



## Northern Ireland Audit Office

Our purpose ...

Promoting better use of public money, through independent professional scrutiny, underpinned by our commitment to:

- Integrity
- Equality
- Openness
- Innovation

To make a difference for the people of Northern Ireland.

The Local Government (Northern Ireland) Order 2005 (the Order) provides that the Department for Communities (DfC) may, with the consent of the Comptroller and Auditor General, designate persons who are members of staff of the Northern Ireland Audit Office (NIAO) as Local Government Auditors. Once designated, auditors carry out their statutory and other responsibilities, and exercise their professional judgement, independently of DfC and the Comptroller and Auditor General.

Louise Mason, Assistant Auditor General is the designated Local Government Auditor.

For further information please contact:

Colette Kane  
Director  
Northern Ireland Audit Office  
106 University Street  
Belfast  
BT7 1EU

Tel: 02890 251064

Email: [Colette.kane@niauditoffice.gsi.gov.uk](mailto:Colette.kane@niauditoffice.gsi.gov.uk)

## CAUSEWAY COAST AND GLENS BOROUGH COUNCIL AUDIT OF 2016-2017 STATEMENT OF ACCOUNTS

### AUDIT STRATEGY

#### Contents

<i>Introduction</i>	<b>1</b>
<i>Our Audit Approach</i>	<b>2</b>
<i>Significant Risks</i>	<b>4</b>
<i>Further matters of interest</i>	<b>6</b>
<i>Audit timetable, staffing and fees</i>	<b>8</b>
<i>Annex 1: Scope of audit, respective responsibilities and other matters</i>	<b>9</b>
<i>Annex 2: NIAO quality standards and independence</i>	<b>13</b>

### 1 Introduction

- 1.1. The Local Government Auditor is the independent external auditor of the financial statements of the Council under the Local Government (Northern Ireland) Order 2005 (the Order). Our audit is designed to allow the Local Government Auditor to give an opinion on whether:
- the financial statements are ‘true and fair’, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting (the Code);
  - the information given in certain sections of the Statement of Accounts is consistent with the financial statements; and
  - a number of further matters on which she reports by exception, including whether or not adequate accounting records have been maintained or if the Annual Governance Statement does not reflect Department for Communities guidance or compliance with the Code.
- 1.2. The purpose of this document is to highlight to the Chief Financial Officer and Audit Committee of the Council:
- how we plan to audit the financial statements for the year ending 31 March 2017 , including how we will be addressing significant risks of material misstatement to transactions and balances;
  - matters of interest and developments in financial reporting and legislation;
  - the planned timetable, fees and audit team; and
  - matters which we are required to communicate to you under International Standards on Auditing (UK and Ireland) (ISAs), including the scope of the audit, our respective responsibilities, and how we maintain independence and objectivity (**Annex 1**).

#### **Actions for those charged with governance**

- 1.3. Those charged with governance are invited to consider and discuss:
- whether our assessment of the potential risks of material misstatement to the financial statements is complete;
  - whether management’s responses to these risks are adequate;
  - our proposed audit plan to address these risks; and
  - whether the financial statements could be materially misstated due to fraud and communicate any areas of concern to management and the audit team.
- 1.4. Those charged with governance, in order to comply with best practice, should also review the accounting policies adopted by the organisation and consider whether they remain appropriate to the organisation’s circumstances and comply with the Code and relevant guidance issued by Department for Communities.

## **2 Our Audit approach**

- 2.1. Our approach to the audit of financial statements uses a range of techniques to obtain audit evidence and assurance and is based on a thorough understanding of the business.
- 2.2. This understanding allows us to develop an audit strategy which focuses on addressing specific risks whilst providing an acceptable level of assurance across the financial statements as a whole.

### ***Outline of our general audit approach***

- 2.3. The NIAO audit approach is risk-based, informed by a good understanding of the operations of the Council and an assessment of the risks associated with the financial statements.
- 2.4. Our initial assessment of the Council's operations and control environment has identified one area of significant risk which requires a specific audit response. This is listed below in section 3. Against this risk we have provided a preliminary audit response. On completion of our audit we will provide a further update on the risk in our Report to those charged with Governance.
- 2.5. For all significant audit areas, we will use a variety of audit techniques, including analytical procedures and sampling of transactions.
- 2.6. We will review other accounting systems and management controls operated by the Council only to the extent we consider necessary for the effective performance of the audit. As a result, our review may not detect all weaknesses that exist or all improvements that could be made. Where we do uncover any significant deficiency weaknesses we will report these to you, with our recommendations for improvements.

### ***Using the work of others***

- 2.7. We continue to liaise closely with Internal Audit and seek to take assurance from their work where their objectives cover areas of joint interest. We also carry out a review of the Internal Audit structure and function in accordance with ISA 610: *Using the work of internal auditors*.
- 2.8. We intend to place reliance on:
  - The work of the actuary in respect of the valuation of the pension liability in the financial statements.
  - Land and Property Services in respect of providing estimations of property values.
  - Civil Engineering Experts and NIEA re the provisions for landfill site closure and aftercare costs.

### ***Materiality***

- 2.9. The concept of materiality recognises that financial statements are rarely absolutely correct, and that an audit is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement.
- 2.10. For the purposes of determining whether the financial statements are free from material misstatement or illegality we consider whether the following would influence the users of the accounts:
  - the magnitude of misstatement; or
  - the nature and cause of misstatements (e.g. because of the sensitivity of specific disclosure or legality requirements).
- 2.11. In line with generally accepted practice, we have set our quantitative materiality threshold as approximately 1.5% of expenditure, which equates to £987k.

- 2.12. Other elements of the financial statements that we consider to be more sensitive to users of the accounts will be assessed using a lower qualitative materiality threshold. These elements include the remuneration report disclosures; expenditure incurred using the general power of competence note; our audit fee and related party transactions.
- 2.13. We apply the concept of materiality in planning and performing our audit and in evaluating the effect of misstatements on our audit and on the financial statements. As the audit progresses our assessment of both quantitative and qualitative materiality may change.

### ***Error Reporting Threshold***

- 2.14. For reporting purposes, we will treat any misstatements below £10,000 as “trivial” and therefore not requiring consideration by the Audit Committee.
- 2.15. Please note that this is a separate threshold to our consideration of materiality as described above. It is materiality, not the error reporting threshold, which is used in forming our audit opinion.

### ***Proper Arrangements***

- 2.18. In addition to the audit of the financial statements, the Local Government Auditor has a duty under the 2005 Order to be satisfied that Councils have made proper arrangements for securing economy, efficiency and effectiveness in its use of its resources.
- 2.19. For 2016-17 we plan to update the Questionnaire that we issued, and Councils completed, in 2016. We will review the questionnaire responses and perform some additional work in area considered to be higher risk. The main financial audit work will also feed into the risk assessment and conclusions of arrangements in place.
- 2.20. Conclusions regarding proper arrangements will be noted in the Annual Audit Letter and any recommendations for improvement will be included in the Report to those Charged with Governance.

### 3 Significant Risks

#### *Risks of material misstatement in the financial statements*

3.1. As part of our work to develop the audit plan, we have identified the following significant risk of material misstatement. A significant risk is an identified and assessed risk of material misstatement that, in the auditor’s judgement, requires special audit consideration.

3.2.

Significant Risk	Audit Response
<p><b>Landfill provision</b> – NIEA have issued compliance notices to the Council, in relation to 2 landfill sites. Factors which contribute to difficulties in calculating accurate landfill, closure and aftercare provisions include:-</p> <ul style="list-style-type: none"> <li>• the ‘dilute and disperse’ nature of these sites.</li> <li>• Land ownership issues in respect of one of the sites.</li> </ul> <p>NIEA has still to confirm whether it is content with the monetary landfill provision estimates for these 2 sites.</p>	<p>We will review the landfill provision workings as part of our audit including any formal communications with NIEA and the land owners.</p>

#### *Presumed Risks*

3.3. Under ISA 240, there is a presumed significant risk of material misstatement owing to fraud arising from management override of controls. We will address this risk through our testing of journals, estimates and through a review of any significant or unusual transactions in the year.

3.4. There is also a presumed risk of fraud in revenue recognition, albeit rebuttable. We will review the areas where we consider there could potentially be a risk of fraud in revenue recognition. This will include identifying which income streams are received in the form of cash, the controls in place over cash and cyclical audit testing of some of the main income areas.

#### *Risks to Proper Arrangements in place to secure economy, efficiency and effectiveness*

3.5. Under the Code of Audit Practice we are also required to perform an initial assessment of significant risks to the conclusion on proper arrangements in place to secure economy efficiency and effectiveness in the use of its resources. Our initial assessment does not indicate any areas of audit risk.

#### **Other risk factors**

3.6. In addition to the significant risk we have identified above, we have also identified a number of other risk factors. The first two risk factors were also issues in the 2015/16 audit. We do not consider these to represent a significant risk of material misstatement in the financial statements but are matters which we will continue to monitor and respond to as appropriate throughout the audit. These areas include:

- **Bank** – At time of audit planning, while the bank is being reconciled each month, unreconciled differences continue to occur. Unreconciled differences may be due to a number of factors including incompleteness of recording on the general ledger or error.
- **Management Accounts** – At time of audit planning only 2 quarter end management accounts have been produced in 16/17. Some issues continue in respect of the correct allocation of costs and overheads and also prepayments are not recognised. Consequently we have only been able to place limited assurance on these accounts, re analytical review. Likewise Council's internal control of monitoring actual v budget spend will not be operating as best as it should be.
- **Income management** – Internal audit reports on cash handling at outstations and debtor management, highlight potential weaknesses re completeness of income, cut off and valuation.

### *Review of risks of material misstatement in the financial statements or arrangements in place*

- 3.6. New risks may arise during the audit that could affect our audit opinion or our conclusions on proper arrangements in place to secure economy efficiency and effectiveness in the use of resources. Therefore we will continue to keep our risk assessment and audit approach under review and we will report any significant changes to the audit work planned to those charged with governance.

### 4 Further matters of interest

- 4.1. The paragraphs below identify some areas impacted by new guidance, or other important matters, that Councils should note for the preparation of the financial statements and facilitating the completion of the audit.

#### *Remuneration Report*

- 4.2. The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 requires large local government bodies to produce a Remuneration Report. Guidance on the format of this report has been issued by the Department in a circular (LG 30/15).
- 4.3. The Remuneration Report contains a link on Councils' websites to information on members' allowances and expenses. The data on members' allowances and expenses should be audited alongside the main Remuneration Report. Therefore the information that is intended to be published on members' allowances and expenses should be submitted to the Local Government Auditor at the same time as the Statement of Accounts.

#### *Statement of Accounts Publication Deadline*

- 4.4. The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 prescribes the statement of accounts timetable and gives a deadline as no later than 30 September for signing, approval and publication of the statement of accounts with the report by the Local Government Auditor. The signed and approved statement of accounts should be sent as soon as possible to NIAO. Once received by NIAO, there are final audit procedures required before they can be presented to the Local Government Auditor for certification. This should be taken into consideration when setting dates for the meetings to consider and approve the statements of accounts.

Where an audit of accounts has not been concluded before the 30 September the Council must publish (which must include publication on the Council's website) as soon as reasonably practicable on or after that date a notice stating that it has not been able to approve the accounts and its reasons for this.

#### *Performance Improvement*

- 4.5. The Local Government (Northern Ireland) Act 2014 prescribes responsibilities for the Local Government Auditor regarding the audit and assessment of performance improvement arrangements in Councils. The scope of this work is communicated to Councils separately in line with the timetable set out in legislation.

#### *Changes to the Code of Practice on Local Authority Accounting*

- 4.6. There is a new requirement to include an Expenditure and Funding Analysis (EFA) in the Narrative Report following the 'Telling the Story' review of the presentation of local authority financial statements. This new analysis compares a council's performance on the basis of expenditure measured under proper accounting practices with statutory defined charges to the General Fund. It aims to distinguish expenditure funded from the collection of rates.
- 4.7. There is also a new reporting format for the Comprehensive Income and Expenditure Statement and the Movement in Reserves outlined in the Code. However, the EFA and new reporting format will not be adopted in Northern Ireland until 2017-18. The Department will issue a Direction in this respect in due course.

- 4.8 We note there is no statutory requirement in respect of the format of the Narrative Report for Northern Ireland Councils although the Department can make directions in this respect. However, we recommend as a matter of good practice that councils consider adopting the approach outlined in the Code for English local authorities and follow the principles in the Financial Reporting Council's (FRC) "Guidance on the Strategic Report". One of the objectives of the guidance is to encourage narrative information in annual reports to be presented in a way that enables bodies to best 'tell their story' while remaining within statutory requirements.
- 4.9 The FRC guidance includes elements prescribed by the Companies Act 2006 for a Strategic Report. This includes a description of the entity's strategy, objectives and business model; an explanation of the main trends and factors affecting the entity; a description of its principal risks and uncertainties; an analysis of the development and performance of the business; and an analysis using key performance indicators. Disclosures about the environment, employees, social, community and human rights issues are also recommended when material.



## **5 Audit timetable, staffing and fees**

### **Timetable and fees**

- 5.1. The Council is required to comply with the legislative timetable for producing and publishing audited financial statements.
- 5.2. Key target dates are:

<b>Event</b>	<b>Date Agreed</b>
Interim audit testing to commence	30 <sup>th</sup> January 2017
Submission of Chief Financial Officer approved accounts	30 <sup>th</sup> June 2017
Appointed date for exercise of rights under Articles 17 & 18 of the 2005 Order	30 <sup>th</sup> August 2017 (see Annex 1 paragraph 5)
Final audit testing to commence	3 <sup>rd</sup> July 2017
Draft Report to those charged with governance	18 <sup>th</sup> September 2017
Audit Committee / Council meeting	TBC
The Council provides signed Financial Statements and Letter of Representation	20 <sup>th</sup> September 2017
Financial Statements to be certified	29 <sup>th</sup> September 2017
Final Report to those charged with Governance issued	27 <sup>th</sup> October 2017
Annual Audit Letter	27 <sup>th</sup> October 2017

- 5.3. The estimated audit fee for the Council account is £60,000.
- 5.4. Completion of our audit in line with the timetable and fee is dependent upon:
- The Council delivering on 30<sup>th</sup> June 2017 a complete Statement of Accounts of sufficient quality that have been subject to appropriate internal review.
  - The Council delivering good quality supporting documentation and evidence, within the agreed timetable; and
  - Appropriate client staff being available during the audit.

### **Staffing**

- 5.5. The following NIAO staff will be involved in the audit:

<b>TITLE</b>	<b>NAME</b>	<b>RESPONSIBILITIES</b>
<b>Assignment Director</b>	Colette Kane	Overall responsibility for the audit
<b>Assignment Manager</b>	Stephen Knox	Day to day responsibility of the audit and the audit team
<b>Lead Auditor</b>	Caroline Laird	Detailed planning, conduct and supervision of the audit testing
<b>Team members</b>	Kristina Lucas Emma Taggart John Heron	Audit testing

### Scope of the audit

1. Our audit of the financial statements will be carried out in accordance with International Standards on Auditing (UK & Ireland) (ISAs) issued by the Auditing Practices Board (APB), taking into account the UK Auditing Practice Board's Practice Note 10 (Revised): *Audit of Financial Statements in Public Sector Bodies in the United Kingdom (Revised)*. These standards represent best practice in auditing and aim to promote uniformity of practice throughout the world, thereby increasing public confidence in the audit process.
2. Our audit procedures are designed primarily to provide an opinion on whether the financial statements provide a true and fair view of the position at 31<sup>st</sup> March 2017 and the activities reported for the year then ended.
3. In addition we have a professional responsibility to report if the financial statements do not comply in any material respect with the Code and the Accounts Direction and other relevant guidance issued by the Department for Communities. We therefore review the quality, effectiveness and transparency of the accounting practices and financial reporting. This includes consideration of the appropriateness of accounting policies, accounting estimates and judgements and the adequacy of disclosures affected by unusual or non-recurring transactions recognised during the period.
4. As part of our audit we will review the information contained in the Narrative Report. Certain information given in the Narrative Report and parts of the Remuneration Report are subject to our audit opinion. Other information in the Narrative Report is reviewed only to the extent that we confirm that it is consistent with the financial statements and our understanding of the business. We also review the overall balance and clarity of information contained in the Narrative Report.
5. The Local Government (Accounts and Audit) Regulations (Northern Ireland) 2015 requires the Council to give notice, by publication on its website, of the date from which the accounts and other documents are available for public inspection and the date from which the exercise of rights under Article 17 and 18 of the Order may be exercised. We will hear and carefully consider representations by, and objections from, interested parties concerning the Council's accounts. In conducting our audit, when appropriate, we will consider the lawfulness of items of account, the conduct of members and officers, instances where it appears a loss may have arisen and our other statutory duties as Local Government Auditor.
6. The Code of Audit Practice issued by the Local Government Auditor extends to not only the audit of financial statements but also to aspects of financial and corporate arrangements to secure the economic, efficient and effective use of resources. The Code can be viewed on the NIAO website ([www.niauditoffice.gov.uk](http://www.niauditoffice.gov.uk)).
7. We will provide the Council with a Report to those Charged with Governance containing observations and recommendations on significant matters that have arisen in the course of the audit. After the completion of the audit we will issue an Annual Audit Letter to the Council.

### Annual Governance Statement

8. We will also review the Annual Governance Statement to ensure it complies with the Code and Department for Communities guidance and that the statement fairly reflects our understanding of the state of internal control systems within the entity during the year.

### Respective Responsibilities in the preparation of the financial statements

9. In line with Auditing Standards we are required to agree the respective responsibilities of the Local Government Auditor, the Council's Chief Financial Officer and the NIAO. These responsibilities are set out in the Statement of Responsibilities of Local Government Auditors

## Annex 1: Scope of the audit, respective responsibilities and other matters

---

and Local Government Bodies issued by the Local Government Auditor. The Statement of Responsibilities can be viewed on the NIAO website ([www.niauditoffice.gov.uk](http://www.niauditoffice.gov.uk)).

10. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

### Preparation of the financial statements

11. The primary responsibility for the preparation of the financial statements and the legality of transactions lies with the Council.
12. The financial statements should be prepared in accordance with the Code of Practice for Local Authority Accounting 2016-17 and the directions issued by the Department for Communities.

### Legal requirements under Accounts and Audit Regulations

13. The main requirements under the Local Government (Accounts and Audit) Regulations (NI) 2015 are included in Guidance issued by the Department for Communities in LG 30/15.

### Supporting Records

14. All relevant general ledger transactions should be processed to allow trial balances to be made available for audit purposes along with the draft financial statements. Amendments made to trial balances after the books are closed and the accounts are submitted for audit should be discussed with NIAO staff and be supported by approvals and other underlying documentation. Further adjustments may be required as a result of our audit findings.
15. We will require access to schedules and documentation which support the figures and disclosures within the financial statements. We expect the draft accounts to have been subject to a thorough review by management before they are submitted for audit.
16. On receipt of the financial statements we will review them and the supporting schedules to ensure they are of sufficient quality for the audit to proceed per the timetable agreed. NIAO produce some checklists for this purpose and recommend it as a useful reference point for management's own review.

### Fraud

17. The primary responsibility for the detection of fraud rests with management. Their role in the detection of fraud is an extension of their role in preventing fraudulent activity. The Chief Financial Officer is responsible for establishing a sound system of internal control designed to support the achievement of Council policies, aims and objectives and to manage the risks facing the organisation; this includes the risk of fraud.
18. Our audit is designed to provide reasonable assurance that the financial statements (as a whole) are free from material misstatement, whether caused by fraud or error. We are not responsible for preventing fraud or corruption, although our audit may serve to act as a deterrent.
19. We are required to make inquiries of those charged with governance in respect of their oversight responsibility for:
  - Management's assessment of the risk that the financial statements may be materially misstated owing to fraud, including the nature, extent and frequency of such assessments;
  - Management's process for identifying and responding to the risks of fraud, including any specific risks of fraud that management has identified or that has been brought to its attention;
  - Management's communication to the Audit Committee (and others charged with governance) on its processes for identifying and responding to the risks of fraud;

## Annex 1: Scope of the audit, respective responsibilities and other matters

---

- Management’s communication, if any, to its employees on its views about business practices and ethical behaviour; and
- Whether management has any knowledge of any actual, suspected or alleged fraud.

### Communication of audit matters

20. ISA 260: *Communication with those charged with governance* provides guidance for communication during the audit cycle.
21. The principles of this ISA are embodied in the NIAO audit approach. These include the provision of this strategy document, wash-up meetings, after audit visits to communicate findings, and the provision of a Report to those Charged with Governance at the completion of the audit setting out observations and recommendations on significant matters which have arisen during the course of the audit.
22. In addition, the ISA states that ‘*the auditor shall communicate with those charged with governance significant difficulties, if any, encountered during the audit*’. Significant difficulties would include delays in management providing required information, the unavailability of expected information and restrictions imposed on the auditor by management. We will consider if any issues we have in performing our audit represents significant difficulties. If we encounter significant difficulties we must report these to those charged with governance, documenting how they have been resolved.
23. ISA 265: *Communicating deficiencies in internal control to those charged with governance and management* places a responsibility on the auditor to communicate appropriately to those charged with governance and management deficiencies in internal control that the auditor has identified in an audit of financial statements. We will report significant deficiencies in writing to those charged with governance and management.

### Whole of Government Accounts

24. The Council has been designated for inclusion in the Whole of Government Accounts (WGA) by DoF under section 15(1) of the Government Resources and Accounts Act (Northern Ireland) 2001. As such, the Council is required to provide a WGA return to DoF as directed.
25. The Council is deemed by DoF to be a ‘WGA Minor Body’ and as such has limited reporting requirements and does not require an audit of the WGA returns. Minor Body status is subject to review each year.

### Personal Data

26. The processing of personal data for audit purposes will be completed in accordance with the requirements of the Data Protection Act 1998. We have procedures in place to ensure that the security of personal data is safeguarded at all stages of the audit process. We will notify you in the Executive Summary of the Report to those charged with Governance of action taken to return, retain or destroy any personal data processed for audit purposes.

### Assembly of certified audit files

27. International Standard on Quality Control (UK and Ireland) 1 (ISQC1): *Quality control for firms that perform audits* provides guidance on the assembly of completed audit files. We are dedicated to achieving quality throughout our audit process. ISQC1 suggests that 60 days is sufficient time to assemble the files and also states that firms should have “policies and procedures designed to maintain the confidentiality, safe custody, integrity, accessibility and retrievability of engagement documentation”.
28. As part of our office procedures we operate a structured approach to storing the completed audit files within 60 days of certification thereby demonstrating compliance with ISQC1 requirements (which are echoed in ISA 230: *Audit documentation*). Therefore we will request that management responses to our Report to those charged with Governance are agreed within 60 days of certification.

### Independence

29. The NIAO complies with relevant ethical requirements regarding independence and has developed important safeguards and procedures in order to ensure our independence and objectivity. These are set out in **Annex 2** below: *NIAO quality standards and independence*. We will reconfirm our independence and objectivity for the year ended 31<sup>st</sup> March 2017 in our Report to those Charged with Governance.

### Audit quality

1. Auditing Standards require that we communicate at least annually with each body we audit on how we maintain our audit quality and our independence.
2. Quality is strongly embedded in the NIAO culture and manifests itself through:
  - Continued Professional Development (CPD) – all professional staff are expected to maintain a level of CPD each year across the range of professional, management and personal effectiveness training and development; and
  - specialist skills – our audit team can call as necessary on the NIAO in-house Audit Policy Branch.
3. We have well established review procedures to ensure that appropriate audit work is undertaken efficiently and in accordance with International Standards on Auditing:
  - all planning decisions and fieldwork are reviewed by NIAO management and directorate;
  - all significant matters are dealt with promptly and will be raised with the Council management as necessary; and
  - progress on the audit is monitored on a continuous basis to ensure that the work is completed efficiently, effectively, to time and within budget. We have well established review procedures to ensure that appropriate audit work is undertaken efficiently and in accordance with International Standards on Auditing.
4. In addition, the NIAO has additional procedures for high risk audits, which include the review of key judgements by an NIAO Director who is fully independent of the audit team.
5. Each year the NIAO executes a programme of post-certification internal Quality Control Reviews. The objective of these reviews is to establish whether sufficient and appropriate evidence has been collected and evaluated and whether the NIAO's financial audits comply with professional standards and internal policies.
6. To seek an external view, the other UK public audit agencies conduct external Quality Control Reviews on a sample of our post-certified audit files. The results of the Quality Control Reviews are regularly brought to the attention of all staff.

### Independence policies and safeguards

7. The NIAO is independent of government and differs from other professional audit bodies in that it has additional public service responsibilities.
8. All public sector bodies are required to observe high standards of probity in the management of their affairs, and the Committee on Standards in Public Life has identified seven key principles which should be followed: selflessness; integrity; objectivity; accountability; openness; honesty; and leadership. The combination of professional ethics and public sector principles therefore places the NIAO in a unique position.
9. These principles underpin the work of the NIAO, in particular:
  - Accountability - everything done by those who work in the NIAO must be able to stand the test of assembly scrutiny, public judgements on propriety, and professional codes of conduct;
  - Probity - there should be an absolute standard of honesty and integrity in handling NIAO work and resources; and
  - Objectivity and Impartiality - The Local Government Auditor a member of the NIAO staff. The head of NIAO is the Comptroller and Auditor General and his independence is

## Annex 2: NIAO quality standards and independence

---

secured in statute. This underlines the need for all NIAO staff to be objective and impartial in our work, including accurate, fair and balanced reporting.

10. We need to apply these values to retain our credibility with the Assembly, local government bodies and other stakeholders in our work and therefore a code of conduct is issued annually for all staff to complete a return confirming that they have complied with its provisions.