audited bodies have been asked to report suspected frauds to the Local Government Auditor on a more formal basis. Informing the auditors, or being aware of the auditors knowledge or suspicion of a fraud, does not absolve the audited body of this responsibility.

Grant claims and returns – certification

- 79 The Local Government Auditor agrees to make certification arrangements in accordance with the framework set out in the “Statement of Responsibilities of Grant-Paying Bodies, Local Government Bodies and the Chief Local Government Auditor in relation to Claims and Returns” (June 2013) and the “Chief Local Government Auditor Claim and Returns Certification Instructions” (June 2013) . The responsibility for ensuring the completion, accuracy and completeness of grant claims and returns lies with the local government body. Grant-paying bodies may require independent examination as a condition of their acceptance of claims and returns and may ask the Local Government

Auditor to make arrangements for certification of claims and returns. The Local Government Auditor will have regard to what it is appropriate, practically and professionally, to expect the certification process and auditors to do before agreeing to make certification arrangements.