

Fife Council

Annual Audit Plan 2018/19



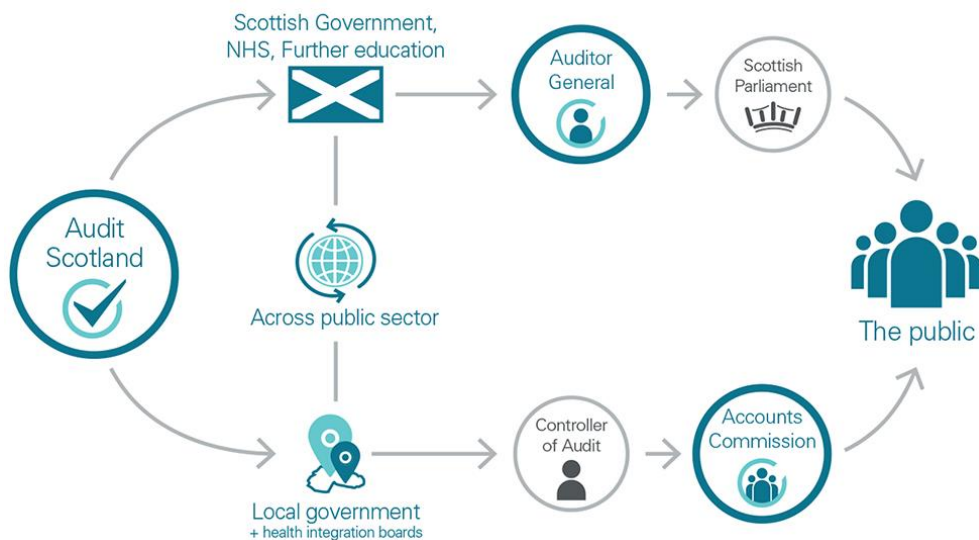
 AUDIT SCOTLAND

Prepared for Fife Council
February 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 Fife 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 Fife 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 committee meetings and a review of supporting information we have identified the following main risk areas for Fife 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	Source of assurance	Planned audit work
Financial statements 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 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"> • Detailed testing of journal entries. • Review of accounting estimates. • Focused testing of accruals and prepayments. • Evaluation of significant transactions that are outside the normal course of business.

 Audit Risk	Source of assurance	Planned audit work
<p>2 Risk of fraud over income</p> <p>Fife Council receives a significant amount of income from several sources including income from fees and charges. The extent and complexity of income means that, in accordance with ISA240, there is an inherent risk of fraud.</p>	<p>Internal controls for key revenue systems are subject to review by Audit and Risk Management Services.</p> <p>Budgetary control by management.</p> <p>A range of measures are in place to prevent and detect fraud, including Standing Financial Instructions, Standing Orders, a Code of Conduct for Staff, a Fraud Prevention and Detection Strategy and a Whistleblowing Guide.</p> <p>Audit and Risk Management Services have a lead role in co-ordinating anti-fraud activities, including investigating all allegations of fraud and where appropriate reporting their findings to the Standards and Audit Committee.</p>	<ul style="list-style-type: none"> • Establish and test the operation of key controls over income systems including care income assessments. • Analytical procedures on income streams. • Detailed substantive testing of revenue transactions focusing on the areas of greatest risk
<p>3 Risk of fraud over expenditure</p> <p>Most public-sector bodies are net expenditure bodies and therefore the risk of fraud is more likely to occur in expenditure. Fife Council incurs significant expenditure in areas such as welfare benefits, social care payments and grants and therefore there is an inherent risk of fraud.</p>	<p>Management have controls in place around expenditure on welfare benefits, social care payments and grants as well as payment of creditors and salaries; this includes the use of duplicate software for creditors and stringent checking, reconciliation and verification reviews around payment of salaries.</p>	<ul style="list-style-type: none"> • Establish and test the operation of key controls over expenditure systems • Detailed substantive testing of expenditure transactions focusing on the areas of greatest risk including social care and housing benefit payments
<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 and pensions. This subjectivity represents an increased risk of misstatement in the financial statements.</p>	<p>The Council has in place sound accounting policies with regard to these areas and complies with all current accounting standards in relation to them.</p> <p>The accounts are prepared by qualified accountants following a robust process and timetable to ensure compliance with the above accounting standards.</p>	<ul style="list-style-type: none"> • Assessment of the scope, independence and competence of the professionals engaged • Substantive testing of journals and disclosures in connection with these estimates • Review of the appropriateness of actuarial results including comparison with other councils. • Assessment of the appropriateness of the actuarial assumptions. • Establish officers' arrangements for assessing the impact of any movement in fund values between the

 Audit Risk	Source of assurance	Planned audit work
		IAS19 valuation date and the year end. <ul style="list-style-type: none"> Review actual experience of significant estimates made at previous year end. Review officers' assessment of other significant accruals and provisions at the year end.
Fife Council Charitable Trusts risks		
5 Inactive trusts Only 6 of the 48 charitable trusts paid out grants in 2017/18 (12 in 2016/17) and there is an on-going risk that trusts not providing a public benefit will fail the Charity test set out in guidance issued by the Office of Scottish Charity Regulator (OSCR). There are several small trusts with similar purposes which could be merged to provide a larger pool of funds and by reducing the number of charitable trusts alleviate this risk.	The issue has been raised with OSCR and action to address the issue agreed. This will include actively promoting the funds to increase the amount spent. Further mergers of trusts can be looked at as part of the solution as resources allow.	<ul style="list-style-type: none"> Review the activity of charitable trusts in the year and report any breaches of the charity test through the annual audit report and to OSCR.
Wider dimension issues and risks		
6 Best Value Assurance Report (BVAR) recommendations The BVAR made a number of recommendations related to the wider dimension risks. These covered areas including: <ul style="list-style-type: none"> identifying neighbourhood plans for priority managing performance against the Plan for Fife developing a range of delivery plans to support the Plan for Fife working with Fife Health & Social Care Partnership (FHSCP) to accelerate redesign of services agreeing roles and responsibilities with FHSCP to ensure governance arrangements support service redesign aligning the aims in the Plan for Fife with service change plans 	The council developed an improvement plan to address the recommendations made by Audit Scotland.	<ul style="list-style-type: none"> Monitoring of progress against agreed best value improvement plan actions. Focused reviews in line with strategic best value audit plan (Exhibit 8)

 Audit Risk	Source of assurance	Planned audit work
<p>7 Financial management and sustainability</p> <p>Current budget monitoring reports project a year end overspend of £4.5 million. This is largely due to overspends on health and social care of £5.6 million. The financial difficulties at the Fife Integration Joint Board (IJB) have been recognised and a three-year recovery plan 2018-20 was agreed by the partners, but to date the recovery plan has not identified where efficiencies can be made and the position has deteriorated further (planned overspend of £4.5 million in 2018/19, projecting £10 million). The council is liable for 28% of the IJB overspend through the risk share agreement with NHS Fife. In addition, the council expects 82% of its planned 2018/19 savings will be achieved this year. The increasing pressures on health and social care and the expected shortfall in planned savings continue to pose a risk to the council's level of uncommitted reserves.</p>	<p>The council continues to have regular liaison with the IJB and NHS Fife and regular dialogue continues to take place at Chief Executive and elected member level to progress the recovery plan.</p> <p>There is regular monitoring of revenue budget and tracking of savings. This is reported to Committee.</p> <p>Services are aware of the savings to be made and are required to make substitute savings if they are unable to achieve their target.</p> <p>Balances are held to assess the financial risks including those associated with non-achievement of savings.</p> <p>Service change plans are in place to address the financial challenges.</p>	<ul style="list-style-type: none"> Review budget monitoring reports and the financial position at the year end. Consider the robustness and completeness of financial monitoring through the year and activities to deliver proposed savings. Assess the impact of 2018/19 financial performance on future financial sustainability including the impact of the risk share arrangements for the FHSCP. Review the reasonableness of assumptions used in long- and medium-term financial planning.
<p>8 EU withdrawal</p> <p>There are considerable uncertainties surrounding the implications of EU withdrawal and public bodies should assess the potential impact on their operations and identify specific issues and planned responses.</p> <p>There is a risk that the council is not prepared for the impact of EU withdrawal on the delivery of services.</p>	<p>A working group has been established to identify specific issues and develop an action plan.</p>	<ul style="list-style-type: none"> Assess how the council has assessed its risks and prepared for EU withdrawal, including the specific work on workforce impact and dependency on key suppliers. Consider how the council responds to any emerging issues after March 2019.
<p>9 Dependency on key suppliers</p> <p>Dependency on a key supplier could expose the council to service delivery issues should the supplier fail. Where a significant supplier dependency exists there should be monitoring and business continuity arrangements to ensure the council is able to respond to significant issues.</p> <p>There is a risk that the council is unable to deliver services if it is not aware of its key supplier dependencies and / or fails to have sufficient business continuity arrangements in place.</p>	<p>Scheme of Tender Procedures in place and officers undertake extensive work at tender and award phases.</p> <p>Contract & Supplier Management (CSM) Supplier Pack which sets out the vision and process of how contracts and suppliers are managed and monitored.</p>	<ul style="list-style-type: none"> Undertake work to establish the extent, value and nature of key supplier dependencies, including considering the councils work planning for EU withdrawal. Where issues are identified consider the robustness of the business monitoring and continuity arrangements in place.

Source: Audit Scotland

Housing Benefit performance audits

5. 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. The structural changes to the social security landscape, both at UK and Scottish level, are presenting significant implications for councils. In this context the Commission is considering a more strategic approach to the housing benefit performance audit from 2019/20. This would change the balance between reports on the risks at individual councils to more cross-cutting thematic reviews that look at risks across councils.

6. The housing benefits audit team will continue to review the relative performance of all councils' housing benefit services throughout the year, and will take a more risk based and proportionate approach to changes in performance at an individual council. Currently there are no plans for audit work at Fife Council. Once finalised, the change in approach will be fully communicated to councils along with planned reviews and timescales.

Reporting arrangements

7. 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.

8. 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.

9. We will provide an independent auditor's report to Fife Council and Accounts Commission setting out our opinions on the annual accounts. We will provide the members of Fife Council and 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	Committee Date
Annual Audit Plan	21 February 2019	28 February 2019
Interim Management Report	21 June 2019	28 June 2019
Annual Audit Report	30th September 2019 (Final)	27th September 2019 (Draft)
Independent Auditor's Report	30th September 2019 (Signed)	27th September 2019 (Proposed)

Source: Audit Scotland

The audit of trusts registered as Scottish charities

10. 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. Members of Fife Council are sole

trustees for 48 trusts, registered as Scottish charities, with total assets of £1.6 million.

11. The 2006 Regulations require charities to prepare annual accounts and require an accompanying auditor's report where any legislation requires an audit. Section 7 (1) of the regulations allows for a single set of accounts to be prepared incorporating all the registered charities and this approach has been applied to the Fife Council charities. We will perform the audit of the council's charitable trusts in parallel with the audit of Fife Council's financial statements.

12. Based on our discussions with staff and initial planning work we have identified a risk relating to inactive trusts and this is included in [Exhibit 1](#).

Audit fee

13. The agreed audit fee for the 2018/19 audit of Fife Council is £513,420 (2017/18 £504,760). In determining the audit fee we have taken account of the risk exposure of Fife 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 annual accounts, with a complete working papers package by 28 June 2018.

14. We also agreed an audit fee of £6,580 (2017/18 £6,475) for the charitable trusts that are detailed at paragraph 10.

15. Where our audit cannot proceed as planned through, for example, late receipt of unaudited annual accounts 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 and this year we have agreed a further fee of £2,300 to certify the Landfill Aftercare Provision which is required every three years by SEPA.

Responsibilities

Standards & Audit Committee and Chief Executive

16. 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.

17. The audit of the financial statements does not relieve management or the Standards & Audit Committee as those charged with governance, of their responsibilities.

Appointed auditor

18. 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.

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

Audit scope and timing

Annual accounts

20. The statutory financial statements audit 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 Fife 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 Fife 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.

21. 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.

Other information in the annual accounts

22. 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.

23. 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

24. 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

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

Exhibit 3 Materiality values

Materiality	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 18 based on the latest audited accounts	£14 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 25% of planning materiality.	£3.5 million
Reporting threshold (i.e., clearly trivial) – 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 1.8% of planning materiality.	£250,000

Source: Audit Scotland

26. We also set separate materiality levels for the Fife Charitable Trusts Account as detailed in [Exhibit 4](#)

Exhibit 4 Charitable Trusts materiality values

Materiality	Amount
Planning materiality – set at 1% of net assets for the year ended 31 March 18 based on the latest audited accounts	£16,500
Performance materiality – using our professional judgement, we have calculated performance materiality at 70% of planning materiality.	£11,500
Transaction performance materiality - This is a separate trigger point for errors identified in Statement of Financial Activities and was calculated at 1% of gross expenditure based on the latest audited accounts x 70%	£200
Reporting threshold This has been calculated at 1% of planning materiality.	£165



Source: Audit Scotland

Timetable

27. To support the efficient use of resources it is critical that the annual accounts timetable is agreed with us to produce the unaudited accounts. We have included an agreed timetable at [Exhibit 5](#).

Exhibit 5

Annual accounts timetable

 Key stage	 Date
Consideration of unaudited annual accounts by those charged with governance	28 June 2019
Latest submission date of unaudited annual accounts with complete working papers package	28 June 2019
Latest date for final clearance meeting with Executive Director Finance and Corporate Services	13 September 2019
Agreement of audited unsigned annual accounts; Issue of draft Annual Audit Report including ISA 260 requirements, draft letter of representation and proposed independent auditor's report	21 September 2019
Meeting of the Standards and Audit Committee to approve the audited annual accounts for signature by the Leaders, Chief Executive and Director of Finance and Corporate Services	27 September 2019 (Proposed)
Independent auditor's report signed	30 September 2019
Latest date for signing of WGA return	30 September 2019

Internal audit

28. Internal audit is provided by Fife Council's Audit and Risk Management Service (ARMS). As part of our planning process we carry out an annual assessment of the internal audit function and have concluded that ARMS, generally, operates in accordance with the Public Sector Internal Audit Standards (PSIAS) and has appropriate documentation standards and reporting procedures in place.

Using the work of internal audit

29. 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. From our initial review of internal audit plans we plan to place formal reliance on the general ledger review.

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

- Risk Management - Children & Families/Justice
- Treasury Management
- Management of IT Security.

Audit dimensions

31. Our audit is based on four audit dimensions that frame the wider scope of public sector audit requirements as shown in [Exhibit 6](#).

Exhibit 6

Audit dimensions



Source: Code of Audit Practice

32. 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

33. 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 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 the council can demonstrate the affordability and effectiveness of funding and investment decisions it has made.

Financial management

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

Governance and transparency

35. 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 the council can demonstrate that the governance arrangements in place are appropriate and operating effectively including services delivered by, or in partnership with, others such as ALEOs.
- 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

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

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

Best Value

37. 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.

38. 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.

39. The seven councils on which a BVAR will be published during the third year of the new approach are listed in [Exhibit 7](#). Reports will be considered by the Accounts Commission in the period between March and November 2019.

Exhibit 7

2018/19 Best Value Assurance Reports



North Lanarkshire Council

Stirling Council

South Lanarkshire Council

Midlothian Council

Highland Council

Scottish Borders Council

Perth and Kinross Council

Source: Audit Scotland

40. The work planned in Fife Council this year will focus on the response to issues identified in the BVAR published in May 2018. The work is integrated with our wider dimension responsibilities and is set out in the strategic plan at [Exhibit 8](#).

Strategic plan for the five-year appointment

41. As part of our responsibility to report on the audit dimensions over the current audit appointment the areas of proposed audit work we have identified are outlined in [Exhibit 8](#). Work scheduled for future years will be subject to annual review.

Exhibit 8

Strategic plan

Dimension	2016/17 to 2017/18	2018/19	2019/20	2020/21
Financial sustainability	Financial planning Demand modelling for long term financial plan Service change plans and transformation	Service redesign with FHSCP (BVAR Follow up). Service change plans and transformation (BVAR Follow up) Demand modelling for long term financial plan.	Financial planning	Change to deliver programme
Financial management	Financial governance and resource management City Deals	Capital programme including slippage	Sickness absence (BVAR Follow up)	Legacy financial system replacements - COMIS

Dimension	2016/17 to 2017/18	2018/19	2019/20	2020/21
Governance and transparency	Governance and accountability (Role of Boards) Council vision and development of the “Plan for Fife” Community engagement / empowerment Operating arrangements of the joint administration and new Committee structure	Governance arrangements with the FHSCP to support service redesign (BVAR Follow up) Plan for Fife aims and service change plans (BVAR Follow up) Neighbourhood plans (BVAR Follow up)		Equalities
Value for money	Performance / outcomes Affordable housing programme Office and depot rationalisation Partnership working Digitisation of services	Managing performance against the Plan for Fife (BVAR Follow up)	Educational attainment (BVAR Follow up)	

Source: Audit Scotland

Independence and objectivity

42. 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.

43. The engagement lead (i.e. appointed auditor) for Fife Council is Brian Howarth, Audit Director and for the charitable trusts is Pearl Tate, Senior Audit Manager. 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 Fife Council.

Quality control

44. 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.

45. 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.

46. 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.

Fife Council

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