

Aberdeenshire Council

Annual Audit Plan 2019/20



 AUDIT SCOTLAND

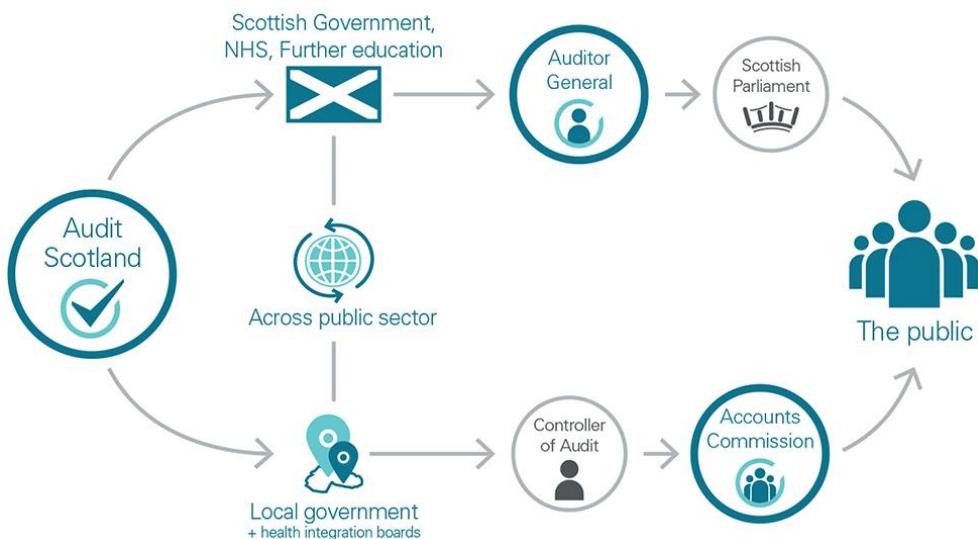
Prepared for Aberdeenshire Council
March 2020



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.

Contents

Risks and planned work	4
Audit scope and timing	10

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 council's annual accounts 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.
3. Where appropriate, this plan also applies to our audit of the council's relevant registered charities. Irrespective of the size of a charity, because of the interaction of section 106 of the Local Government (Scotland) Act 1973 with the Charities Accounts (Scotland) Regulations 2006, a full audit is required of all registered charities where the local authority is the sole trustee.

Adding value

4. We aim to add value to Aberdeenshire 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 the council promote improved standards of governance, better management and decision-making and more effective use of resources.

Audit risks

5. We generally categorise risks into financial statement risks and wider dimension risks. Based on our discussions with staff, attendance at committee meetings and a review of supporting information we have identified the risks in [Exhibit 1](#) as the significant risk areas in 2019/20 for Aberdeenshire Council. They have all been classed as financial statement risks.
6. Our consideration of management sources of assurance and findings from our planned audit work will assist us in reaching conclusions on each of these risk areas.

Charitable Trusts administered by Aberdeenshire Council

7. The Charities Accounts (Scotland) Regulations 2006 specify the accounting and auditing requirements for Scottish registered charities. Irrespective of the size of a charity, because of the interaction of section 106 of the Local Government (Scotland) Act 1973 with the regulations, a full audit is required of all registered charities where the local authority is the sole trustee
8. Aberdeenshire Council amalgamated a number of its smaller charities within a new charity known as Aberdeenshire Charities Trust (ACT2). The net assets of the combined trust are £0.5m. In addition, the council administers Educational Trusts with net assets of £4.1m, and three smaller charitable trusts with combined net assets of £0.1m. We will perform the audit of the charitable trusts in parallel with the audit of the council's annual accounts. Other than a risk of management override of controls and a risk of fraud over income and expenditure ([Exhibit 1](#) Risks 1 and 2) which have also been identified as risks in respect of the council's annual accounts, no specific planning risks were identified in respect of the audits of the charities' accounts.

9. However, we wish to highlight the low level of spend by the charities. While officers have taken steps to promote the funds available in order to increase the level of spend, more needs to be done. The smaller charities have largely not spent at all in recent years. In our view, there is a risk that the charitable aims are not being met and, in some cases, the charities are therefore failing to provide public benefit. As part of our wider responsibilities, this matter may require to be referred to the Scottish Charity Regulator (OSCR).

Exhibit 1

2019/20 Significant audit risks

 Audit Risk	Source of assurance	Planned audit work
Financial statements risks		
1 Management override of controls <p>Auditing Standards require that audits are planned to consider the risk of material misstatement caused by fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls that results in fraudulent financial statements.</p> <p>This risk also applies to the charities. Similar planned work will be carried out.</p>	<ul style="list-style-type: none"> Owing to the nature of this risk, assurances from management are not applicable in this instance. 	<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.
2 Risk of fraud over income and expenditure <p>In addition to Scottish Government funding, the council receives a significant amount of income. The extent and complexity of income means that, in accordance with ISA 240, there is an inherent risk of fraud. Potential areas of concern include council tax, business rates, care income and sundry debtors.</p> <p>Financial Reporting Council Practice Note 10* expands the ISA assumption on fraud over income to aspects of expenditure for public sector bodies which tend to have an overall net expenditure outturn. The council incurs significant expenditure in areas such as welfare benefits, social care payments and grants.</p> <p>Risk of fraud over expenditure also applies to the charities. Similar planned work will be carried out.</p>	<ul style="list-style-type: none"> Schemes of delegation in place No history of significant fraud Appropriate processes for the authorisation, separation of duties and workflow associated with income and expenditure Compliance with procurement regulations Budgetary control arrangements and regular financial monitoring by management and scrutiny by members through cycle of committee reporting Regular review of financial systems and internal controls by internal audit 	<ul style="list-style-type: none"> Analytical procedures on income and expenditure streams Establishing and testing the operation of key controls Detailed testing of revenue transactions focusing on the areas of greatest risk Reviewing the council's work on National Fraud Initiative recommended matches Assessing the overarching controls in grant and welfare schemes including benefit transactions Reliance on the work of internal audit (refer para 29, page 12).

*Practice Note 10 relates to the audit of financial statements of public sector bodies in the UK.

 Audit Risk	Source of assurance	Planned audit work
<p>3 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, pensions and provisions.</p> <p>Planned council actions in 2019/20 include:</p> <ul style="list-style-type: none"> • Revaluation of the school estate which has an existing net book value of £835m • An early close of the financial ledger on 10 April 2020 will require tight management of the year end process, identification of commitments and appropriate processes for estimating accruals. <p>This subjectivity represents an increased risk of misstatement in the financial statements.</p>	<ul style="list-style-type: none"> • Use of clearly defined methodologies and procedures including experts, as appropriate, when making significant estimations and judgements • Management review by qualified finance staff. 	<ul style="list-style-type: none"> • Completion of 'review of the work of an expert' in accordance with ISA 500 for the professional valuer and actuary. This requires assessment of the scope, independence and competence of the professionals engaged • Follow up work in respect of prior year recommendations relating to property valuations • Review council's arrangements for identifying potential provisions and contingent liabilities e.g. its cognisance of case law, national events etc • Review basis and calculation of provisions for bias and subjectivity • Focused substantive testing of key areas for completeness.
<p>4 Manual authorisation of invoices for payment</p> <p>In previous years we identified payment of invoices which are not initiated by an electronic purchase order as an area of audit risk because officers are approving invoices which exceed their approved authorisation limits.</p> <p>The council believes the key control is approval of the purchase order or overall contract commitment. As payments are initiated by invoices, in our opinion, a potential risk of fraud over expenditure remains because of the delay between approving, for example, a contract and authorising individual invoices for expenditure incurred on that contract.</p>	<ul style="list-style-type: none"> • Budgetary control arrangements. 	<ul style="list-style-type: none"> • Focused substantive testing of manually authorised invoices will be extended to provide a sufficient level of assurance on the validity of expenditure • Confirm if there are appropriate arrangements in place to match expenditure against approved commitments.

	Audit Risk	Source of assurance	Planned audit work
	5 Integration Joint Board	<p>Aberdeenshire Integration Joint Board (IJB) is a joint venture between Aberdeenshire Council and NHS Grampian. IJB financial monitoring forecasts an overspend of approximately £5m in respect of 2019/20. The council's share of the potential overspend would be approximately £2m.</p> <p>There are risks that:</p> <ul style="list-style-type: none"> IJB budget overspends will directly impact on the council's budget and, due to the demand led nature of several budget lines, there is a risk of unplanned overspends the council does not have proper arrangements in place to ensure the completeness and correct classification of IJB related transactions in its ledger; there is a risk that income and expenditure is misstated in the council's and IJB's accounts. 	<ul style="list-style-type: none"> The financial ledger coding structure identifies all IJB transactions Regular monitoring of financial information Treatment of over- and underspends set out in the Integration Scheme Council, NHS Grampian and IJB finance staff are liaising to identify options to resolve financial challenges being experienced Subject to the above, early agreement of balances between council and IJB. <ul style="list-style-type: none"> Review the council's arrangements for completeness of the IJB's ledger and transactions Sample test income and expenditure relating to health and social care services provided to the IJB Follow up 2018/19 audit recommendations in respect of the management of the Care First care package system Confirm whether any IJB overspends or underspends are accounted for in accordance with the integration scheme.
Wider dimension risks			
	6 Financial capacity	<p>Following a restructure of the finance team, staff continue to settle into new roles. Two senior accountants will leave the council in June 2020 as part of a voluntary release scheme. Several other posts remain vacant.</p> <p>With a loss of experience and changing roles, there is a risk that the service will experience capacity issues and/or reduced performance.</p>	<ul style="list-style-type: none"> A continuation of experienced colleagues who have demonstrated an ability to focus on a task rather than a role and still produce financial information throughout the year A greater sharing of knowledge and experience between colleagues compared to the more 'service only' approach of previous years A willingness of different colleagues to step up into roles of greater responsibility. <ul style="list-style-type: none"> Ongoing discussion with the finance team as the audit progresses.

Reporting arrangements

10. 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.

Exhibit 2

2019/20 Audit outputs

Audit Output	Target date for consideration by Audit Committee	Final submission date for returns to Audit Scotland
Governance		
Interim Report	2 July 2020	By 30 September 2020
External Audit Outstanding Recommendations / External Audit Progress Report	21 May 2020	N/A
Performance Audit		
National Fraud Initiative – Data Return	N/A	28 February 2020
Overview Report – Data Return 1	N/A	8 May 2020
Overview Report – Data Return 2	N/A	14 August 2020
Fraud Returns	N/A	Quarterly (if applicable)
Financial statements		
Communication of audit matters to those charged with governance - Annual Report on the 2019/20 audit	17 September 2020	By 30 September 2020
Independent auditor's report on the financial statements	17 September 2020	By 30 September 2020
Audit opinion on charitable trusts accounts	17 September 2020	By 30 September 2020
Audit opinion on Whole of Government Accounts	N/A	By 30 September 2020
Grants		
Education Maintenance Allowance	N/A	31 July 2020
Non-Domestic Rates Income return	N/A	4 October 2020
Housing Benefit Subsidy	N/A	30 November 2020

Source: Audit Scotland

11. 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. We will also undertake follow up audit activity to report progress on our recommendations made in previous years.

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

Audit fee

13. The agreed audit fee for the 2019/20 audit of Aberdeenshire Council is £400,480 (2018/19 £393,590). This is split between the council £392,730 (2018/19 £385,840) and the charitable trusts £7,750 (2018/19 £7,750). In determining the audit fee, we have taken account of the council's risk exposure, 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 30 June 2020.

14. 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 outwith our planned audit activity.

Responsibilities

Audit Committee and Section 95 Officer

15. 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.

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

17. The Local Authority Accounts (Scotland) Regulations 2014 (2014 Regulations) set out significant statutory responsibilities for councils and their audit committees in respect of their annual accounts and governance arrangements including:

- a local authority must conduct an annual review of the effectiveness of its internal controls. The findings from such a review must be considered by the audit committee before approving an annual governance statement
- the local authority must assess the efficiency and effectiveness of its internal audit service and the findings should be considered as part of the review of internal controls
- by 31 August, the audit committee should consider the unaudited accounts
- no later than 30 September, the audit committee should aim to consider the audited accounts and approve them for signature. Regulations require signature by the Council's Leader, Chief Executive and Section 95 Officer.

Appointed auditor

18. Our responsibilities as independent auditor are established by the Local Government (Scotland) Act 1973 and the Code of Audit Practice 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, regularity and use of resources. In doing this, we aim to support improvement and accountability.

Audit scope and timing

Financial Statements

20. 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 council's business and 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 the 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 2019/20 Code of Practice on local authority accounting in the UK (the accounting code) of the state of the affairs of the council and its group as at 31 March 2020 and of the income and expenditure of the council and its group for the year then ended
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, as interpreted and adapted by the 2019/20 accounting 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.



Statutory other information in the financial statements

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

23. We also review the content of the annual report for consistency with the financial statements and with our knowledge. We report any uncorrected material misstatements in statutory other information.

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.

25. We calculate materiality at different levels as described below. The calculated materiality values for Aberdeenshire Council and the Charitable Trusts are set out in [Exhibit 3](#). For the Charitable Trusts, different levels of materiality have been set in respect of transactions in the Statement of Financial Activities (i.e. the income and expenditure account) and balances in the Balance Sheet due to the disparity in values between the two.

Exhibit 3

Materiality values – Aberdeenshire Council

Materiality	Amount
Planning materiality – This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. Based on our professional judgement, it has been set at 1.5% of gross expenditure on provision of services as set out in the 2018/19 audited accounts.	£16m
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, performance materiality has been calculated at 75% of planning materiality.	£12m
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 set at 1.5% of planning materiality (and rounded accordingly).	£250,000

Materiality values – Charitable Trusts

Charitable Trust	Planning materiality (Set at 2% of gross income/net assets*)	Performance materiality (Set at 75% of Planning materiality)	Reporting threshold (Set at 5% of planning materiality)
	Transactions / Balances	Transactions / Balances	Transactions / Balances
Aberdeenshire Charities Trust 2	£250 / £10,000	£200 / £7,500	£10 / £500
Aberdeenshire Educational Trust	£5,500/ £82,500	£4,100/ £61,800	£300 / £4,200
Anderson & Woodman Library Trust	£50 / £1,800	£40 / £1,400	£3 / £90
Andrew Cooper History Prize Fund	£20 / £80	£15 / £60	£1 / £5
McDonald Public Park Endowment	£25 / £250	£20/ £180	£1 / £10

* planning materiality has been set at 2% of gross income/net assets for the year ended 31 March 2019 based on the latest audited accounts. Source: Audit Scotland.

Timetable

26. 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 4](#).

Exhibit 4

Annual accounts timetable

 Key stage	 Date
Latest submission date of unaudited annual accounts with complete working papers package	By 30 June 2020
Consideration of unaudited annual accounts by those charged with governance (i.e. the Audit Committee)	2 July 2020
Latest date for final clearance meeting with Head of Finance	w/c 24 August 2020
Agreement of unsigned annual accounts and issue of Annual Audit Report for pre-meeting of the Audit Committee	4 September 2020
Planned approval of audited financial statements for signature, and consideration of Annual Audit Report by those charged with governance (i.e. the Audit Committee)	17 September 2020
Independent auditor's report signed	17 September 2020

Source: Audit Scotland

Internal audit

27. 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 an in-house team overseen by a Chief Internal Auditor.

28. We have carried out an assessment of the internal audit function and confirmed that it complies with the relevant Public Sector Internal Audit Standards (PSIAS) which enables us to take assurance from their documentation and reporting procedures. In addition, the council's independent assessment of the internal audit section, reported in September 2018, confirmed there were no areas of non-conformance against PSIAS.

Using the work of internal audit

29. To support our audit opinion on the financial statements we plan to use the work of internal audit in the following areas:

- Charging Policy
- Commissioned Services
- Licensing Income
- Self-Directed Support
- Collection Offices
- Development Management and Building Standards Income
- Rental income

30.In respect of our wider dimension audit responsibilities we also plan to consider the findings of internal audit work including:

- Code of corporate governance
- Compliance with procurement related legislation and council regulations
- Treasury management.

External auditor assurances for systems and functions provided to other bodies

31.Aberdeenshire Council provides financial services for the following bodies:

- Aberdeenshire Integration Joint Board (social care services)
- Aberdeen City and Shire Strategic Development Planning Authority
- Aberdeenshire Council charities
- North of Scotland Transport Authority (NESTRANS).

32.In order to provide efficiencies and avoid duplication of effort, we provide financial assurances to the external auditors of these bodies. Such assurances generally cover the operation of key financial controls including internal audit, verification of samples of transactions and other relevant functions carried out by the council.

33.In addition, Aberdeenshire Council is a scheduled body of North East Scotland Pension Fund. We therefore also provide assurances to the external auditor of the pension fund in respect of the completeness and accuracy of the council's employee and employer pension contributions and its arrangements for making remittances to the pension fund.

Audit dimensions

34.Our audit is based on four audit dimensions that frame the wider scope of public sector audit requirements as shown in [**Exhibit 5**](#). As part of the 2019/20 audit, follow up wider dimension audit activity will also be carried out to report progress on previous year recommendations. These referred to the council's scrutiny arrangements, the effectiveness of the audit committee, the steps required to integrate financial and workforce planning with the council plan; and a review of the council's openness and transparency arrangements.

35.In the local government sector, the appointed auditor's annual conclusions on these four dimensions, including follow up audit activity, will help contribute to an overall assessment on best value.

Exhibit 5

Audit dimensions



Source: Code of Audit Practice

Financial sustainability

36. 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

37. 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
- can demonstrate the effectiveness of its budgetary control system in communicating accurate and timely financial performance
- has assured itself that its financial capacity and skills are appropriate
- has effective arrangements for the prevention and detection of fraud and corruption including the council's approach to managing the risk of procurement fraud e.g. effective declaration of gifts and hospitality, appropriate training and awareness, and protection for whistle blowers

Governance and transparency

38. 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
- there is effective scrutiny, challenge and transparency on decision-making and finance and performance reports
- there is quality and timely financial and performance reporting
- there are robust arrangements in place to support the annual governance statement.

Value for money

39. Value for money refers to using resources effectively and continually improving services. We will review, conclude and report on whether the council can demonstrate:

- value for money in the use of its resources
- that there is a clear link between money spent, output and outcomes delivered
- effective action to improve outcomes
- there is sufficient focus on improvement and the pace of change.

Best Value

40. 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 five-year audit appointments from October 2016.

41. 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 with conclusions and judgements being reported through:

- the local auditor's Annual Audit Report which will provide a rounded picture of the council overall
- an annual assurance and risks report that the Controller of Audit will provide to the Accounts 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.

42. The seven councils for which a BVAR will be published, during the fourth year of the new approach, are listed in [Exhibit 6](#). Reports will be considered by the Accounts Commission in the period between April and November 2020.

Exhibit 6

2019/20 Best Value Assurance Reports

	Aberdeenshire Council	Falkirk Council
	Argyll and Bute Council	Moray Council
	City of Edinburgh Council	North Ayrshire Council
	Dundee Council	

Source: Audit Scotland

43. The scope of Aberdeenshire's BVAR was agreed in January 2020 following roundtable discussions involving an integrated Audit Scotland team including representatives from our Performance Audit and Best Value Group and Audit Services Group (local audit). We also liaised with scrutiny partners through the Local Area Network (LAN) and we will continue to engage with LAN members throughout the period of the Best Value review.

44. Aberdeenshire's BVAR will be considered by the Accounts Commission on 8 October 2020 and published later that month. The following matters will be considered as part of the review:

- How effectively the council's area structure and locality planning arrangements support the delivery of its priorities, especially in rural and remote communities
- How well sustainable services are being developed in collaboration with partners to meet the needs of residents and to support the local economy, including: the Integration Joint Board, the City Region Deal and the Northern Alliance
- How community engagement and empowerment influence the council's activities and delivery of services
- To what extent the council's procurement policies and practices support sustainability
- How effectively the council uses workforce planning to support the delivery of its priorities
- The council's approach to continuous improvement, including how the council uses self-evaluation and scrutiny to drive improvement
- Progress against key judgements in the 2008 Best Value report and progress report of 2013.

Independence and objectivity

45. Auditors appointed by the Accounts Commission 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.

46. The engagement lead (appointed auditor) for Aberdeenshire Council is Gillian Woolman, Audit Director while Anne MacDonald, Senior Audit Manager, is the engagement lead for the council's charitable trusts. 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 audits of the council or its charitable trusts.

Quality control

47. 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.

48. 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 Accounts Commission. 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.

49. Each year, Audit Scotland publishes an Audit Quality report which summarises the results of the above audit quality activity carried out on audit work delivered by Audit Scotland and the appointed firms.

50. 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.

Audit team

51. The local audit team will be led by Anne MacDonald, Senior Audit Manager, who will be responsible for day to day management of the audit and will be your primary contact. Details of the team's experience and skills are provided in [Exhibit 7](#). The audit team may be supplemented by additional staff during peak times.

Exhibit 7 Core Audit team

Name	Position
Gillian Woolman FCA CPFA	Audit Director (and certifying auditor for Aberdeenshire Council)
Anne MacDonald CA	Senior Audit Manager (and certifying auditor for Aberdeenshire Council's registered Charitable Trusts)
Mark Johnstone CPFA	Senior Auditor
Deirdre Sim	Auditor
Adebayo Ladejobi CA	Auditor

Source: Audit Scotland

Aberdeenshire Council

Annual Audit Plan 2019/20

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