

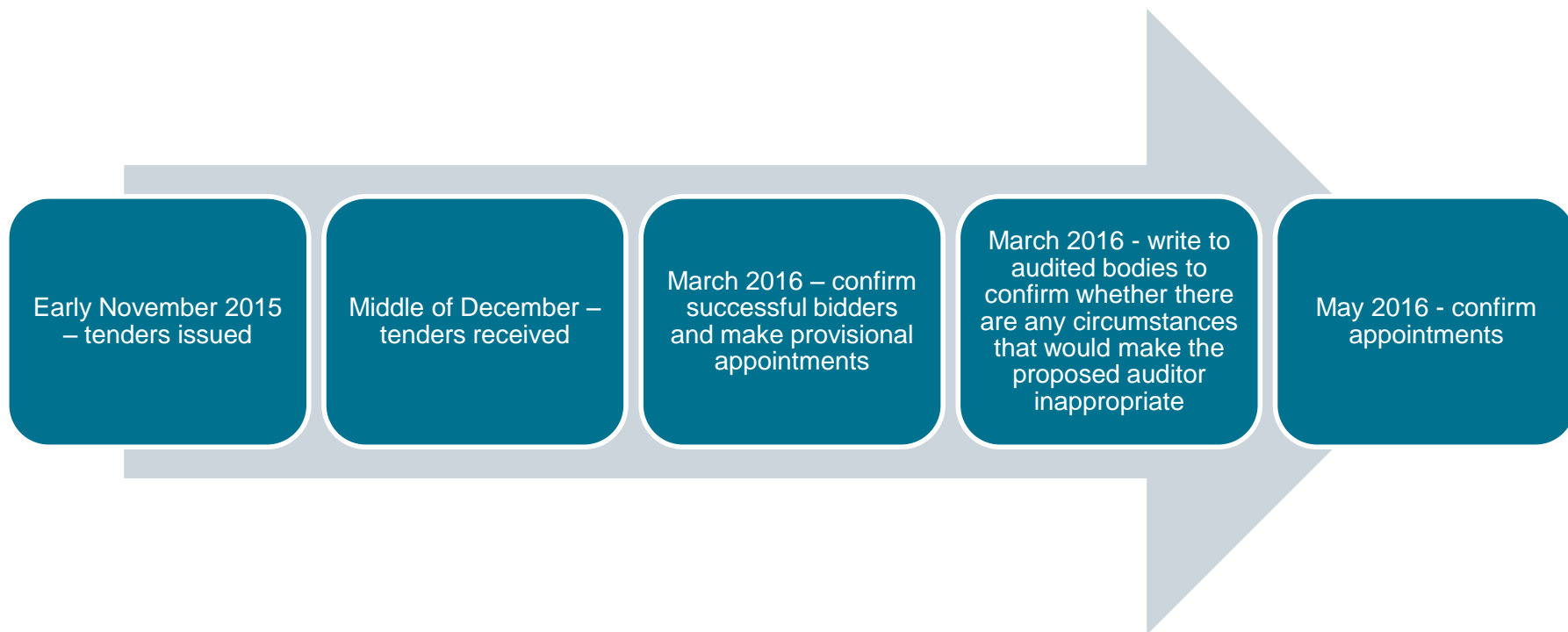
Audit appointments and the role of Audit Scotland

25 January 2015 / Anne McGregor

- The auditors for Renfrewshire Council for financial years 2016/17 to 2020/21 are likely to change from Audit Scotland to a private firm.
- Audit Scotland teams and private firms must follow the same standards and guides, namely: Audit Scotland's Code of Audit Practice, International Standards on Auditing and ethical standards.
- There will be no change until at least autumn of 2016 when the outgoing audit team will meet with the incoming audit team to share information.

- Appointment of auditors to public sector bodies is made by the Accounts Commission or the Auditor General for Scotland.
- Auditors are from Audit Scotland's Audit Services Group (ASG) or from private firms. Audit appointments are made for five years.
- The audit of 2015/16 is the last year of the current audit appointment.
- Audit Scotland's Audit Strategy team is now arranging auditors for the next five years. A mixed market of private firms and Audit Scotland staff will still be used in order to ensure continued comparisons on methodologies and cost and to spread the workload during the final audit periods.
- Audit Scotland will allocate approximately 36-38% by value of the annual audit work for private firms to undertake.
- Renfrewshire Council is currently due to be audited by a private firm; it has been audited by ASG for the previous three audit appointments.

1. Private firms are invited to bid to work in one or more sectors.
2. Firms are appointed for five years. This period balances the added value that bodies should receive from their auditor gaining a thorough understanding of their business and the need to ensure independence and bring a fresh pair of eyes from time to time.
3. Audit Scotland includes price in the evaluation of tenders. Any benefit to Audit Scotland will be pooled centrally and used to reduce total fees across all audited bodies in a sector rather than applied directly to the audited body's fees in order to ensure consistency of fees to audited bodies.
4. Audit Scotland will give audited bodies the opportunity to say if there are any reasons why the auditor we propose should not be appointed before appointments are finalised.



Is the same work carried out?

Audit work on Renfrewshire Council must follow Audit Scotland's Code of Audit Practice (currently being revised) irrespective if the audit is carried out by ASG or by a private firm.

All auditors must follow the same ethical standards and the same international standards on auditing.

Audit Scotland's Audit Strategy team review the reports and quality assurance arrangements of both ASG and private firms.

Renfrewshire Council can provide feedback on auditor team to the engagement lead at any time or through the quality control questionnaires issued bi-annually by Audit Strategy.

- Audit Scotland issues handover arrangements to Audit Services Group and the private firms to ensure that there is good sharing of information and co-operation and to reduce the amount of time spend with officers when starting a new audit.
- The last meeting of the Audit, Scrutiny and Petitions Board that we will attend will be either 19 September or 28 November 2016.
- Members may wish the new auditors to attend a meeting of the Audit, Scrutiny and Petitions Board in late 2016 or early 2017.
- We will keep members up to date on progress over the next six months.

- We still have to carry out the audit of financial year 2015/16 before any changes take place. The audit team will again be led by Brian Howarth and Anne McGregor. Our plan will come to the March meeting of the Audit, Scrutiny and Petitions Board.
- If you have any questions please contact the audit team:
Brian Howarth (assistant director) bhowarth@audit-scotland.gov.uk
Anne McGregor (senior audit manager) amcgregor@audit-scotland.gov.uk
Tel: 07770 858 980 or 0141 618 7258