

Internal Audit – External Audit Working Protocol for Gloucester City Council

June 2018

Ian Howse
Partner
T +44 (0)2920 264 319
E ihowse@deloitte.co.uk

Jon Topping
Head of Policy and Resources
T +44 (0)1452 396242
E jon.topping@gloucester.gov.uk

Theresa Mortimer
Head of Audit, Risk, Assurance (ARA), Gloucestershire County Council's Area
Finance Officers Team, and Insurance Services
T +44 (0)1452 396338
E theresa.mortimer@gloucester.gov.uk



Introduction and Principles

Introduction

The protocol sets out the key principles and procedures underpinning the working relationship between Internal Audit and the Council's external auditors, Deloitte. It establishes a framework for coordination, cooperation and exchange of information.

The protocol is based on the understanding of International Standards on Auditing (ISA), in particular ISA 315 (identifying and assessing risks of material misstatement through understanding the entity and its environment) and ISA 610 (using the work of internal auditors).

Principles

ISA 315 states the internal audit function is likely to be relevant to the audit of the financial statements if the nature of their work relates to the entity's financial reporting.

ISA 610 recognises external audit and internal audit have different objectives and priorities. The external auditor has the sole responsibility for the opinion on the financial statements and using the work of internal audit does not impact on this responsibility in any way. Therefore the external auditor needs to consider how and whether it is appropriate to place reliance on the work of internal audit.

Procedures

Together Internal Audit and Deloitte will:

- Meet on a quarterly basis to share and discuss audit plans, update and review issues identified through on-going or planned work, review progress and exchange key findings. Such discussions will inform Deloitte's and Internal Audit's audit approach.
- Liaise to identify and exchange knowledge of emerging or identified key risk areas.
- Use quarterly meetings to ensure reporting lines to the Audit and Governance Committee are clear and information provided is clear and timely.

Internal Audit will:

- Provide details to Deloitte of fraud above £10,000 and details of any identified or potential cases of corruption.
- Provide Deloitte with appropriate access to working papers and relevant documents, and with electronic access to published internal audit reports on key financial systems which may impact upon on the audit approach.
- Share its approach to systems audit work and associated documentation with Deloitte.

Deloitte will:

- Advise Internal Audit which of the financial systems we consider are key to the production on the financial statements.
- Share testing strategies with Internal Audit on a timely basis to maximise the scope to ensure effective and efficient use of resources for both parties.
- Share details of our approach as requested.

Way Forward

This protocol has been discussed and agreed with Gloucester City Council's Chief Internal Auditor.

The protocol will be reviewed annually and updated to reflect changes to internal audit standards and the ISAs.

Deloitte.

“Deloitte” is the brand under which tens of thousands of dedicated professionals in independent firms throughout the world collaborate to provide audit, consulting, financial advisory, risk management, tax, and related services to select clients. These firms are members of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”). Each DTTL member firm provides services in particular geographic areas and is subject to the laws and professional regulations of the particular country or countries in which it operates.

Deloitte LLP is the United Kingdom affiliate of Deloitte NWE LLP, a member firm of DTTL. Deloitte NWE LLP does not provide services to clients.