

# Aberdeenshire Council

Annual Audit Plan 2017/18



 AUDIT SCOTLAND

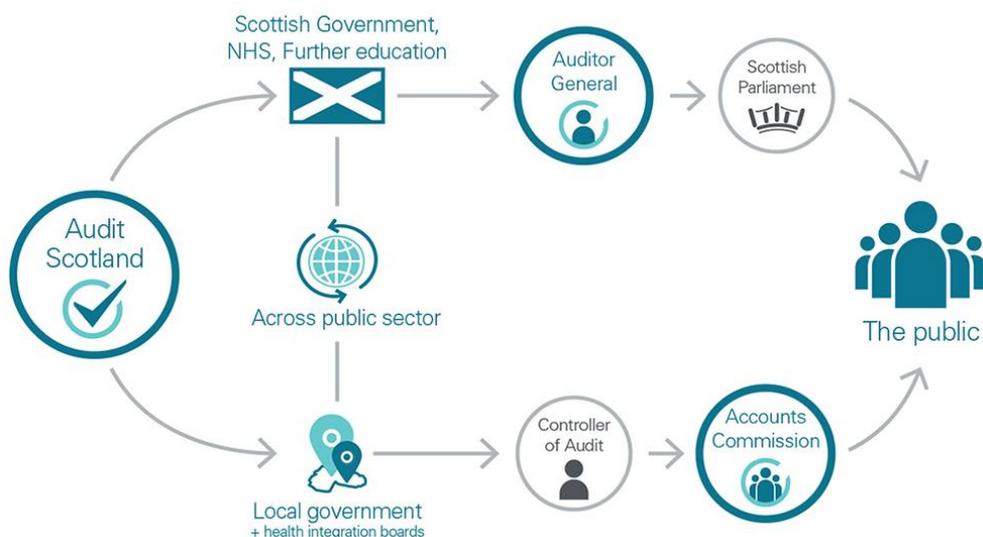
Prepared for Aberdeenshire Council

21 March 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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# Contents

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<b>Risks and planned work</b>	<b>4</b>
Audit risks	4
Charitable Trusts administered by Aberdeenshire Council	7
Reporting arrangements	8
Audit fee	9
Responsibilities	10
<b>Audit scope and timing</b>	<b>11</b>
Financial statements	11
Materiality	11
Internal audit	13
Audit dimensions	14
Best Value	16
Quality control	17
Adding value	17
Independence and objectivity	17
Audit team	17

# 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 including the new approach to Best Value.
2. The audit of the financial statements extends beyond the council's accounts to its group accounts and the accounts of the charitable funds it is responsible for administering. Aberdeenshire Council will continue to produce group accounts in 2017/18 mainly as a result of the requirement to consolidate a share of Aberdeenshire's Integration Joint Board.
3. 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

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 Aberdeenshire 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](#). Our consideration of the management assurances and findings from our planned work will, collectively, provide assurances to assist us in reaching conclusions on each of these matters.

## Exhibit 1

### 2017/18 Key audit risks

Audit Risk	Source of assurance	Planned audit work
<b>Financial statement issues and risks</b>		
<p><b>1 Loss of key finance staff</b></p> <p>In December 2017, the Chief Accountant retired and the Senior Accountant who led on the preparation of the financial statements commenced maternity leave. While alternative management arrangements have been put in place, the officers concerned have not previously been involved in the preparation of the annual accounts. There is a risk that statutory requirements will not be met.</p>	<ul style="list-style-type: none"> <li>• Internal appointments have been made to both roles which will enable a wider review of the finance function</li> <li>• The annual accounts process will be supported as required to meet the necessary deadlines.</li> </ul>	<ul style="list-style-type: none"> <li>• Early planning meeting with finance staff</li> <li>• Regular contact with finance staff in advance of and throughout annual accounts process.</li> </ul>

Audit Risk	Source of assurance	Planned audit work
<p><b>2 Risk of management override of controls</b></p> <p>ISA 240 requires that audit work is planned to consider the risk of fraud, which is presumed to be a significant risk in any audit. This includes consideration of the risk of management override of controls in order to change the position disclosed in the 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"> <li>Owing to the nature of this risk, assurances from management are not applicable in this instance.</li> </ul>	<ul style="list-style-type: none"> <li>Detailed testing of journal entries</li> <li>Review of accounting estimates</li> <li>Focused testing of accruals and prepayments</li> <li>Evaluation of significant transactions that are outside the normal course of business.</li> </ul>
<p><b>3 Risk of fraud over income and expenditure</b></p> <p>Aberdeenshire Council receives a significant amount of income in addition to Scottish Government funding.</p> <p>The extent and complexity of income means that, in accordance with ISA240, there is an inherent risk of fraud. Potential areas of concern include council tax, business rates and income from sundry debtors.</p> <p>The Code of Audit Practice expands the ISA assumption on fraud over income to aspects of expenditure. 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"> <li>Schemes of delegation in place</li> <li>No history of significant fraud</li> <li>Corporate fraud policy in place</li> <li>Appropriate processes for the authorisation, separation of duties and workflow associated with income and expenditure</li> <li>Compliance with procurement regulations</li> <li>Budgetary control arrangements and regular financial monitoring by management and scrutiny by members through cycle of committee reporting</li> <li>Regular review of financial systems and internal controls by internal audit</li> </ul>	<ul style="list-style-type: none"> <li>Analytical procedures on income streams</li> <li>Establishing and testing the operation of key controls</li> <li>Detailed testing of revenue transactions focusing on the areas of greatest risk</li> <li>Audit work on the National Fraud Initiative matches</li> <li>Assessing the overarching controls in grant and welfare schemes including benefit transactions</li> <li>Reliance on the work of internal audit.</li> </ul>
<p><b>4 Estimation and judgements</b></p> <p>There is a significant degree of subjectivity in the measurement and valuation of the material account areas of non current assets and provisions.</p> <p>The 2017/18 accounts will also reflect the outcome of the triennial valuation of the pension fund based on revised membership data and financial assumptions.</p> <p>This subjectivity represents an increased risk of misstatement in</p>	<ul style="list-style-type: none"> <li>Use of clearly defined methodologies and procedures including experts, as appropriate, when making significant estimations and judgements</li> <li>Management review by qualified finance staff.</li> </ul>	<ul style="list-style-type: none"> <li>Completion of 'review of the work of an expert' in accordance with ISA500 for the professional valuer and actuary. This requires assessment of the scope, independence and competence of the professionals engaged</li> <li>Recommendations made in the 2016/17 Annual Audit Report in respect of property valuations will be followed up</li> </ul>

Audit Risk	Source of assurance	Planned audit work
<p>the financial statements.</p>		<ul style="list-style-type: none"> <li>Review council's arrangements for identifying potential provisions and contingent liabilities e.g. cognisance of case law, national events etc</li> <li>Review basis and calculation of provisions for bias and subjectivity</li> <li>Focused substantive testing of key areas for completeness.</li> </ul>
<p><b>5 Integration Joint Board</b></p> <p>Aberdeenshire Health and Social Care Integration Joint Board (IJB) is responsible for commissioning adult social care while the council is responsible for delivering services. A shortfall of approximately £4m is anticipated in respect of 2017/18. In accounting terms, the IJB is a joint venture between the council and NHS Grampian and consequently, a share requires to be included in each partner's group accounts.</p> <p>There are risks that:</p> <ul style="list-style-type: none"> <li>the council does not have proper arrangements in place to ensure the completeness and correct classification of IJB related transactions</li> <li>balances between the council and the IJB are not agreed in sufficient time for preparation of the financial statements</li> <li>budget overspends will directly impact on the council's budget and due to the demand led nature of a number of the budgets concerned, there is a risk of unexpected (i.e. unplanned) overspends.</li> </ul>	<ul style="list-style-type: none"> <li>The financial ledger coding structure identifies all IJB transactions</li> <li>Regular monitoring of financial information</li> <li>Treatment of over- and underspends set out in the Integration Scheme</li> <li>Council, NHS Grampian and IJB finance staff are liaising to identify options to resolve financial challenges being experienced</li> <li>Subject to the above, early agreement of balances between council and IJB.</li> </ul>	<ul style="list-style-type: none"> <li>Review the council's arrangements for completeness of the IJB's ledger and transactions</li> <li>Sample test income and expenditure relating to health and social care services provided to the IJB</li> <li>Review the arrangements in place to confirm balances between the council and the IJB</li> <li>Confirm whether any overspends or underspends relating to the council are accounted for in accordance with the integration scheme</li> <li>In accordance with ISA 600 (using the work of another auditor), we will co-ordinate with 'component auditors', in this case the IJB external auditors, to obtain the necessary assurances.</li> </ul>

Audit Risk	Source of assurance	Planned audit work
<b>Wider dimension risks</b>		
<p><b>6 Financial sustainability</b></p> <p>Five year indicative revenue budgets considered as part of the 2018/19 budget setting process forecast a cumulative deficit of approx. £40m by 2022/23. The council has developed a Medium Term Financial Strategy (MTFS) to provide a structured approach to financial planning in order to manage the financial shortfall. There is a risk that savings targets will not be met impacting on services and delivery of council priorities.</p>	<ul style="list-style-type: none"> <li>• Budgetary control arrangements</li> <li>• Budget planning and development arrangements</li> <li>• Involvement of Strategic Leadership Team in budget planning process and ongoing budget monitoring arrangements.</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing monitoring of financial plans, assumptions and estimates and commentary in our Annual Audit Report.</li> </ul>
<p><b>7 Effective scrutiny</b></p> <p>In January 2017, the council implemented new arrangements for scrutiny across the council including a new audit committee. Officers and members have identified a number of issues from the first 12 months of operation which will form the basis of a review of the operation of the scheme.</p> <p>Following the council election in May 2017, around 50% of members were elected for the first time. While a comprehensive induction programme was provided, it can take time and experience to undertake effective scrutiny.</p> <p>There is a risk that scrutiny and review is not robust.</p>	<ul style="list-style-type: none"> <li>• Planned review of the council's scheme of governance (having operated for 12 months)</li> <li>• Comprehensive induction programme for elected members carried out during 2017.</li> </ul>	<ul style="list-style-type: none"> <li>• Monitor developments and comment in Annual Audit Report as appropriate.</li> </ul>

## Charitable Trusts administered by Aberdeenshire Council

**5.** The Charities Accounts (Scotland) Regulations 2006 specify the accounting and auditing requirements for Scottish registered charities. Irrespective of the size of a charity, as a consequence 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.

**6.** Aberdeenshire Council use the connected charities provision within the regulations and prepare one set of financial statements in respect of the majority of its charitable trusts, 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 £3.8m, 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 expenditure, which

have also been identified as risks for the council's annual accounts, no specific planning risks were identified in respect of the charities' accounts audits which require to be brought to your attention.

## Reporting arrangements

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

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 officers to confirm factual accuracy.

9. We will provide an independent auditor's report to Aberdeenshire Council and the Accounts Commission setting out our audit opinions on the annual accounts. We will also provide an annual report 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 for consideration by Audit Committee	Final submission date for returns to Audit Scotland
<b>Governance</b>		
Local Scrutiny Plan 2018/19	June 2018	31 March 2018
Interim Report	June 2018	30 June 2018
External Audit Outstanding Recommendations / External Audit Progress Report	Each meeting	N/A
<b>Performance Audit</b>		
Health and social care integration part 2	N/A	Spring 2018
Changing models of health and social care – impact assessment	N/A	Spring 2018
Roads maintenance – impact assessment	N/A	Spring 2018
Social Work in Scotland – impact assessment	N/A	Spring 2018
National Fraud Initiative – Data Return	N/A	28 February 2018
Fraud Returns	N/A	27 April 2018
Overview Report – Data Return	N/A	1 October 2018

Audit Output	Target date for consideration by Audit Committee	Final submission date for returns to Audit Scotland
<b>Financial statements</b>		
Communication of audit matters to those charged with governance - Annual Report on the 2017/18 audit	20 September 2018	By 30 September 2018
Independent auditor's report on the financial statements	20 September 2018	By 30 September 2018
Audit opinion on charitable trusts accounts	20 September 2018	By 30 September 2018
Audit opinion on Whole of Government Accounts	N/A	By 30 September 2018
<b>Grants</b>		
Education Maintenance Allowance	N/A	31 July 2018
Criminal Justice Services	N/A	30 September 2018
Non Domestic Rates Income return	N/A	5 October 2018
Housing Benefit Subsidy	N/A	30 November 2018

## Audit fee

**10.** The proposed audit fee for the 2017/18 audit of Aberdeenshire Council is £387,000 (2016/17 £390,610). This is split between the council £379,250 (2016/17 £377,860) and the charitable trusts £7,750 (2016/17 £12,750). In determining the audit fee, we have taken account of the risk exposure of Aberdeenshire Council, the planned management assurances in place and the level of reliance we plan to take from the work of internal audit.

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

## Responsibilities

### Audit Committee and Section 95 Officer

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

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

**14.** The Local Authority Accounts (Scotland) Regulations 2014 (2014 Regulations) require the audit committee to scrutinise and approve the accounts in a two stage process:

- By 31 August, the committee should consider the unaudited accounts
- No later than 30 September, the 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

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

**16.** Auditors in the public sector give an independent opinion on 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

**17.** 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.

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

- whether they give a true and fair view in accordance with applicable law and the 2017/18 Code of the state of the 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 International Finance Reporting Standards (IFRSs) as adopted by the European Union, as interpreted and adapted by the 2017/18 Code; and
- 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.



characteristics



responsibilities



principal activities



risks



governance arrangements

## Materiality

**19.** 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.

**20.** 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 and Exhibit 4](#). For the Charitable Trusts, different levels of materiality have been set in respect of transactions in the Statement of Financial Activities and balances in the Balance Sheet due to the disparity in values between the two.

### Exhibit 3

#### Materiality values – Aberdeenshire Council

Materiality level	
<p><b>Planning materiality</b> – This is the calculated figure we use in assessing the overall impact of audit adjustments on the financial statements. It has been set at 1% of gross expenditure minus one off items for the year ended 31 March 2017 based on the audited accounts for 2016/17.</p>	£9.6m
<p><b>Performance materiality</b> – This acts as a trigger point. If the aggregate of errors identified during the financial statements audit exceeds performance materiality this would indicate that further audit procedures should be considered. Using our professional judgement, we have calculated performance materiality at 70% of planning materiality.</p>	£6.7m
<p><b>Reporting threshold (i.e. clearly trivial)</b> – 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 1.5% of planning materiality.</p>	£150k

Source: Audit Scotland

### Exhibit 4

#### Materiality values – Charitable Trusts

Charitable Trust	Planning materiality (1% of gross income/net assets)	Performance materiality (70% of Planning materiality)	Reporting threshold (5% of planning materiality)
	Transactions /Balances	Transactions /Balances	Transactions /Balances
Aberdeenshire Charities Trust 2	£230/ £4,910	£161 / £3,437	£10 /£250
Aberdeenshire Educational Trust	£1,330/ £38,330	£931 / £26,831	£70 / £1,900
Anderson & Woodman Library Trust	£31/ £910	£22 / £637	£2/ £50
Andrew Cooper History Prize Fund	£17/£39	£12 / £27	£1 / £2
Mcdonald Public Park Endowment	£18 /£121	£13 / £85	£1 / £5

Source: Audit Scotland

## Timetable

21. 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. The agreed timetable for 2017/18 is included at [Exhibit 5](#) which takes account of submission requirements and planned Audit Committee dates:

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## Exhibit 5

### Financial statements timetable

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 Key stage	 Date
Consideration of unaudited annual accounts by those charged with governance (i.e. the Audit Committee)	By 30 June 2018
Latest submission date of unaudited annual accounts with complete working papers package	By 30 June 2018
Latest date for final clearance meeting with Head of Finance	w/c 27 August 2018
Agreement of unsigned annual accounts and issue of Annual Audit Report for pre-meeting of the Audit Committee	w/c 3 September 2018
Planned approval of audited financial statements for signature, and consideration of Annual Audit Report by those charged with governance (i.e. the Audit Committee)	20 September 2018
Independent auditor's report signed	By 30 September 2018

## Internal audit

22. 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.

### Adequacy of Internal Audit

23. 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.

### Areas of Internal Audit reliance

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

- Balance Sheet Codes
- Income and Expenditure – community centres, libraries and car parks
- Benefits (Council Tax Reduction)
- Payroll - Reconciliations, leavers procedures and timesheets
- Fixed Asset Register
- Trade Payables - Purchase Cards

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

- Budget Setting Process
- Councillors Code of Conduct
- Changes in Government Policy, Legislation and Regulation
- New Governance Arrangements
- City Region Deal
- Partnerships and Joint Working - Governance Arrangements
- Compliance with Procurement related Legislation and Council Regulations.

## Audit dimensions

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

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### Exhibit 6

#### Audit dimensions



Source: Code of Audit Practice

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**27.** In the local government sector, the appointed auditor's judgements and conclusions on how the council is performing against these four dimensions help provide a greater understanding of how the council is responding to the duty of best value.

### Financial sustainability

**28.** As auditors we consider the appropriateness of the use of the going concern basis of accounting as part of the annual audit. We 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

**29.** 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 budgetary control system in communicating accurate and timely financial performance
- has assured itself that its financial capacity and skills are appropriate
- has established appropriate and effective arrangements for the prevention and detection of fraud and corruption.

### Governance and transparency

**30.** 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 project management, lessons learnt reviews and services delivered by or in partnership with others
- there is effective scrutiny, challenge and transparency on decision making and finance and performance reports
- there is quality and timeliness of financial and performance reporting
- there are robust arrangements in place to support the annual governance statement.

### Value for money

**31.** 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
- that outcomes are improving
- there is sufficient focus on improvement and the pace of it.

## Best Value

**32.** 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.

**33.** 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 local reporting through the Annual Audit Report. Best Value will be assessed comprehensively throughout the five year audit appointment with conclusions and judgements being reported through:

- The local auditor's Annual Audit Report
- 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.

**34.** The six councils on which a BVAR will be published during the second year of the new approach are listed in [Exhibit 7](#). Reports will be considered by the Accounts Commission in the period between April 2018 and November 2018.

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### Exhibit 7

#### 2017/18 Best Value Assurance Reports

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

Source: Audit Scotland

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**35.** The local audit work planned in Aberdeenshire Council this year will focus on the council's leadership and partnership working arrangements including whether the council can demonstrate that:

- Members and senior managers have a clear vision for their community which is shared with citizens, key partners and other stakeholders
- Members set strategic priorities which reflect the needs of the communities and individual citizens and are aligned with the priorities of partners
- Effective leadership drives continuous improvement and supports the achievement of strategic objectives
- Members and senior managers have established and developed a culture which encourages collaborative working and service provision that will contribute to better and customer focused outcomes
- Effective governance arrangements for community planning partnerships are in place including structure with clear lines of responsibility and accountability, clarity of roles and responsibilities and agreement around targets and milestones.

## Quality control

**36.** 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.

**37.** 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 Accounts Commission. To ensure that we achieve the required quality standards, Audit Scotland conducts peer reviews, internal quality reviews and has recently secured new arrangements for external quality reviews.

**38.** 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

**39.** Through our audit work, we aim to add value to Aberdeenshire 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 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.

## Independence and objectivity

**40.** 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 who serves as Audit Scotland's Ethics Partner.

**41.** The engagement lead (appointed auditor) for Aberdeenshire Council is Gillian Woolman, Assistant 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 Aberdeenshire Council or the charitable trusts.

## Audit team

**42.** 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 8](#). The audit team will be supplemented by additional staff during peak times.

## Exhibit 8

### Core Audit team

Name	Experience
<p>Gillian Woolman FCA CPFA Assistant Director (and certifying auditor for Aberdeenshire Council)</p>	<p>Gillian has worked in the public and private sector, internal and external audit. She is the lead Assistant Director for equality and diversity matters at Audit Scotland and holds a mixed portfolio of audits. She is currently chair of the regional strategic board for the Institute of Chartered Accountants in England and Wales and Chair of the Local Authority (Scotland) Accounts Advisory Committee (LASAAC).</p>
<p>Anne MacDonald Senior Audit Manager (and certifying auditor for Aberdeenshire Council's Charitable Trusts)</p>	<p>Anne has many years of public sector experience, mainly in local government, covering both financial audit and best value audit. She has a lead role for local government matters in Audit Scotland which includes reporting emerging issues to the Accounts Commission.</p>
<p>Mark Johnstone Senior Auditor</p>	<p>Mark has a significant number of years of public sector audit experience, across the local government, central government, health and further education sectors.</p>
<p>Deirdre Sim Auditor</p>	<p>Deirdre has over 20 years public sector audit experience in a wide range of clients in the local government and health sectors.</p>
<p>Adebayo Ladejobi Professional Trainee</p>	<p>Adebayo qualified as a Chartered Accountant in Nigeria. He joined Audit Scotland's graduate training programme in 2015 and is currently working towards his ICAS qualification.</p>

# Aberdeenshire Council

## Annual Audit Plan 2017/18

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