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Local Government Audit in Northern Ireland, Scotland and Wales

This briefing is prepared for the Committee for the Environment. It seeks to facilitate the committee's consideration of local government auditors in the United Kingdom devolved administrations, providing comparisons of their roles and responsibilities.

This information is provided to MLAs in support of their Assembly duties and is not intended to address the specific circumstances of any particular individual. It should not be relied upon as professional legal advice or as a substitute for it.

1. Introduction

This briefing compares the roles and responsibilities of local government auditors in Northern Ireland (NI), Scotland and Wales. The first section provides a comparative overview of the roles and responsibilities of each of the heads of local government audit. It also includes the outputs and reports produced by each devolved administration's audit office, with signposts to more detailed information contained later in the paper.

The briefing itself addresses the role of the local government auditor in each region. Each section follows a similar format. Background information on the creation and statutory basis of each audit office is given. This is followed by an explanation of the role of the head of local government audit and ends with a description of the outputs or reports, resulting from the audit work. The paper's conclusion summarises key differences and similarities between the regions.

The term '*local government auditor*' is used throughout this paper to describe the head of audit in each administration. The term '*auditor*' when used on its own, refers to the staff appointed (in most cases by the local government auditor), to carry out the audit work.

1. A comparison of the roles and responsibilities of the local government auditor in NI, Scotland and Wales.

The table below summarises the roles and responsibilities of the head of local government audit in each of the devolved administrations:

Administration	Local Government Auditor	Description of role and responsibilities
NI	Chief Local Government Auditor	<ul style="list-style-type: none"> • Prepare a <i>Code of Audit Practice</i> • Prepare an annual report • Commission reports in the public interest • Sign off audit certificates • Certify claims and returns • Conduct studies for economy, efficiency and effectiveness • Judicial Review <p>(For more detail on specific roles see section 2.2)</p>
Scotland	Controller of Audit/Accounts Commission	<ul style="list-style-type: none"> • Approve a code of audit practice • Appoint auditors of local government bodies • Sign off audit certificates • Promote best value and community planning • Promote performance audits • Negligence and misconduct powers <p>(For more detail on specific roles see sections 3.2 and 3.3)</p>
Wales	Auditor General	<ul style="list-style-type: none"> • Prepare and review the <i>Code of Audit Practice</i> • Appoint auditors of local government bodies • Sign off audit certificates • Extraordinary Audit • Special Inspections • Documents relating to police authorities • Promote or undertake studies for improving economy, efficiency and effectiveness <p>(For more detail on specific roles see section 4.2)</p>

It is the responsibility of all local government auditors to sign off audit certificates. In NI and Wales, heads of audit prepare the *code of audit practice* (the code). In Scotland the code is prepared by Audit Scotland and approved by the Auditor General and the Accounts Commission, not the Controller of Audit. All local government auditors share the responsibility of appointing auditors. However, in Scotland and Wales there appears to be a high level of ‘contracting out’ audit work to staff from private accountancy firms.

The special inspection powers in Wales under Section 21 of the *Local Government (Wales) Measure 2009* are noteworthy, as they allow the Auditor General (AG) to carry out an inspection of a local authority if he is of the opinion that the authority is not

showing significant performance improvements in terms of strategic effectiveness, service quality, efficiency and innovation. Equally noteworthy are the negligence and misconduct powers in Scotland; they allow the Accounts Commission to take action against councillors and council officials where a special report by the Controller of Audit has indicated that their negligence or misconduct has led to the loss or unlawful misappropriation of money.

For information, Annexe 1 presents a summary of the overall public audit structure in United Kingdom (UK), including government departments and National Health Service (NHS) bodies.

1.2 Comparison of the key outputs of local government audit in NI, Scotland and Wales

The table below summarises key reports arising from the audit of local government in the devolved administrations:

Administration	Output/Report
NI	<ul style="list-style-type: none"> • Annual reports • Public interest reports • Studies for improving efficiency and effectiveness <p>(For more detail on specific reports see sections 2.2 and 2.3)</p>
Scotland	<ul style="list-style-type: none"> • Local Government overview reports • Local government national reports • Impact reports • Annual audit reports • Client reports • Performance information • Best value & community planning reports <p>(For more detail on specific reports see section 3.3)</p>
Wales	<ul style="list-style-type: none"> • Annual Improvement reports • Improvement assessments • Local Government studies <p>(For more detail on specific reports see section 4.3)</p>

In NI and Scotland, the local government auditor has a statutory obligation to summarise the findings of all audits in an annual report. In Scotland, *local government overview* reports fulfil this obligation.¹ In NI, the document used to report major findings from the year's local authority audits is called the '*Exercise by Local Government Auditors of their functions*'. To date there is no equivalent statutory obligation, in Wales to produce such an, overarching annual summary of audit findings. Instead, the Welsh *annual improvement reports* are published for each authority. They summarise the

¹ The current local government overview report can be viewed at: http://www.audit-scotland.gov.uk/work/local_national.php?year=2012

work of auditors in relation to arrangements and performance; and they contain the Auditor General's view as to the likelihood that the individual authority will make arrangements to secure continuous improvement.

In NI, only one public interest report has been produced to date - on the sale by Ards Borough Council of a former abattoir site.² Public interest reports in Scotland and Wales are public sector wide and do not focus solely on local authorities or councils. They range from topics as diverse as, maintaining roads, early retirement and pension advice for public sector staff.

The public performance reports in Scotland are noteworthy, as they provide a statistical analysis of topics of interest to the public sector at local authority level. In Wales, the local government studies are largely scrutiny documents related to more detailed public sector wide, value for money reports on a variety of topics.

2 Local government audit in NI

2.1 Background and statutory framework

The statutory responsibilities to regulate the audit of local government bodies in NI rest with the Department of the Environment (DoE). The *Local Government (Northern Ireland) Order 2005 (the 2005 Order)* provides that DoE may, with the consent of the Comptroller and Auditor General (C&AG), designate persons who are members of the Northern Ireland Audit Office (NIAO) as local government auditors. Once designated, local government auditors carry out their statutory and other responsibilities, and exercise their professional judgment, independently of DoE and the C&AG.

2.2 The role of the CLGA

Article 4 of *the 2005 Order* allows DoE, with the consent of the C&AG, to designate a local government auditor as Chief Local Government Auditor (CLGA). The *Audit Accountability (Northern Ireland) Order 2003* established arrangements for the transfer of the CLGA and his staff to the NIAO. Prior to 2003, local government auditors were employed solely by DoE. The rationale of this move was to enhance independence, accountability and career opportunities.³ All public sector audits in the last ten years have been delivered by the NIAO.

² Report can be viewed at:http://www.niauditoffice.gov.uk/index/publications/report_archive_home/reports_archive_2010/report_sale_of_abbat.htm

³ Chief Local Government Auditor. Committee for the Environment briefing. NIA: 9/5/2013.

The table below summarises the roles and responsibilities of the CLGA:⁴

Responsibility	Description of Roles
To prepare and review the Code of Audit Practice (the Code)	The Code prescribes the way in which auditors carry out their functions under article 5 of <i>the 2005 Order</i> . To keep the Code up to date, it must be approved by a resolution of the Assembly at intervals of not more than five years. The Code focuses on ensuring that the audit of the financial statements is conducted in accordance with International Auditing Standards, issued by the Auditing Practices Board. ⁵
Preparation of annual report “The Exercise by Local Government Auditors of their functions”.	The CLGA is required under Article 4(4) of the <i>2005 Order</i> , to prepare an annual report. The report’s main aim is to provide key messages from audits performed during the past year.
Reports in the public interest	Article 9 of the <i>2005 Order</i> requires the CLGA to consider whether, in the public interest, s/he should report on any matter coming to his/her notice during an audit, so it can be considered by the body audited or brought to the attention of the public. ⁶
Sign off audit certificates	CLGA must sign audit certificates to complete each audit. The certificate is addressed to the audited body and a copy of the audited financial statements is passed to DoE. CLGA is responsible for auditing 46 sets of accounts each year from the following public bodies: <ul style="list-style-type: none"> • District Councils; • Joint Committees; and • Other local government bodies, including District Policing Partnerships Local government auditors audit the statement of accounts of these bodies and give their opinion on the following: <i>whether they give a true and fair view of the financial position of the audited body and its expenditure and income for the year in question.⁷ And: whether they have been prepared properly in accordance with the relevant legislation and applicable accounting standards.⁸</i>
Certification of claims and returns	CLGA, under Article 25 of the <i>2005 Order</i> , shall make arrangements for certifying claims and returns in respect of grants or subsidies made or paid by any NI department or public body.
Judicial Review	Article 21 of the <i>2005 Order</i> enables the local government auditor to apply for a Judicial Review in respect to any decision of a local government body or any failure to act that would have an impact or effect on the accounts.

⁴ Table compiled by RaiSe.

⁵ Local Government Financial Audit: http://www.niauditoffice.gov.uk/index/about-niao/financial_audit_local_government.htm

⁶ To date only one Public Interest Report has been produced - on the sale by Ards Borough Council of a former abattoir site. http://www.niauditoffice.gov.uk/index/publications/report_archive_home/reports_archive_2010/report_sale_of_abbat.htm

⁷ Northern Ireland Audit Office. Code of Audit Practice 2011 http://www.niauditoffice.gov.uk/index/publications/local_government_publications/code_of_audit_practice_2011.pdf

⁸ Northern Ireland Audit Office. Statement of responsibilities of local government auditors : http://www.niauditoffice.gov.uk/index/publications/local_government_publications/ni_statement_of_local_government_auditor_responsibilities_june2008.pdf

Objections at audit	Article 18 of the <i>2005 Order</i> provides that, at any audit, “an interested person” ⁹ may make an objection to a local government auditor, provided the auditor has received written notification of the proposed objection and the grounds on which it is to be made.
Studies for improving economy, efficiency and effectiveness	Under Article 26 of the <i>2005 Order</i> the CLGA shall, if required by DoE, commission studies designed to enable him/her to make recommendations for improving economy, efficiency and effectiveness. Reports on absenteeism in NI councils are an example of this type of study. ¹⁰
Declaration that item of account is unlawful	Local government auditors may apply to the High Court if they feel that any item in the accounts is unlawful, except where it is sanctioned by the DoE. If the High Court agrees that the item is unlawful, they can order the person responsible to repay the amount. Where the expenditure is more than £2,000 and the person responsible is a member of the body the High Court can order that that person be disqualified from being elected or from being a member for a specified time.

A summary of the work by auditors supporting the CLGA is supplied in Annexe 2.

2.3 Reporting the results of audit work

Auditor’s must review and report annually on the public body’s corporate performance management and financial management arrangements. The audit role does not include providing financial or legal advice or consultancy to the local government body. The results of audit work are reported in a range of outputs. The Code recommends the use of the following outputs:¹¹

Output	Description
Audit planning documents	Used to explain the auditor’s assessment of risks to the audited body. They should include provision for audited body to demonstrate how they have implemented agreed actions.
Audit reports	Article 10(1) b of the <i>2005 Order</i> requires the auditor to express an opinion on the accounts. The audit report Includes the auditor’s opinion of the financial statements and their opinion as to whether or not the body has put in place proper arrangements for securing economy, efficiency and effectiveness. (Also includes any matter reported in the public interest during the course of the audit).
Reports in the public interest	Article 9 of the <i>2005 Order</i> requires the CLGA to consider whether, in the public interest, they should report on any matter coming to their notice during an audit, which then can be considered by the body audited or brought to the attention of the public.
Audit certificates	Used to certify the completion of each audit. The certificate is addressed to the Audited body and a copy of the audited financial statements is passed to DoE.

⁹ An interested person is defined under Article 18 (4) of the 2005 Order as (a) “ A local elector for the district of the body to which the audit relates; or (b) a person liable for rates in respect of any hereditament situated in that district; or (c) a representative of a person mentioned in sub-paragraph (a) or (b).

¹⁰ Reports on Absenteeism in NI Councils can be found at:

http://www.niauditoffice.gov.uk/index/publications/local_government_publications/other_clga_reports.htm

¹¹ Table compiled by RaiSe

Annual audit letters	Summary of the audit work carried out. Issued by the auditor to the audited body. The letter must be published by the audited body, as required by the <i>Local Government (Accounts and Audit) Regulations (Northern Ireland) 2006</i> .
Annual management letters¹²	Report issued by the auditor to the Chief Financial Officer of the audited body. Includes points to improve that body's management.

More information on Local Government Audit Reports can be found at:

http://www.niauditoffice.gov.uk/index/publications/local_government_publications.htm

3. Local government audit in Scotland

3.1 Background and statutory framework

Accounts Commission

Established in 1975 by *the Local Government (Scotland) Act 1973*, (hereinafter, the *1973 Act*), the 'Accounts Commission' (the Commission), is responsible for the audit of all local authorities and associated bodies in Scotland. The 'Auditor General' (AG) is responsible for the audit of government departments in Scotland. The Commission is independent of local councils and of the Scottish Government. Members are appointed by Scottish Ministers, following an open recruitment under public appointments procedures. By statute there are at least six, and not more than twelve members. The chair and deputy chair are also appointed by Ministers. To maintain the independence of the Commission, Ministers must consult local authority associations before appointing members.

The role of the Controller of Audit

The *1973 Act* also made provision for the post of Controller of Audit. The appointment is by the Commission, after consultation with, and subject to the approval of, Scottish Ministers. The functions of the Controller of Audit is to report to the Commission on: the accounts of local authorities; matters arising from the audits of local authorities; and, the performance by authorities of their best value and community planning duties.

3.2 The role of the Commission

The table below summarises the roles and responsibilities of the Commission:

Responsibility	Description of Roles
To appoint auditors	The Commission can appoint either Audit Scotland or private firms to audit Scotland's 32 councils and 45 joint boards and committees. ¹³

¹² Also referred to as "Reports to those charged with governance".

¹³ *Audit Scotland* was created to support both the Accounts Commission and the Auditor General for Scotland in carrying out their work.

Promote best value and community planning	The concept of Best Value was introduced in <i>the Local Government in Scotland Act 2003</i> (the 2003 Act). It made local authorities have a responsibility to secure best value in service provision. The 2003 Act also extended the Commission's powers to hold hearings and publish findings so that they cover issues relating to Best Value and Community Planning.
Controller of audit reports	The Commission must consider any reports made by the Controller of Audit and can make recommendations to Scottish Ministers and to local authorities.
To promote performance audits	The Commission can undertake and promote performance audits which examine value for money issues across the audited bodies. The Commission can also give direction to local authorities and publish information on performance.
Negligence and misconduct	The Commission can also take action against councillors and council officials where a special report by Controller of Audit has indicated that their negligence or misconduct has led to money being lost or unlawfully misappropriated.

3.3 Reporting the results of audit work

The following table highlights key outputs from local government audits in Scotland:¹⁴

Output	Description	Author
Local Government overview reports	Every year a local government overview is published. Reports draw on recent audit work including the annual audits. The most recent report considers service challenges in 2013 and reviews local government's use of resources in 2012. It is available at: http://www.audit-scotland.gov.uk/docs/local/2013/nr_130328_local_authority_overview.pdf	Accounts Commission Performance Audit and Best Value (PABV) group
Local government national reports	These are reports into subjects that effect local government in Scotland. Topics are varied and are chosen from a rolling programme; these are then followed up as impact reports after a year or so. The most recent national reports are on early retirement in the public sector and Maintaining Scotland's roads. These are both available at: http://www.audit-scotland.gov.uk/work/local_national.php	Accounts Commission Performance Audit and Best Value (PABV) group
Impact reports	Following the publication national reports, auditors assess what impact they have had in helping public bodies improve in the following areas: assurance and accountability; planning and management; economy and efficiency; and, effectiveness and quality. Reports are available at: http://www.audit-scotland.gov.uk/work/local_impact.php	Accounts Commission Performance Audit and Best Value (PABV) group
Annual audit reports	Annual audit of public body. Includes the audit opinion on: financial statements; corporate governance; and best value use of resources. Audit reports are available at: http://www.audit-scotland.gov.uk/work/local_audit.php?year=2011	Audit Scotland's Audit Services Group or private firms
Client reports	In addition to the audit reports, auditors also issue a number of reports each year to the client. These include annual audit plans and reviews of internal controls.	Audit Scotland's Audit Services Group or private firms
Performance information	Performance indicators providing detailed statistics on each council are published each year. Areas include: corporate management and benefits; adult social work; cultural and community services; housing; and, roads and lighting. Reports are available at: http://www.audit-scotland.gov.uk/performance/council/	Audit Scotland
Best value &	These are risk-based audits covering all aspects of performance, including:	Accounts Commission

¹⁴ Table compiled by RaiSe.

community planning	asset management; community engagement; financial management; governance; people management; risk management; and, procurement.	
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4 Local government audit in Wales

4.1 Background and statutory framework

The Wales Audit Office (WAO) was created on 1 April 2005, following the merger of the Audit Commission in Wales and the National Audit Office Wales. In Wales, as in Scotland, local government audits are conducted by WAO staff or private firms of accountants. Auditors are appointed by the Auditor General (AG). Although independent of the AG, they must follow the requirements laid out in his/her Code of Audit Practice. Audit arrangements for local government bodies in Wales derive from Part 2 of the *Public Audit (Wales) Act 2004*, (the *2004 Act*). Local government bodies include councils, local probation boards, national parks, police and rescue authorities.

Local Government (Wales) Measure 2009

The best value regime for audits was replaced in 2002 by the Wales Programme for Improvement (WPI). This regime looked to councils to improve the performance of services and the corporate health of their organisation. The *Local Government (Wales) Measure 2009* significantly reformed WPI.¹⁵ A Welsh improvement authority must make arrangements to secure continuous improvement in the exercise of its functions. Under the legislation, authorities have a duty to make arrangements to secure continuous improvement in the exercise of their functions. Authorities must publish 'Improvement Objectives' annually, which should reflect the following 7 aspects of improvement, as outlined in the Measure:

- Strategic Effectiveness;
- Service Quality
- Service Availability
- Fairness
- Sustainability
- Efficiency
- Innovation

4.2 The role of the AG for Wales

The AG is appointed by the Queen. She/he reports to the National Assembly for Wales, is independent and is held accountable by the Public Accounts Committee of the National Assembly, for the WAO's work and financial management.

¹⁵ Wales Programme for Improvement: <http://www.wlga.gov.uk/wales-programme-for-improvement>

The table below summarises the roles and responsibilities of the AG:

Responsibility	Description of Roles
Audit Accounts of local government bodies	To appoint auditors of local government bodies. Before making an appointment the AG must first consult the audited body. She/he may not appoint himself/herself.
To prepare and keep under review the Code of Audit Practice	Section 16 of the <i>2004 Act</i> empowers the AG to issue a 'Code of Audit Practice' which prescribes the way in which auditors are to carry out their functions.
Extraordinary Audit	The AG may direct an auditor to hold an extraordinary audit of the accounts of a local government body. Welsh Ministers may ask the AG to direct an auditor to hold an extraordinary audit, if they deem it to be in the public interest.
Special Inspections	Under Section 21 of the <i>Local Government (Wales) Measure 2009</i> , the AG may carry out an inspection of a local authority if s/he is of the opinion that the authority is not showing significant performance improvements in terms of strategic effectiveness, service quality, efficiency and innovation.
Documents relating to police authorities	If the AG received a report in the public interest from an auditor relating to a police authority s/he must send a copy to the Secretary of State and the Welsh Ministers.
Studies for improving economy, efficiency and effectiveness	AG must, for each financial year, promote or undertake studies to enable him/her to make recommendations on improving economy, efficiency and effectiveness in local authorities.

4.3 Reporting the results of audit work

The following table highlights key outputs from local government audits in Wales:

Output	Description
Annual Improvement Report	AG publishes an annual, comprehensive report on how each authority is actually performing, showing how its plans for improving are working out in practice. Under the <i>Local Government (Wales) Measure 2009</i> , the AG must report each year on how well Welsh councils, fire and rescue authorities and national parks are planning for improvement and delivering their services.
Improvement assessments	These are letters to the authority regarding their discharge of duties under the <i>Local Government (Wales) Measure 2009</i> .
Local government studies	Produced by the AG they complement the, wider public sector, value for money studies. They look specifically at the preparation of governance statements and the scrutiny arrangements of Value for Money (VFM) studies.

5. Conclusion

Comparisons between administrations are problematic. The organisational structures in each audit office are very different, as is the size and number of councils and local authorities in each jurisdiction. This is particularly well demonstrated by the public audit structure in Scotland. The Accounts Commission, Audit Scotland, Auditor General and the Controller of Audit all carry out different audit roles throughout the Scottish public sector.

It appears that the key roles and responsibilities of the local government auditors are broadly similar in that all sign off audit certificates; all have some form of responsibility towards preparing or reviewing a code of audit practice that prescribes the way in which auditors are to carry out their functions.

Comparing the range of reports published in each jurisdiction is equally challenging. Scotland's output seems impressive when stood next to Wales and NI. Apparently the Wales Audit Office plans two substantial national summary reports for publication this year.¹⁶ Both reports are to address scrutiny arrangements and effectiveness in public authorities. But, it remains to be seen if they will address issues arising from local authority audits, or concentrate on other public sector organisations, such as the Welsh government departments and NHS bodies.

On the surface, NI does not appear to produce many public reports or value for money studies. However, NIAO does provide extensive, in-depth, time-consuming, value for money reports about executive departments and public bodies. At a recent briefing, the CLGA indicated to the Committee for the Environment that NIAO intended to move more into this area in future.¹⁷

The apparent larger output from local government audit offices in Scotland, and to a lesser extent Wales, may be attributable to a number of factors, such as key distinctions relating to: the size and diversity of their local government arrangements; and, the audit offices' prescribed roles and responsibilities. But further comparisons would need to establish whether this is in fact the case. These factors potentially explain the Scottish and Welsh offices' reliance on staff from private sector firms to carry out audit work. If NIAO decide to follow this strategy, or increase recruitment to increase its output, remains to be seen. A watching brief could be kept in this area if requested.

¹⁶ Wales Audit Office email correspondence dated 19 June 2013.

¹⁷ Chief Local Government Auditor. Committee for the Environment briefing. NIA: 9/5/2013.

Annexe1

Public audit structures in the UK¹⁸

UK	Scotland	Wales	Northern Ireland
<p>The Comptroller and Auditor General (C&AG) audits matters reserved to the UK Government, and all other spending by central government departments in England.</p> <p>The C&AG is also responsible for auditing payments of the block grants to the devolved administrations, and direct expenditure by the Scotland Office, Wales Office and Northern Ireland Office. The C&AG is supported by the staff of the National Audit Office. The NAO does not audit local government spending in England, which is done by the Audit Commission.</p> <p>The C&AG reports to the UK Parliament and his work is considered by the Public Accounts Committee.</p>	<p>The Auditor General for Scotland audits or appoints the auditors to the bodies funded by the Scottish Parliament. Audit Scotland provides support to the Auditor General and the Accounts Commission, which is responsible for the auditing of local authorities, fire and police boards.</p> <p>The Auditor General for Scotland reports to the Scottish Parliament and his work is principally considered by the Audit Committee.</p>	<p>The Auditor General for Wales audits the bodies funded by the National Assembly for Wales. The Auditor General for Wales has overall responsibility for audit standards across the public sector in Wales, including audit and value for money studies of NHS bodies and the appointment of auditors to local government and other public bodies in Wales.</p> <p>The Auditor General for Wales is supported by his staff and together they form the Wales Audit Office.</p> <p>The Auditor General for Wales reports to the National Assembly for Wales and his reports are considered primarily by the Assembly's Audit Committee.</p>	<p>The Comptroller and Auditor General for Northern Ireland (NIC&AG) is responsible for the audit of Northern Ireland Departments and their Executive Agencies, NDPBs, health and personal social service bodies and other centrally funded public bodies.</p> <p>The NIC&AG is supported by the staff of the Northern Ireland Audit Office. Certain Northern Ireland Audit Office staff are designated by the Department of the Environment as local government auditors.</p> <p>The NIC&AG reports to the Northern Ireland Assembly and his reports are considered primarily by the Assembly's Public Accounts Committee.</p>

¹⁸ Table supplied by the Scottish Parliament Information Centre (SPICe). 'Public Audit Structures in the UK'. SPICe briefing 10 September 2008: <http://www.scottish.parliament.uk/Research%20briefings%20and%20fact%20sheets/SB08-45.pdf>

Annexe 2

Work by auditors that support the CLGA (processes for auditing accounts in NI)

Review and report on corporate governance

Regulation 2 of the *Local Government (Accounts and Audit) (Amendment) Regulations 2006* placed a formal requirement for local authorities to ensure they have a sound system of internal control. The system of internal control is to be reviewed at least annually. Councils use an annual governance statement to review and approve their internal control systems.¹⁹ Auditors should review and report as appropriate on the organisation's annual governance statement.²⁰ The statement is intended to give the reader a clear understanding of how the accounting officer (of the audited body) has discharged his or her responsibility to manage and control the organisation's resources during the year. It should clearly articulate how well an organisation is managing the risks associated with achievement of its aims and objectives, both in the current year and looking forward. Where there are weaknesses, emphasis should be placed on how these are currently addressed.

The use of resources

Article 6 (1)(d) of the *2005 Order* requires auditors to be satisfied that the audited body has made proper arrangements for securing economy, efficiency and effectiveness in the use of its resources. The 'Code of Audit Practice 2011' gives the following examples for such arrangements:

- Planning finances effectively to deliver strategic priorities
- Reliable and timely financial reporting
- Procuring quality services and supplies that are tailored to local needs
- Procuring quality services and supplies that deliver value for money

¹⁹ Northern Ireland Audit Office: Exercise by local government auditors of their functions: Report by the Chief Local Government Auditor 2011:
http://www.niauditoffice.gov.uk/index/publications/local_government_publications/clga_reports/cheif_lga_report_2011-2.pdf

²⁰ Northern Ireland Audit Office: Code of Audit Practice 2011 :
http://www.niauditoffice.gov.uk/index/publications/local_government_publications/code_of_audit_practice_2011.pdf