

East Renfrewshire Council

Annual Audit Plan 2017/18



 AUDIT SCOTLAND

Prepared for East Renfrewshire Council

February 2018

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 identifies our audit work to provide an opinion on the financial statements and related matters and meet the wider scope requirements of public sector audit.

2. The wider scope of public audit contributes to conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability.

Audit risks

3. Based on our discussions with staff, attendance at committee meetings and a review of supporting information we have identified the following main risk areas for East 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

2017/18 Key audit risks

Audit Risk	Source of assurance	Planned audit work
Financial statement issues and risks		
<p>1 Risk of management override of controls</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 in order 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>	<p>Detailed testing of journal entries.</p> <p>Review of accounting estimates.</p> <p>Focused testing of accruals and prepayments.</p> <p>Evaluation of any significant transactions that are outside the normal course of business.</p>
<p>2 Risk of fraud over income</p> <p>East Renfrewshire Council receives a significant amount of income in addition to Scottish Government funding. The extent and complexity of income means that, in accordance with ISA240, there is an inherent risk of fraud.</p>	<p>The Council has specific antifraud and corruption arrangements which are covered in the Code of Conduct and publicised on our intranet and website.</p> <p>A fraud liaison officer is in post and liaises directly with DWP's Fraud and Error Service for Housing Benefit cases.</p> <p>The Council participates in</p>	<p>Analytical procedures on income streams.</p> <p>Detailed testing of revenue transactions focusing on the areas of greatest risk.</p>

Audit Risk	Source of assurance	Planned audit work
	<p>National Fraud Initiative (NFI) exercises; follows up potential matches and reports outcomes to Audit & Scrutiny Committee.</p> <p>Use of Experian for data-matches on Council Tax discounts.</p> <p>There is a HB Fraud Hotline freephone in place and Real Time Information (RTI) income and pension details are checked with HMRC</p> <p>The Revenues Section also employs a range of protections including:</p> <p>Senior authorisation for overpayment refunds.</p> <p>System log-in security to give audit trail of system updates.</p> <p>Sample checking of individual outputs.</p> <p>Procedures in place for enquiries involving friends and family - declaration of interest.</p> <p>Deletion of leavers' system permissions.</p> <p>Annual checks on staff for Council Tax arrears.</p> <p>Debt recovery team check all payroll for larger Council Tax arrears cases annually.</p> <p>Card payment handling awareness training given to all staff taking credit/debit card payments over the telephone.</p> <p>POA established in writing before third party enquiries are handled.</p> <p>Non Domestic Rates administered through Renfrewshire Council and anti fraud procedures incorporated in SLA.</p> <p>Regular bank reconciliations are carried out.</p>	
<p>3 Risk of fraud over expenditure</p> <p>The risk of fraud over income presumed by ISA 240 is expanded to include fraud over expenditure in the public sector by the Code of Audit Practice.</p>	<p>As above.</p> <p>Following the attempted fraud in 2017, staff have been retrained in procedures and the importance of following procedures and adhering to financial controls. Controls</p>	<p>Analytical procedures on expenditure streams.</p> <p>Detailed testing of expenditure transactions focusing on the areas of greatest risk.</p> <p>Walk-through of controls</p>

Audit Risk	Source of assurance	Planned audit work
<p>The risk of fraud over expenditure is also relevant due to the variety and extent of expenditure made by the council in delivering services.</p>	<p>around checking of old and new bank details for suppliers in the event of any change are in place.</p> <p>Various services are also signed up to receive regular NAFN fraud alerts.</p> <p>Various council officers including Creditors Compliance Lead; Internal Audit and Procurement attended Serious & Organised Crime Prevention training run by Scottish Police in November 2017.</p> <p>Regular bank reconciliations are carried out.</p>	<p>identified within key financial systems.</p>
<p>4 Estimation and judgements</p> <p>There is a significant degree of subjectivity in the measurement and valuation of the material account areas of non current assets, pension liabilities and provisions. This subjectivity represents an increased risk of misstatement in the financial statements.</p>	<p>Pension liabilities are calculated by independent actuaries (Hymans Robertson) who provide calculations for all Councils contributing to Strathclyde Pension Fund. Reports with their assumptions are available for review.</p> <p>Valuation of fixed non current assets (property) is undertaken by RICS members who are experienced Chartered Valuation Surveyors and Registered Valuers. Valuations are undertaken in accordance with RICS Red Book and CIPFA guidance and use valuation approaches adopted across the UK public sector. Where methodologies require comparable evidence these are also undertaken in accordance with RICS guidance. Peer reviews are also undertaken. The approach adopted reduces the degree of subjectivity and gives rise to smaller variances than would otherwise occur.</p> <p>There are only two such provisions (Teachers' Maternity Pay and Insurance Excess) in our accounts. Both of these have working papers substantiating their balances.</p>	<p>Completion of 'review of the work of an expert' for the professional actuary, and review of appropriate of actuarial assumptions.</p> <p>Focused substantive testing of key areas of non current assets and of provisions.</p> <p>Sample check accruals and provisions in the 2017/18 financial statements</p>
<p>5 Invoice Processing</p> <p>A number of significant control weaknesses were reported</p>	<p>2 key issues were identified in 2017: a) the temporary setting aside of checks for changes to supplier bank details which led</p>	<p>Completion of review of key controls</p> <p>Focussed review of duplicate</p>

Audit Risk	Source of assurance	Planned audit work
<p>within invoice processing procedures in 2016/17. In addition, Internal Audit has issued a report in October 2017 on creditors which makes a substantial number of recommendations to strengthen controls. There are reputational risks to the council in addition to risks that financial loss may occur and that the financial statements may be mis-stated.</p>	<p>to an attempted fraud; and b) the historical issue of duplicate payments. Actions have been taken on both areas and controls are in place. An update report will be considered by Audit and Scrutiny Committee on 1 March 2018.</p> <p>Staff have been trained that, whilst the ultimate aim is to improve performance, the focus must always be on accuracy and financial control.</p> <p>The detailed Internal Audit action plan on Creditors is on track for completion and all high risk items were complete by December 2017.</p> <p>A Compliance resource has been recruited to focus on procedures, compliance, audit recommendations, testing and training.</p> <p>All payments over £10K are subject to checks by a senior officer and an accountant and a sample of under £10K payments are also checked prior to every payment run.</p> <p>The AP Forensics system is fully functional and being run prior to every payment to identify possible duplicate payments. Staff and auditors have received training on the system.</p> <p>Decision making responsibilities, e.g. for authorisations and change control, has shifted to services rather than being done through the Creditors team.</p>	<p>payments controls and supplier bank details changes.</p> <p>Increased substantive testing of expenditure testing.</p>
<p>6 Early Closure of Accounts</p> <p>The council is currently progressing a timetable to submit the unaudited 2017/18 financial statements to the Audit & Scrutiny Committee in June 2018. This will mean the accounts preparation timetable being brought forward by approximately three weeks. While earlier closure is to be welcomed, there is an increased risk of error due to, for example,</p>	<p>The current timetables are available for review and progress is monitored on a regular basis to ensure the end deadline is met.</p> <p>It is not anticipated that there will be a need to increase the use of estimation techniques.</p>	<p>We will work with the council on ensuring that the new revised timetables and our audit coverage are suitably aligned.</p> <p>Focussed sample check on accruals and areas of estimation in the 2017/18 annual accounts.</p>

Audit Risk	Source of assurance	Planned audit work
<p>the likely greater use of estimation.</p>		
Wider dimension risks		
<p>7 Financial sustainability</p> <p>The council is currently forecasting a funding gap of £26 million over the years 2018/19 to 2020/21. A public consultation on proposals to close this gap was undertaken in October 2017. The last three year budget cycle reported savings of £20.7 million</p> <p>There is a risk that the council is unable to deliver these significant savings over the medium term without adversely affecting the level and quality of service provision.</p>	<p>Funding gap reassessed in light of increased grant settlement.</p> <p>Three year budget approach to continue despite annual grant settlements.</p> <p>Long term Financial Planning document revised and extended to cover next two three year budget periods.</p> <p>Revenue and capital monitoring reports revised in recent years to provide more variance analysis.</p> <p>Review of budgeting undertaken during 2017.</p>	<p>Consideration of the council's longer term financial management arrangements.</p> <p>Monitor the council's financial position both through its revenue budget monitoring reports and longer term financial plans presented to committee.</p>
<p>8 Business Continuity/Disaster recovery</p> <p>The council's new data centre arrangements are now in place, however this means that the current ICT Disaster recovery plan is now substantially out of date and requires to be updated. The council has recognised this and a disaster recovery exercise is planned by the end of March 2018. The outcome of this exercise will be used to inform the Disaster Recovery Plan.</p> <p>The council has recently completed a review of its business continuity plans however these plans still require refining and will need further consideration following the completion of the ICT Disaster Recovery Plan.</p> <p>There is a risk that until the full implementation of the improved disaster recovery processes, the council may suffer a loss of data and potential disruption to services</p>	<p>ICT Disaster Recovery activities continue with a review of existing plans, in advance of planned Data Centre failover rehearsal prior to the end of March 2018. Following this test, a process of continuous improvement and regular rehearsals will be put in place.</p> <p>ICT is also committed to making the ICT Business Relationship Managers available to departments and services to support their Business Continuity planning impact assessment activities.</p> <p>As previously committed, this work is planned to have moved into normal operations by 31st March 2019.</p>	<p>Review of disaster recovery testing and development of Disaster Recovery Plan undertaken.</p> <p>Review of Business Continuity and resilience planning arrangements</p>
<p>9 Information Security Officer and policy</p> <p>The council has experienced difficulties in recruiting an Information Security Officer and</p>	<p>Due to the unexpected withdrawal of the appointed candidate ICT were unable to appoint to the Information Security Officer post on the original timeline. As a result</p>	<p>Review of progress made in filling the current vacant post.</p> <p>Review of the progress made in updating the council's information security policies</p>

Audit Risk	Source of assurance	Planned audit work
<p>the implementation of an updated information security policy has been delayed . The current policy has not been updated since October 2014. There is a risk that if the council's information security policy is not kept current then it will not keep pace with any potential, new or emerging threats.</p>	<p>ICT, in conjunction with HR undertook a further targeted recruitment process using a 3rd Party recruitment agency. This has resulted in further candidates being identified with a fresh appointment expected early April 2018.</p> <p>The previous commitment to publish the revised policies should the appointment not occur has been revisited to ensure the value of this approach. It has been agreed that the publishing for approval will be delayed until the new appointment is made. This does not introduce any additional risk at this stage given the ongoing operational monitoring of policy enforcement and threat intelligence gathering. It is expected that the publication for approval will occur by end June 2018.</p>	
<p>10 Cyber Security and GDPR</p> <p>In the past year, public sector organisations in Scotland were subject to an increasing number of cyber-attacks. Successful cyber attacks can result in significant disruptions to operations, loss of data and reputational damage.</p> <p>In addition, the new General Data Protection Regulation (GDPR) becomes effective from 25 May 2018 and is more extensive in scope than the current requirements of the Data Protection Act. The council is currently in the process of preparing for the implementation of the GDPR Non compliance with the new regulations could result in financial penalties and reputational damage.</p>	<p>The Council has committed to meeting the Scottish Government Cyber Resilience Action Plan and its defined milestones. This will result in additional security accreditation (Cyber Essentials Plus) on top of the existing PSN certification. It is expected that this will be achieved by November 2018.</p> <p>A Cyber Incident Response process is now in place and embedded in the ICT Service. Lessons learned from incidents and external threat intelligence ensure the process is kept current.</p> <p>Full corporate audit of all processes undertaken to establish nature of personal data held, its sources and uses.</p> <p>Action plan produced to address full GDPR compliance by 25th May and work currently ongoing to fulfil its requirements</p> <p>Ongoing liaison with ICO and other authorities through SOLAR GDPR working group</p>	<p>A consideration of East Renfrewshire Council's arrangements in relation to cyber-security.</p> <p>Monitor and assess preparedness for complying with the requirements of the new General Data Protection Regulation.</p>

Audit Risk	Source of assurance	Planned audit work
	<p>to inform practice and address issues of contention/interpretation.</p> <p>Updated training and information cascades produced to enhance staff awareness of changes</p> <p>Identification of required sharing arrangements with 3rd party organisations through audit and creation of GDPR compliant agreements to underpin those arrangements. Will be formalised pre 25th May</p> <p>Appointment of DP Officer by 25 May to ensure compliance with new regime.</p>	

Reporting arrangements

4. 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.

5. 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.

6. We will provide an independent auditor's report to East Renfrewshire Council, and Accounts Commission setting out our opinions on the annual accounts. We will provide the Proper Officer and Accounts Commission with an annual report on the audit containing observations and recommendations on significant matters which have arisen in the course of the audit.

Exhibit 2

2017/18 Audit outputs

Audit Output	Target date	Audit & Scrutiny Committee
Annual Audit Plan	21 February 2018	1 March 2018
Management Report	13 June 2018	21 June 2018
Annual Audit Report	20 September 2018	27 September 2018
Independent Auditor's Report	20 September 2018	Following council meeting on 27 September 2018

Audit fee

7. The agreed audit fee for the 2017/18 audit of East Renfrewshire Council is £221,960 (£221,060 2016/17). The agreed audit fee for the audits of the charitable trusts administered by East Renfrewshire Council is £1,000. In determining the audit fee we have taken account of the risk exposure of East 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 by 30 June 2018.

8. 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 outwith our planned audit activity.

Responsibilities

Audit & Scrutiny Committee and Chief Financial Officer

9. 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.

10. The audit of the financial statements does not relieve management or the Audit and Scrutiny Committee as those charged with governance, of their responsibilities.

Appointed auditor

11. Our responsibilities as independent auditor are established by the 1973 Act for local government, and the Code of Audit Practice (including supplementary guidance) and guided by the auditing profession's ethical guidance.

12. Auditors in the public sector give an independent opinion on the financial statements and other specified information accompanying 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.

Audit scope and timing

Financial statements

13. The statutory financial statements audit will be the foundation and source for the majority 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 East 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 East 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.

14. We will give an opinion on the financial statements as to:

- whether they give a true and fair view in accordance with the applicable law and the 2017/18 Code of the state of affairs of the council and its group as at 31 March 2018 and of the income and expenditure of the council and its group for the year then ended
- whether they have been properly prepared in accordance with IFRSs as adopted by the European union, as interpreted and adapted by the 2017/2018 Code
- whether they 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



Materiality

15. 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 opinion in the auditor's report.

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

Exhibit 3

Materiality values

Materiality level	Amount
Planning materiality – 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 2018 based on the budget for 2017/18.	£3.071 million
Performance materiality – 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.	£1.536 million
Reporting threshold (i.e. clearly trivial) – We are required to report to those charged with governance on all unadjusted misstatements in excess of the 'reporting threshold' amount. This has been calculated at 1% of planning materiality.	£30,000

Source: Audit Scotland

17. We review and report on other information published with the financial statements including the management commentary, annual governance report and the remuneration report. Any issue identified will be reported to the Audit and Scrutiny Committee.

Timetable

18. 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 & Scrutiny Committee dates:

Exhibit 4

Financial statements timetable

 Key stage	 Date
Consideration of unaudited financial statements by those charged with governance	21 June 2018
Latest submission date of unaudited annual accounts with complete working papers package	30 June 2018
Latest date for final clearance meeting with Chief Finance Officer	Early September 2018
Issue of letter of representation and proposed independent auditor's report	Mid September 2018
Agreement of audited unsigned annual accounts	By 30 September
Issue of Annual Audit Report including ISA 260 report to those charged with governance	By 30 September

2018

Independent auditor's report signed	By 30 September 2018
Latest date for signing of WGA return	30 September 2018

Internal audit

19. 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 and as part of our planning process we carry out an assessment of the internal audit function. Internal audit is provided by East Renfrewshire Council staff overseen by the Chief Internal Auditor.

Adequacy of Internal Audit

20. We have carried out an annual assessment of the internal audit function to determine whether it has sound documentation standards and reporting procedures in place and complies with the main requirements of the Public Sector Internal Audit Standards. Our review of the internal audit service is nearing completion and we will report our conclusions separately to management and the Audit & Scrutiny Committee.

Areas of Internal Audit reliance

21. To support our audit opinion on the financial statements we plan to place formal reliance on aspects of the following planned internal audit reviews:

- Creditors
- Cash Income and Banking
- Care first finance system
- Treasury Management

22. In respect of our wider dimension audit responsibilities we also plan to consider other areas of internal audit work including:

- Budgetary Control
- Council Tax - billing and collection
- Housing Benefits/Universal Credit

Audit dimensions

23. 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

24. 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

25. 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 East Renfrewshire Council'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
- whether East Renfrewshire Council can demonstrate the affordability and effectiveness of funding and investment decisions it has made.

Financial management

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

- whether East Renfrewshire Council has established appropriate and effective arrangements for the prevention and detection of fraud and corruption.

Governance and transparency

27. 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 East 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

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

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

Best Value

29. 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 will use the framework for their audit work from October 2016.

30. 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 on – going annual audit work, and also 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.

31. The six councils on which a BVAR will be published during the second year of the new approach are listed in [Exhibit 6](#). Reports will be considered by the Accounts Commission in the period between April 2018 and November 2018.

Exhibit 6

2017/18 Best Value Assurance Reports

East Ayrshire Council	Glasgow City Council
Dumfries and Galloway Council	West Dunbartonshire Council
East Lothian Council	Fife Council

Source: Audit Scotland

32. East Renfrewshire Council was one of the six councils considered in the first year of the five year audit cycle, with the East Renfrewshire Council BVAR published in November 2017.

33. Audit work in this area in 2017/18 will therefore be reduced in comparison to 2016/17, and limited to a follow-up of issues raised and agreed action plan from the 2016/17 BVAR

34. This work is integrated with our wider dimension responsibilities. The outcome of this follow up will inform our strategic plan for 2018/19 and the remaining years of the audit appointment. In addition, we will report on progress of improvement and the pace of change during 2017/18. The results of this work will be reported in the annual audit report.

Housing Benefit performance audits

35. The Accounts Commission has responsibility for the audit of housing benefit services in Scotland and Audit Scotland carries out a programme of performance audit work every year. A risk assessment of the housing benefits functions across all councils is completed and used to identify those councils to be selected for review. It is currently planned to carry out a performance audit of the housing benefits service within East Renfrewshire Council as part of the 2017/18 audit. The outcome of this will be reported in a separate audit report and a summary of the outcome and any significant findings will be included in our annual audit report.

36. The relative performance of all councils' housing benefits services is kept under review throughout the year. This may result in changes to the planned audits for 2017/18. Final confirmation of the planned review will be sent to the council nearer the time of the start of the audit.

Follow up of national audit reports

37. As part of our 2017/18 audit activity we will be considering the local impact of the following national audit reports including:

- Changing models of health and social care (published March 2016)
- Roads maintenance follow-up (published August 2016)
- Social work in Scotland (published September 2016)
- Health and social care integration part 2 (to be published in Autumn 2018)

38. We will include any significant findings from this work in our annual audit report

Independence and objectivity

39. 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 in place robust arrangements 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, Fiona Kordiak who serves as Audit Scotland’s Ethics Partner.

40. The engagement lead for East Renfrewshire Council is David McConnell, Assistant Director Auditing and ethical standards require the appointed auditor Fiona Kordiak, Director of Audit Services 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 East Renfrewshire Council.

Quality control

41. 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.

42. 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 relevant 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, internal quality reviews and is currently reviewing the arrangements for external quality reviews.

43. 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.

Adding Value

44. Through our audit work we aim to add value to the East Renfrewshire Council. We will do this by ensuring our Annual Audit Report provides a summary of the audit work done in the year together with clear judgements and conclusions on how well the East Renfrewshire Council has discharged its responsibilities and how well it has demonstrated the effectiveness of its arrangements. Where it is appropriate we will recommend actions that support continuous improvement and summarise areas of good practice identified from our audit work.

East Renfrewshire Council

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