

**To:** Audit, Risk and Scrutiny Board

**On:** 21 January 2019

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**Report by:** Director of Finance and Resources

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**Heading:** Audit Scotland Annual Audit Plan 2018/19

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**1. Summary**

- 1.1 Based on their analysis of the risks facing the Council, Audit Scotland have submitted an audit plan which outlines their approach to the audit of the 2018/19 financial statements of the Council and the charities the Council controls in order to assess whether they provide a true and fair view of the financial position of the council, and also whether they have been prepared in accordance with proper accounting practice i.e. the 2018 Code of Practice on Local Authority Accounting in the UK.
- 1.2 The Plan outlines the responsibilities of Audit Scotland and the council; their assessment of key challenges and risks and the approach and timetable for completion of the audit.
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**2. Recommendations**

- 2.1 Members are asked to note the content of the attached reports.
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## Implications of the Report

1. **Financial** – An unqualified audit opinion demonstrates the council has effective systems of internal control in place.
2. **HR & Organisational Development** - None
3. **Community Planning** – None
4. **Legal** - an audit opinion free from qualification demonstrates compliance with the statutory accounting requirements set out in the Local Government (Scotland) Act 1973.
5. **Property/Assets** - None
6. **Information Technology** - None
7. **Equality & Human Rights** - The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** - None
9. **Procurement** – None
10. **Risk** - the audit plan highlights audit issues and risks, and the approach Audit Scotland will adopt in seeking assurance that these risks are being managed.
11. **Privacy Impact** - None
12. **COSLA Policy position** - None

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## List of Background Papers

- (a) None

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**Author:** Alastair MacArthur Ext 7363

# Renfrewshire Council

Annual Audit Plan 2018/19



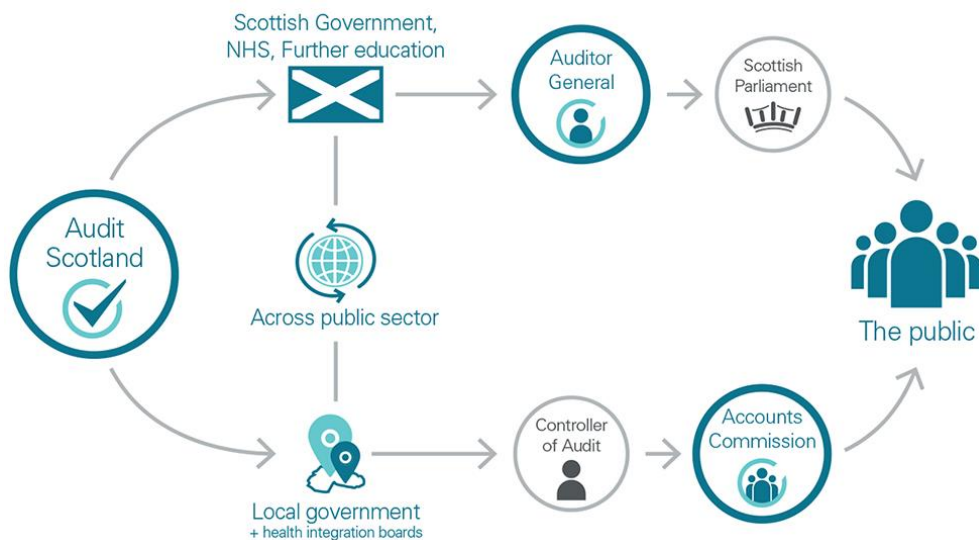
 **AUDIT SCOTLAND**

Prepared for Renfrewshire Council  
21 January 2019

## Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



## About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

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# Risks and planned work

1. This annual audit plan contains an overview of the planned scope and timing of our audit and is carried out in accordance with International Standards on Auditing (ISAs), the [Code of Audit Practice](#), and any other relevant guidance. This plan sets out the work necessary to allow us to provide an independent auditor's report on the financial statements and meet the wider scope requirements of public sector audit including the audit of Best Value.

2. The wider scope of public audit contributes to assessments and conclusions on financial management, financial sustainability, governance and transparency and value for money.

## Adding value


3. We aim to add value to Renfrewshire Council through our external audit work by being constructive and forward looking, by identifying areas for improvement and by recommending and encouraging good practice. In so doing, we intend to help Renfrewshire Council promote improved standards of governance, better management and decision making and more effective use of resources.


## Audit risks

4. Based on our discussions with staff, attendance at Board meetings and a review of supporting information we have identified the following main risk areas for Renfrewshire Council. We have categorised these risks into financial risks and wider dimension risks. The key audit risks, which require specific audit testing, are detailed in [Exhibit 1](#).


## Exhibit 1 2018/19 Key audit risks


 Audit Risk	Management's source of assurance	Planned audit work
<b>Financial statements issues and risks</b>		
<p><b>1 Risk of management override of controls</b></p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls to change the position disclosed in the financial statements.</p>	<p>Owing to the nature of this risk, assurances from management are not applicable in this instance.</p>	<ul style="list-style-type: none"> <li>• Detailed testing of journal entries.</li> <li>• Review of accounting estimates.</li> <li>• Focused testing of accruals and prepayments.</li> <li>• Evaluation of significant transactions that are outside the normal course of business.</li> </ul>
<p><b>2 Risk of fraud over income</b></p> <p>Renfrewshire Council receives a significant amount of income in addition to Scottish Government funding. The extent and complexity of income means that, in accordance</p>	<p>The Council has well-developed processes for the authorisation, workflow and separation of duties in relation to its income streams. Clear</p>	<ul style="list-style-type: none"> <li>• Analytical procedures on income streams.</li> <li>• Detailed testing of revenue transactions focusing on the areas of greatest risk.</li> </ul>

	Audit Risk	Management's source of assurance	Planned audit work
	<p>ISA 240, there is an inherent risk of fraud.</p>	<p>schemes of delegation and authorised signatory databases are regularly updated. Financial systems have workflow authorisation processes in-built to ensure that the risk of fraud is minimised. The audit plan, prepared by internal audit, includes a range of systems testing across income and expenditure processes, with any recommendations then monitored for implementation.</p> <p>The Council has an established Counter-Fraud Team who have been actively raising awareness of both financial and non-financial fraud risks through a series of training events targeted at key personnel.</p>	
3	<p><b>Risk of fraud over expenditure</b></p> <p>Most public-sector bodies are net expenditure bodies and therefore the risk of fraud is more likely to occur in expenditure.</p> <p>The Code of Audit Practice expands the consideration of fraud under ISA 240 to include the risk of fraud over expenditure. This applies to Renfrewshire Council due to the variety and extent of expenditure incurred in delivering services.</p>	As above.	<ul style="list-style-type: none"> <li>Analytical procedures on expenditure streams.</li> <li>Detailed testing of expenditure transactions focusing on the areas of greatest risk.</li> </ul>
4	<p><b>New accounting system</b></p> <p>Renfrewshire Council implemented an enterprise resource planning system (Business World), in October 2018 which combines finance, HR, payroll and procurement into a single integrated application.</p> <p>The implementation of Business World during the 2018/19 financial year means that the annual accounts will be prepared using information recorded both before and after the change in system, under two different control environments.</p> <p>This introduces additional risks:</p>	<p>Robust financial reconciliations were undertaken at the point of financial data migrating from e5 to Business World at the end of September 2018.</p> <p>A Business World implementation team has supported the transition for staff and processes and will likely be in place for several months.</p> <p>Procurement and HR self-service modules are planned to go live in early 2019.</p>	<ul style="list-style-type: none"> <li>Gaining an understanding of Business World by reviewing process maps and through discussions with key officers.</li> <li>Detailed testing of significant transactions processed during the change period and rolled forward balances.</li> <li>Review of account/cost code mapping from legacy system to Business World.</li> </ul>

	Audit Risk	Management's source of assurance	Planned audit work
	<ul style="list-style-type: none"> <li>- The new control environment may be less robust</li> <li>- Data may not be correctly transferred to the new system</li> <li>- Differences in the new system may make accounts preparation more challenging.</li> </ul> <p>The overall impact of the move to Business World is an increased risk of material misstatement in the annual accounts.</p>	<p>The Annual Accounts 2018/19 will be prepared using new and migrated data from Business World.</p> <p>A new Chart of Accounts is in place, which has been clearly mapped from old to new ledger systems.</p>	
5	<b>Estimates and Judgements</b> <p>There is a significant degree of subjectivity in the measurement and valuation of the material account areas of non current assets, pensions and provisions.</p> <p>The council holds a material amount of assets at fair value. The valuations are significant estimates which are based on specialist and management assumptions.</p> <p>The council's net liability relating to the Strathclyde Pension Fund at 31 March 2018 was £160.466 million. This value is an estimate based on a number of assumptions from the pension fund actuary.</p> <p>At 31 March 2018 the council held a provision for doubtful debts of £25.865 million. This provision is based on the assessed likelihood that debts are recoverable.</p> <p>This subjectivity represents an increased risk of material misstatement in the financial statements.</p>	<p>Any significant estimates and judgements are clearly explained in the Notes to the Accounts.</p> <p>Where these are required, they are based on the best information available at the time of the estimate and on both a professional and a prudent approach, either by Council staff, or appointed experts, such as the Pension Fund actuary.</p>	<ul style="list-style-type: none"> <li>• Review the external revaluations performed in the year, assessing whether they have been performed in a reasonable manner, on a timely basis and by suitably qualified individuals.</li> <li>• Review of the pension actuary and the assumptions made in calculating the estimated pension liability.</li> <li>• Review the provision for doubtful debts to assess whether it is reasonable and complete based on the perceived risk that the debt will not be recovered, and in line with historic experience.</li> <li>• For any other areas of estimation and judgement we will carry out focussed substantive testing of provisions and accruals.</li> </ul>
6	<b>Changes to Code of Practice on Local Authority Accounting</b> <p>There are two changes to local government financial reporting requirements that may impact on Renfrewshire Council's annual accounts.</p> <p>IFRS 9 has been adopted, which may impact the accounting treatment for the council's financial assets.</p> <p>Additionally, the Code now states that transactions between different</p>	<p>Finance staff have attended formal training from CIPFA on the implementation of IFRS9 and are working on the resultant accounting changes.</p>	<ul style="list-style-type: none"> <li>• Review of management's assessment of the impact of changes to the Code on Renfrewshire Council</li> <li>• Focussed testing on areas where changes have been processed.</li> </ul>



	Audit Risk	Management's source of assurance	Planned audit work
	<p>council services are not allowed within the Comprehensive Income and Expenditure Statement.</p> <p>Management will need to assess the impact of the above on Renfrewshire Council and make any required changes.</p>		
7	<p><b>Capacity of finance function</b></p> <p>A risk around the capacity of the finance function was raised in our 2017/18 audit plan and we noted in our 2017/18 report that the submission for the Whole of Government Accounts was not received prior to the required deadline.</p> <p>As there have not been significant changes to staffing, and ongoing pressures exist in 2018/19 there remains a risk of issues arising in the preparation and audit of the financial statements.</p>	<p>Resources within the Finance team have been strengthened during the year on both a temporary and permanent basis, however, some staff are still engaged in Business World implementation support.</p> <p>Closedown testing will be undertaken well in advance of year-end to ensure robust processes are in place.</p> <p>The Finance team works to a well-established and closely monitored year-end timetable that ensures all staff are fully informed of their responsibilities and deadlines.</p> <p>There will be closer management of the year-end timetable 2018/19 to measure the impact of Business World on any additional time taken to undertake previously well-established tasks.</p>	<ul style="list-style-type: none"> <li>• Regular meetings with management.</li> <li>• Focussed audit testing on areas where prior year errors were noted.</li> </ul>
<b>Wider dimension issues and risks</b>			
8	<p><b>Financial sustainability</b></p> <p>Renfrewshire Council are currently projecting a net drawdown of reserves of £1.132 million in 2018/19. This requires £10.298 million of savings during the year.</p> <p>Financial pressures are expected to continue in the medium term with the council estimating an annual savings requirement of £15.000 million in 2019/20.</p> <p>Meeting these savings targets is expected to require changes to the way the council delivers services,</p>	<p>The Council has undertaken a programme of significant change in recent years to address the financial constraints faced by local government, with these challenges continuing in the medium term.</p> <p>The Council's debt smoothing strategy has been in place for several years and delivered sustainable savings for the Council over this period, however, as previously reported, the</p>	<ul style="list-style-type: none"> <li>• Review of budget monitoring reports during the year and comment on the financial position within the annual audit report.</li> <li>• Attendance at board meetings</li> <li>• Monitor of performance against savings plans</li> <li>• Monitoring service delivery KPIs</li> <li>• Assessment of savings plan for 2019/20 and beyond</li> </ul>

 Audit Risk	Management's source of assurance	Planned audit work
and there is a risk that this will affect the quality of the services provided.	<p>capacity of the strategy to contribute to savings has naturally reduced, meaning that the Better Council Change Programme and successive change programmes will require to address future funding gaps by considering service redesign and business transformation.</p> <p>Such plans, along with the Council's financial strategies, will be continually reviewed to ensure that financial sustainability is maintained over the medium term.</p>	

Source: Audit Scotland, Renfrewshire Council Management

## Reporting arrangements

**5.** Audit reporting is the visible output for the annual audit. All annual audit plans and the outputs as detailed in [Exhibit 2](#), and any other outputs on matters of public interest will be published on our website: [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).

**6.** Matters arising from our audit will be reported on a timely basis and will include agreed action plans. Draft management reports will be issued to the relevant officer(s) to confirm factual accuracy.

**7.** We will provide an independent auditor's report to Renfrewshire Council and the Accounts Commission setting out our opinions on the annual accounts. We will provide the Accountable Officer and the Accounts Commission with an annual report on the audit containing observations and recommendations on significant matters which have arisen during the audit.

## Exhibit 2 2018/19 Audit outputs

Audit Output	Target date	Audit Committee Date
Annual Audit Plan	14 January 2019	21 January 2019
Annual Audit Report	16 September 2019	23 September 2019
Independent Auditor's Report	16 September 2019	23 September 2019

Source: Audit Scotland

## The audit of trusts and common good funds registered as Scottish charities

**8.** Members of Renfrewshire Council are sole trustees for one trust and three common good funds, registered as Scottish charities, with total assets of some £36.177 million as at 31 March 2018. The preparation and audit of financial statements of registered charities is regulated by the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.

**9.** The 2006 Regulations require charities to prepare annual accounts and require an accompanying auditor's report where any legislation requires an audit. The Local Government (Scotland) Act 1973 specifies the audit requirements for any trust fund where some or all members of a council are the sole trustees. Therefore, a full and separate audit and independent auditor's report is required for each register charity where members of Renfrewshire Council are sole trustees, irrespective of the size of the charity.

### Audit fee

**10.** The proposed audit fee for the 2018/19 audit of Renfrewshire Council, including the Trust Fund and Common Good Funds is £351,500 (2017/18: £345,840). In determining the audit fee we have taken account of the risk exposure of Renfrewshire Council, the planned management assurances in place and the level of reliance we plan to take from the work of internal audit. Our audit approach assumes receipt of the unaudited financial statements, with a complete working papers package on 28 June 2019.

**11.** Where our audit cannot proceed as planned through, for example, late receipt of unaudited financial statements or being unable to take planned reliance from the work of internal audit, a supplementary fee may be levied. An additional fee may also be required in relation to any work or other significant exercises out with our planned audit activity.

## Responsibilities

### Audit, Risk and Scrutiny Board and Accountable Officer

**12.** Audited bodies have the primary responsibility for ensuring the proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety and regularity that enable them to successfully deliver their objectives.

**13.** The audit of the financial statements does not relieve management or the Audit, Risk and Scrutiny Board as those charged with governance, of their responsibilities.

### Appointed auditor

**14.** Our responsibilities as independent auditors are established by the 1973 Act for local government, and the Code of Audit Practice (including supplementary guidance) and guided by the Financial Reporting Council's Ethical Standard.

**15.** Auditors in the public sector give an independent opinion on the financial statements and other information within the financial statements. We also review and report on the arrangements within the audited body to manage its performance, regularity and use of resources. In doing this, we aim to support improvement and accountability.

**16.** Following the retirement of David McConnell in December 2018, the appointed auditor for Renfrewshire Council from January 2019 is John Cornett. John was previously a District Auditor with the Audit Commission and more recently was KPMG's head of local government audit in the Midlands.

# Audit scope and timing

## Financial Statements

**17.** The annual accounts, which include the financial statements, will be the foundation and source for most of the audit work necessary to support our judgements and conclusions. We also consider the wider environment and challenges facing the public sector. Our audit approach includes:

- understanding the business of Renfrewshire Council and the associated risks which could impact on the financial statements
- assessing the key systems of internal control, and establishing how weaknesses in these systems could impact on the financial statements
- identifying major transaction streams, balances and areas of estimation and understanding how Renfrewshire Council will include these in the financial statements
- assessing the risks of material misstatement in the financial statements
- determining the nature, timing and extent of audit procedures necessary to provide us with sufficient audit evidence as to whether the financial statements are free of material misstatement.

**18.** We will give an opinion on whether the financial statements:

- give a true and fair view in accordance with applicable law and the 2018/19 Code of the state of affairs of the council and its group as at 31 March 2019 and of the income and expenditure of the council and its group for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2018/19 Code; and
- have been prepared in accordance with the requirements of the Local Government (Scotland) Act 1973, The Local Authority Accounts (Scotland) Regulations 2014, and the Local Government in Scotland Act 2003.

**19.** We also review and report on other information published within the annual accounts including the management commentary, annual governance statement and the remuneration report. We give an opinion on whether these have been compiled in accordance with the appropriate regulations and frameworks in our independent auditor's report.

**20.** We also read and consider any information in the annual accounts other than the financial statements and audited part of the remuneration report and report any uncorrected material misstatements.

## Materiality

**21.** We apply the concept of materiality in planning and performing the audit. It is used in evaluating the effect of identified misstatements on the audit, and of any uncorrected misstatements, on the financial statements and in forming our opinions in the independent auditor's report.



characteristics



responsibilities



£  
principal activities



risks



governance  
arrangements

**22.** We calculate materiality at different levels as described below. The calculated materiality values for Renfrewshire Council are set out in [Exhibit 3](#).

### Exhibit 3

#### Materiality values

Materiality	Amount
<b>Planning materiality</b> – This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It has been set at 1% of gross expenditure for the year ended 31 March 19 based on the latest budgeted for expenditure for 2018/19. Planning materiality will be updated on receipt of the unaudited annual accounts in June 2019	£7.539 million
<b>Performance materiality</b> – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement, we have calculated performance materiality at 50% of planning materiality.	£3.770 million
<b>Reporting threshold (i.e., clearly trivial)</b> – We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount. This has been calculated at 2.5% of planning materiality.	£0.188 million



Source: Audit Scotland

### Timetable

**23.** To support the efficient use of resources it is critical that a financial statements timetable is agreed with us for the production of the unaudited accounts. An agreed timetable is included at [Exhibit 4](#), which takes account of submission requirements and planned Audit, Risk and Scrutiny Board dates.

### Exhibit 4

#### Annual accounts timetable

 Key stage	 Date
Consideration of unaudited financial statements by those charged with governance	27 June 2019
Latest submission date of unaudited financial statements with complete working papers package	28 June 2019
Latest submission date of unaudited WGA return	19 July 2019
Latest date for final clearance meeting with Accountable Officer	September 2019
Issue of Letter of Representation and proposed independent auditor's report	23 September 2019
Agreement of audited unsigned annual accounts	23 September 2019
Issue of Annual Audit Report including ISA 260 report to those charged with governance	23 September 2019
Independent auditor's report signed	30 September 2019
Latest date for signing of WGA return	30 September 2019

## Internal audit

**24.** Renfrewshire Council's internal audit function is provided in-house and overseen by the Chief Internal Auditor. As part of our planning process we carry out an annual assessment of the internal audit function to ensure that it operates in accordance with Public Sector Internal Audit Standards (PSIAS). We will report any significant findings to management on a timely basis.

### Using the work of internal audit

**25.** Auditing standards require internal and external auditors to work closely together to make best use of available audit resources. We seek to rely on the work of internal audit wherever possible to avoid duplication. We plan to consider the findings of the work of internal audit as part of our planning process to minimise duplication of effort and to ensure the total resource is used efficiently or effectively.

**26.** From our initial review of internal audit plans we plan to place formal reliance on internal audit work in the following area:

- Non Domestic Rates.

## Audit dimensions

**27.** Our audit is based on four audit dimensions that frame the wider scope of public sector audit requirements as shown in [Exhibit 5](#).

### Exhibit 5 Audit dimensions



Source: Code of Audit Practice

**28.** In the local government sector, the appointed auditor's annual conclusions on these four dimensions will help contribute to an overall assessment and assurance on best value.

### Financial sustainability

**29.** As auditors we consider the appropriateness of the use of the going concern basis of accounting as part of the annual audit. We will also comment on the body's financial sustainability in the longer term. We define this as medium term (two to five years) and longer term (longer than five years) sustainability. We will carry out work and conclude on:

- the effectiveness of financial planning in identifying and addressing risks to financial sustainability in the short, medium and long term

- the appropriateness and effectiveness of arrangements in place to address any identified funding gaps

### Financial management

**30.** Financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively. We will review, conclude and report on:

- whether Renfrewshire Council has arrangements in place to ensure systems of internal control are operating effectively
- whether Renfrewshire Council can demonstrate the effectiveness of budgetary control system in communicating accurate and timely financial performance
- how Renfrewshire Council has assured itself that its financial capacity and skills are appropriate
- whether Renfrewshire Council has established appropriate and effective arrangements for the prevention and detection of fraud and corruption.

### Governance and transparency

**31.** Governance and transparency is concerned with the effectiveness of scrutiny and governance arrangements, leadership and decision – making and transparent reporting of financial and performance information. We will review, conclude and report on:

- whether Renfrewshire Council can demonstrate that the governance arrangements in place are appropriate and operating effectively
- whether there is effective scrutiny, challenge and transparency on the decision-making and finance and performance reports
- the quality and timeliness of financial and performance reporting.

### Value for money

**32.** Value for money refers to using resources effectively and continually improving services. We will review, conclude and report on whether:

- Renfrewshire Council can provide evidence that it is demonstrating value for money in the use of its resources
- Renfrewshire Council can demonstrate that there is a clear link between money spent, output and outcomes delivered
- Renfrewshire Council can demonstrate that outcomes are improving
- there is sufficient focus on improvement and the pace of it.

### Best Value

**33.** The Accounts Commission agreed the overall framework for a new approach to auditing Best Value in June 2016. The introduction of the new approach coincided with the new five-year audit appointments. Auditors started using the framework for their audit work from October 2016.

**34.** A key feature of the new approach is that it integrates Best Value into the wider scope annual audit, which will influence audit planning and reporting. Best Value will be assessed comprehensively over the five-year audit appointment, both through the ongoing annual audit work, and through discrete packages of work to look at specific issues. Conclusions and judgements on Best Value will be reported through:



- the Annual Audit Report for each council that will provide a rounded picture of the council overall
- an annual assurance and risks report that the Controller of Audit will provide to the Commission that will highlight issues from across all 32 council annual audit reports
- a Best Value Assurance Report (BVAR) for each council that will be considered by the Accounts Commission at least once in a five-year period.

**35.** The seven councils on which a BVAR will be published during the third year of the new approach are listed in [Exhibit 6](#). Reports will be considered by the Accounts Commission in the period between March and November 2019.

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## Exhibit 6

### 2018/19 Best Value Assurance Reports



North Lanarkshire Council

Highland Council

Stirling Council

Scottish Borders Council

South Lanarkshire Council

Perth and Kinross Council

Midlothian Council

Source: Audit Scotland

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**36.** Renfrewshire Council was one of the six councils considered in the first year of the five year audit cycle, with the Renfrewshire Council BVAR published in August 2017.

**37.** The work planned in Renfrewshire Council this year will focus on the Council's arrangements for demonstrating Best Value in partnership working and empowering communities. The work will be integrated with that described above in these areas. The results of this work will be reported in the Annual Audit Report.

## Independence and objectivity

**38.** Auditors appointed by the Accounts Commission or Auditor General must comply with the Code of Audit Practice and relevant supporting guidance. When auditing the financial statements auditors must also comply with professional standards issued by the Financial Reporting Council and those of the professional accountancy bodies. These standards impose stringent rules to ensure the independence and objectivity of auditors. Audit Scotland has robust arrangements in place to ensure compliance with these standards including an annual "fit and proper" declaration for all members of staff. The arrangements are overseen by the Director of Audit Services, who serves as Audit Scotland's Ethics Partner.

**39.** The engagement lead for Renfrewshire Council is John Cornett, Audit Director. Auditing and ethical standards require the appointed auditor to communicate any relationships that may affect the independence and objectivity of audit staff. We are not aware of any such relationships pertaining to the audit of Renfrewshire Council.

## Quality control

**40.** International Standard on Quality Control (UK and Ireland) 1 (ISQC1) requires that a system of quality control is established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor's report or opinion is appropriate in the circumstances.



**41.** The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing, quality and ethical standards and the Code of Audit Practice (and supporting guidance) issued by Audit Scotland and approved by the Auditor General for Scotland. To ensure that we achieve the required quality standards Audit Scotland conducts peer reviews and internal quality reviews. Additionally, the Institute of Chartered Accountants of Scotland (ICAS) have been commissioned to carry out external quality reviews.

**42.** As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We welcome feedback at any time and this may be directed to the engagement lead.

# Renfrewshire Council

## Annual Audit Plan 2018/19

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk)

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Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN  
T: 0131 625 1500 E: [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk)  
[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)