

Statement of responsibilities of the Local Government Auditor and Local Government Bodies – issued by the Local Government Auditor 2026

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The purpose of this Statement

1. The Department with regulatory responsibility (the Department¹) 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 required to prepare, and keep under review, a Code of Audit Practice (the Code) at intervals of no more than five years. The Code 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 April 2026.
4. This Statement is aligned to, and should be read in conjunction with, 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, including:
 - the audit of the financial statements of all local government bodies;
 - a review of proper arrangements in place to secure economy, efficiency and effectiveness in the use of resources of all local government bodies;
 - the performance improvement audit and assessment of councils, including determining and reporting on whether a council has met its duties for improvement planning and whether a council is likely to secure continuous improvement in the exercise of its functions; and
 - any other work required relating to specific powers or duties under the Local Government (Northern Ireland) Order 2005 (the Order).
5. Throughout this Statement, the term 'local government body' is used to refer to all local government bodies, which include councils and joint

¹ The Department for Communities

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

committees. In the case of councils, the term covers both the members of the local government body (elected members) and its management (the senior officers). The Local Government Auditor is also the independent external auditor of the financial statements of Northern Ireland Local Government Officers' Superannuation Committee under the 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.

6. A small number of local bodies may fall within the category of 'smaller local government bodies', as defined in the Local Government (Accounts and Audit) Regulations Northern Ireland 2015 and supplemented by relevant directions issued by the Department.

7. The responsibilities of the Local Government Auditor are defined in statute - principally the Order and the Local Government (Northern Ireland) Act 2014(the Act). Nothing in this Statement is intended to limit or extend the statutory responsibilities of the Local Government Auditor or local government bodies. Where legislation or statutory guidance is amended during the period covered by the Code, this Statement will be applied in a manner consistent with those changes. Local government bodies should note that, because the Local Government Auditor must not prejudice his/her independence, the audit role does not include providing financial, performance improvement or legal advice, or consultancy services to a 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.

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. Councils have a general duty to make arrangements to secure continuous improvement in the exercise of their functions and to set improvement objectives for each financial year. Councils are required to gather information to assess improvements in their services and to publish a report annually on their performance against indicators which they have either set themselves or that have been set by departments. The arrangements put in place by councils to meet their performance improvement duties are subject to audit and assessment by the Local Government Auditor.

12. In carrying out the programme of audit work, the Local Government Auditor and his/her support staff³ (collectively referred to as auditors) will:

- plan and perform the audits in accordance with the Code and International Standards on Auditing (UK), applying a risk based and proportionate approach;
- 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;
- provide appropriate and adequate resources and assign responsibilities to staff with the relevant expertise and experience;

³ 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.

and

- give due consideration throughout the audit to Departmental guidance.

13. In meeting their responsibilities, auditors will obtain representations from management (and where appropriate, those charged with governance), both orally and in writing, on specific aspects of the audits.

14. Where private audit firms are appointed to undertake a programme of work (see paragraph 4) or audits on behalf of the Local Government Auditor, they will undertake the detailed work to support the Local Government Auditor's audit opinion. On a day-to-day basis the audit will be managed by the private audit firm, and all audit work will be completed by their staff, under the direction and supervision of the Local Government Auditor/NIAO. The responsibility for the audit opinion remains with the Local Government Auditor.

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 reports its financial performance and position 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 and which includes arrangements for the management of risk;
- it undertakes an adequate and effective internal audit of its accounting records and of its system of risk management, internal control and governance processes using internal auditing standards in force from time to time;
- proper accounting records are maintained;
- accounting practices comply with any relevant regulations and Departmental guidance; and
- its financial statements are prepared and published in accordance with regulations, proper accounting practices and in the form and content directed by the Department.

17. A local government body is also responsible for preparing and publishing with its financial statements, an Annual Governance Statement, in accordance with the Department's Accounts Direction issued for the relevant financial year and consistent with the principles of good governance set out in the CIPFA/SOLACE publications *Delivering Good Governance in Local Government: Framework (2016)* and *Addendum (2025)*.

18. The Local Government Auditor expects that in preparing its financial statements 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, following the Chief Financial Officer's certification, the Statement of Accounts is formally approved by a committee or members of the body and signed by the presiding member, 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, with unrestricted access to documents and information, 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 to answer any queries arising. If information is not provided to this timetable, is provided to an unacceptable standard, or officers are unavailable to answer queries, the NIAO may 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 will conduct their work in accordance with International Standards on Auditing (UK) and have regards to any other applicable guidance or ethical requirements 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 12) and with relevant quality management standards. Their work is risk based and 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 and perform their work to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and exercise professional judgement and scepticism throughout. Reasonable assurance is a high level of assurance but is not a guarantee and because of the inherent limitations of an audit, there is an unavoidable risk that some material misstatements may not be detected.

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, auditors exercise professional scepticism and obtain and document such information and explanations as they consider necessary to enable sufficient, appropriate audit evidence to be obtained. This evidence supports the opinions formed by the Local Government Auditor.

25. To support the Local Government Auditor's opinion on the financial statements (see paragraph 36), auditors evaluate the design and implementation of relevant financial systems and associated internal controls, and where appropriate, test their operational effectiveness. Where significant deficiencies are identified, auditors communicate them to management and those charged with governance in an appropriate form, noting that audit procedures are not designed to identify all weaknesses that may exist.

26. Auditors' work on internal control is undertaken solely to inform the audit of the financial statements. It does not provide assurance on the effectiveness of the audited body's internal control. A financial statements audit provides reasonable, not absolute, assurance and is not designed to identify all matters relevant to the internal control and cannot be relied upon to do so.

27. As part of the audit process, auditors will request from management written representations on matters material to the financial statements, including general representations that management has fulfilled its responsibilities and provided all relevant information, and specific representations where other sufficient, appropriate evidence cannot reasonably be obtained. These representations are set out in a Letter of Representation.

28. Auditors 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 they intend to use specific internal audit work, will evaluate and perform audit procedures on that work to confirm its adequacy for their purposes. Auditors do not use internal auditors to provide direct assistance in the external audit, and using internal audit work may not always be appropriate for the purposes of the audit of the financial statements.

29. For local government bodies who prepare Group accounts⁴, auditors using the work of a component auditor, they will consider how that work affects the audit strategy and plan, evaluate the competence and capabilities of the component auditor, and perform procedures to determine whether the work provides sufficient, appropriate audit evidence for their purposes. NIAO's group engagement team remains responsible for the direction, supervision and review of such work.

30. Where the audit uses information from a management's expert, auditors evaluate the expert's competence, capabilities and objectivity, and the appropriateness of that work as audit evidence for the relevant assertions.

31. Where auditors judge that it is appropriate to use the work of an auditor's expert they will:

- obtain sufficient, appropriate audit evidence that such work is adequate for the purposes of the audit;
- evaluate the professional competence and capabilities of the expert;
- evaluate the objectivity of the expert;
- agree and ensure that the scope of the work of the expert is

⁴ Group accounts are the financial statements of a group in which the assets, liabilities, reserves, income, expenses and cash flows of the parent (reporting authority) and its subsidiaries plus the investments in associates and interests in joint ventures are presented as those of a single economic entity – (*Code of Practice on Local Authority Accounting in the UK 2025/26*)

adequate for their purposes; and

- evaluate the appropriateness of the expert's work as audit evidence for the relevant assertions.

32. Auditors review whether the Annual Governance Statement and Remuneration Report are presented in accordance with relevant requirements and report if they do not meet those requirements or if they are misleading or inconsistent with other information of which they are aware. For the Remuneration Report, auditors also audit the parts specified to be audited and report if these have not been properly prepared. In doing so, auditors take into account their knowledge of the local government body gained through their work on:

- the audit of the financial statements;
- the body's arrangements for securing economy, efficiency and effectiveness in the use of resources; and
- performance improvement work.

33. The Local Government Auditor is not required to consider whether the Annual Governance Statement covers all financial risks and controls, and does not provide a separate opinion on the effectiveness of the local government body's governance, risk management or internal control.

34. The Local Government Auditor reads other information published by the local government body alongside the financial statements and considers whether it is materially inconsistent with the financial statements or with knowledge obtained during the audit. If a material inconsistency or apparent material misstatement of fact is identified and not corrected, the Local Government Auditor reports the matter to those charged with governance and considers the implications for the auditor's report.

35. 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

36. 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 of the financial position of the audited body and its income and expenditure for the year in question; and
- have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other Department direction.



37. The Local Government Auditor may also report on whether other information published together with the audited financial statements, for example, the Narrative Report, is materially consistent with the financial statements and the auditor's knowledge obtained during the audit. In addition, the Local Government Auditor may report the following matters by exception:

- if the Annual Governance Statement does not reflect compliance with the Code of Practice on Local Authority Accounting in the United Kingdom, does not comply with proper practices specified by the Department, or is misleading or inconsistent with other information the Local Government Auditor is aware of from their audit;
- 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;
- declaration that an item of account unlawful under Article 19 of the Order;
- recovery of an amount not accounted for, etc. under Article 20 of the Order; and
- application for judicial review under Article 21 of the Order.

Electronic publication of the financial statements



38. 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 (which includes the opinion) on those financial statements. This responsibility also applies to the presentation of any financial information published in respect of prior periods.

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

40. The examination of the controls over the electronic publication of local government Statement of Accounts is beyond the scope of the audit of the financial statements and the Local Government Auditor cannot 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.

41. In accordance with the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 local government bodies are required to publish on their website their Statement of Accounts, together with any certificate, opinion or report issued by the Local Government Auditor, by 30 September following the end of the financial year. Where the audit has not been concluded by that date, the local government body must publish a notice on its website as soon as reasonably practicable on or after 30 September stating that it has not been able to approve the accounts and explaining the reasons for the delay.

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



42. 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.

43. The local government body is responsible for reporting on these arrangements as part of its Annual Governance Statement.

44. 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 conclude on whether the local government body actually achieved value for money during the reporting period.

45. In planning this work, and throughout the audit, auditors consider and assess the risks, giving particular focus to those that are significant risks, of reaching an inappropriate 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 quantitative and qualitative factors.

46. Auditors take into account their knowledge of the local government sector as a whole, and the local government body specifically, to identify risks that, in the auditor's judgement, could lead to an inappropriate conclusion on the local government body's arrangements.

47. 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. Where reliance is placed on such work, the auditor will evaluate the competence and objectivity of those performing it, the adequacy of scope, and perform procedures to confirm its suitability for the auditor's purposes; and
- any other evidence source that the auditor regards as necessary to facilitate the performance of their statutory duties.

48. 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.

49. 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, governance, or other relevant context.

50. Audit work in relation to the local government body's governance arrangements does not remove the possibility that breaches of proper standards of financial conduct, or fraud and corruption, have occurred and remain undetected. Nor is it auditors' responsibility to prevent or detect such breaches, however, auditors remain alert to the possibility of fraud and to indications of non-compliance with laws or regulations or other impropriety, and act promptly if grounds for suspicion come to their notice.

51. At the conclusion of the audit, the Local Government Auditor provides a conclusion within an Annual Audit Letter as to whether he/she is satisfied that the local government body has (or has not) put in place proper arrangements to secure economy, efficiency and effectiveness in the use of its resources for the relevant financial year.

52. In accordance with s17 of the Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 as soon as reasonably practicable after receipt of the annual audit letter from the Local Government Auditor a local government body must publish the letter on the local government body's website, notify the local government auditor of the date of publication, and make copies available for purchase by any person on payment of a reasonable sum.

Specific powers and duties of the Local Government Auditor



53. 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 to make a written recommendation and designate it for consideration and to be notified of the decisions made and to approve the published summary of those decisions (Articles 12 and 13 of the Order);
- to give interested persons the opportunity to raise questions with the Local Government Auditor about the accounts, and 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 High Court for a declaration that an item of account is unlawful (Article 19 of the Order).
- to consider whether to certify recovery of an amount not accounted for, etc., where loss or deficiency is caused by 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, directed by the Department. (Article 22 of the Order); and
- to certify claims, returns or subsidies as requested (Article 25 of the Order).

54. Fees arising arising from the Local Government Auditor's exercise of these powers and duties are payable by the local government body. In addition, any expenses incurred by the auditor in connection with proceedings are, so far as not recovered from any other source, recoverable from that body.

Reporting the results of financial statements and proper arrangements audit work



55. The Local Government Auditor provides:

- an Audit Strategy/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 presented to the audit committee, summarising the work of the Local Government Auditor;
- an independent auditor's 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.

56. Outputs arising from the exercise of the Local Government Auditor's specific powers and duties (see paragraph 53), the need for which may arise at any point during the audit, are issued by the Local Government Auditor as and when appropriate.

57. 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 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 improvement 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, and how, to accept or implement them.

58. 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. The Local Government Auditor does not accept or assume responsibilities to officers or members in their individual capacities, nor to third parties that choose to place reliance upon auditors' reports. This does not affect the Local Government Auditor's statutory powers in respect of electors' rights.

Other relevant reporting matters under other legislation



59. Other information may be reported to the Local Government Auditor in a specified format to enable him/her to carry out functions outside the Order and the Act where relevant. This can include matters relating to the raising of concerns or to assist other bodies, such as the Northern Ireland Audit Office, in carrying out its functions, such as data matching exercises (conducted under the Audit and Accountability (Northern Ireland) Order 2003, as amended by the Serious Crime Act 2007. Such reporting may arise at any point during the audit process.

60. Whole of Government Accounts (WGA) is a consolidated set of financial statements for the UK public sector, produced by HM Treasury using information provided by designated public bodies. Local government bodies may be designated for WGA purposes and, where designated, are required to provide financial information (in the form and to the timetable specified) to the Department of Finance for onward submission to HM Treasury.

Responsibilities in relation to the improvement audits and assessments



61. Part 12 of the Act sets the statutory framework for continuous improvement in the delivery of council services, in the context of strategic objectives and issues that are important to service users. Councils are under a general duty to make arrangements to secure continuous improvement in the exercise of their functions.

62. 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.

63. 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 during that year to comply with the requirements of Part 12 of the Act. The Local Government Auditor also undertakes 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 during the year, and the extent to which it has acted in accordance with Departmental guidance about those duties.

64. In preparing and operating 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 publication.

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

66. The audit and assessment fee is calculated on the basis that the improvement plan, the self-assessment report, and all supporting documentation are provided in accordance with an agreed timetable and are of an acceptable standard and that the relevant council officers are available to answer any queries arising. If information is not provided to this timetable, or is provided to an unacceptable standard, or officers are unavailable to answer queries the NIAO may incur additional costs in carrying out any extra work that is necessary. These additional costs are borne by the council.

67. In carrying out their responsibilities in relation to the performance improvement framework, auditors must comply with the legislation and the Code and have regard to relevant guidance issued by the Department.

68. 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 council's 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 the requirements of Part 12 of the Act or act in accordance with Departmental guidance about the council's duties

under section 92;

- if appropriate, recommend that the Department should give a direction under section 100 of the Act and, if so, the type of direction; and
- 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.

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

70. In carrying out their work, 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 the Local Government Auditor uses to form his/her conclusions.

71. Auditors 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 councils 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 council, but auditors cannot be expected to identify all weaknesses that may exist.

72. Auditors review whether the improvement plan and self-assessment report have been presented in accordance with relevant requirements and report if they do not meet those requirements. In doing so, auditors take into account their knowledge of the council gained through their work on the audit of the financial statements and through their work on the council's arrangements for securing economy, efficiency and effectiveness in the use of its resources.

Reporting the results of improvement audit and assessment work



73. The Local Government Auditor provides:

- an audit and assessment planning document;
- an annual report (or reports) to the council and the Department under section 95 of the Act, to be sent by 30th November in the financial year during which the audit was carried out or to which the assessment relates, or by such other date as the Department may specify by order;
- a special inspection report (where required); and
- an annual improvement report for each financial year, which summarises or reproduces the section 95 report(s) and (where relevant) any special inspection report which the Local Government Auditor must publish. This is typically published on the NIAO website by 31 March of the following financial year end.

74. 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, the Code, and 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 improvement in the council's performance improvement arrangements that may exist. Councils should assess the Local Government Auditor's conclusions and any recommendations for their wider implications before deciding whether, and how, to accept or implement them.

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

Ad hoc requests for the Local Government Auditor's views



76. There may be occasions when local government bodies 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
- must not act in any way that might fetter their ability to exercise the special powers conferred upon the Local Government Auditor by statute.

77. 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

78. The Local Government Auditor has wide-ranging rights of access to documents and information for the purposes of audit under Article 7 of the Order. These 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 any person holding or accountable for documents relating to the body, such as its partners and contractors. These access rights sit alongside the duty on the local government body to provide the auditor with every facility and all information reasonably required.



79. The Freedom of Information Act 2000 (FOIA) applies to the Northern Ireland Audit Office (which includes the Local Government Audit function undertaken by the Local Government Auditor). Where a local government body receives a Freedom of Information request for information obtained from the Local Government Auditor, it should assess the request under the FOIA and, where disclosure might prejudice the auditor's functions, consult with the Local Government Auditor before deciding to disclose.

Proceeds of Crime reporting

80. Under regulation 103 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (2017 Regulations), certain specified bodies and persons (including the C&AG) must, if they know or suspect or have reasonable grounds for knowing or suspecting that a person is or has engaged in money laundering or terrorist financing, as soon as practicable, inform the National Crime Agency. While the duty rests legally with the C&AG under the 2017 Regulations, NIAO staff (including the Local Government Auditor) provide the mechanism through which the C&AG fulfils this obligation and are required to report suspicions or knowledge of money laundering, internally to the Money Laundering Reporting Officer, who makes the external report to the National Crime Agency.



81. There is an offence under section 342 of the Proceeds of Crime Act 2002 which applies to all persons. This offence occurs where a person knows or suspects that an appropriate officer (such as an officer from the National Crime Agency) is acting (or proposing to act) in connection with a money laundering investigation which is being or about to be conducted, and makes a disclosure which is likely to prejudice the investigation, or falsifies, conceals, destroys or otherwise disposes of, or causes or permits the falsification, concealment, destruction or disposal of, documents which are relevant to the investigation. Accordingly, it is not normal practice to discuss the existence or content of such disclosures with the audited body.

82. Since 2016, councils have agreed to voluntarily report suspected and actual frauds to the Local Government Auditor on the same basis, and through the same proforma used by central government bodies. Informing the auditors or being aware of the auditors' knowledge or suspicion of a fraud, does not absolve the audited body of this responsibility.

The Bribery Act

83. NIAO have implemented procedures to ensure compliance by all staff with obligations under the Bribery Act 2010. These procedures require all staff to report any known or suspected fraud or corruption (including bribery).



Grant claims and returns – certification

84. 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’s Claims & 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 is appropriate, practically and professionally, to expect of the certification process and auditors before agreeing to make certification arrangements.

