

# Local government audits

Introduction to Audit Scotland

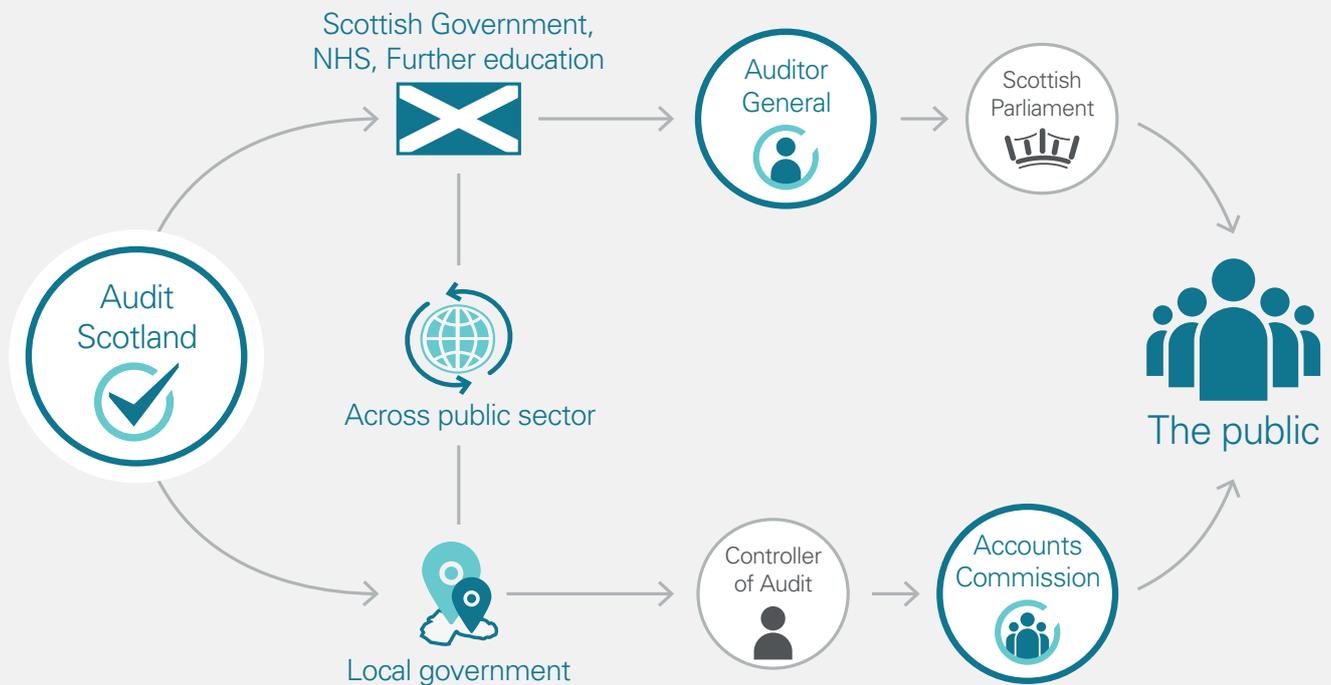


Western Isles Integration Joint Board

# 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.

## Who's who

### Accounts Commission

The Accounts Commission is the public spending watchdog for local government. They hold all councils in Scotland to account and help them improve. They operate impartially and independently of councils and of the Scottish Government, with a duty to help ensure public money is spent properly, efficiently and effectively. They meet and report in public. Members are appointed by Scottish Ministers.

The Commission's work includes audits and reports on local councils, reports on Best Value and Community Planning and performance audit reports, which examine value for money issues across public bodies.

[Find out more about their role and legal responsibilities](#) .

### Controller of Audit

Fraser McKinlay is the current Controller of Audit. He has statutory responsibility for reporting to the [Accounts Commission](#)  on matters of public interest in local authorities. This involves oversight of the annual financial audit, reports about specific issues on councils and best value reports of individual councils.



The Controller is appointed by the Accounts Commission following consultation with, and subject to the approval of, Scottish Ministers.

Fraser is also Audit Scotland's Director of Performance Audit and Best Value. In this role he oversees all national performance audits and best value work on behalf of both the Accounts Commission and the Auditor General for Scotland.

## Meet your senior audit team

For every audit there is a comprehensive exercise to ensure the appointed audit team has extensive knowledge, skills and experience to maximise the value of external audit. In addition we consider: staff rotation and continuity, ethical standards and conflicts of interest; statutory obligations; diversity; staff development, travel and carbon footprint. Before their work begins, we will introduce the wider audit team, and provide detailed information about our audit approach, meetings and timescales for reporting.

Brian Howarth, Assistant Director, is your appointed auditor. The local audit team will be led by David Jamieson who will be responsible for the day to day management of the audit and who will be your primary contact.

### Fiona Kordiak CPFA

#### Director, Audit Services

[fkordiak@audit-scotland.gov.uk](mailto:fkordiak@audit-scotland.gov.uk) 

Fiona leads the Audit Services Group and is a member of Audit Scotland's management team. She is responsible for ensuring that we comply with the highest ethical standards and international standards of auditing. Fiona has worked in public sector audit for nearly 30 years. She is a member of the CIPFA Scotland branch executive committee and is a past chair of the Local Authority (Scotland) Accounts Advisory Committee.



### Brian Howarth ACMA, CGMA

#### Assistant Director

[bhowarth@audit-scotland.gov.uk](mailto:bhowarth@audit-scotland.gov.uk) 

Brian has over 20 years experience of public sector audit. Brian has also managed Audit Scotland's Business Improvement Unit and its Professional Standards and Quality Improvement Group and is currently developing Audit Scotland's approach to data analytics in financial audit. Prior to joining Audit Scotland, Brian worked in the Scottish Office and an NDPB for 7 years.



### David Jamieson CPFA

#### Senior Audit Manager

[djamieson@audit-scotland.gov.uk](mailto:djamieson@audit-scotland.gov.uk) 

David has over twenty years' experience of both internal and external audit from a wide range of public sector clients including the NHS, local and central government.



## About our work

We give independent assurance to the people of Scotland that public money is spent properly, efficiently and effectively.



77



Central government bodies and Scottish Parliament  
(including police, fire, Scottish Water)

23



NHS bodies

32



Councils

74



Joint boards and committees  
(including 30 health integration boards)

21



Further education colleges

# 227 Public bodies audited

## Principles of public audit

The principles of public audit are shared across the UK and are based on:

### Statutory



- Opinions on the financial statements and regularity
- National performance audits and Best Value audits

### Best practice



- Opinions on management commentaries, remuneration reports and governance statements

### Adds value



- Public reporting of audit findings
- Wider scope reporting

In our [Code of audit practice](#), public audit principles include a combination of specific legal requirements, professional requirements, and requirements that ensure public audit adds value for audited bodies, the public and their elected representatives.

## Why we're auditing Western Isles Integration Joint Board

Staff from Audit Scotland, along with firms of auditors we appoint, check whether public organisations:

- manage their money to the highest standards
- get the best possible value for public money.

## How we report what we find

We produce a range of local and national reports about the performance and financial management of Scotland's public bodies. All our reports will be published and accessible to the public.

- **Annual audits**

We publish annual audit reports for all the public bodies we're responsible for auditing. We also publish our audit plans and any significant reports to management.

- **Public reports**

We publish a wide range of reports on matters of public interest. These include overview reports on how different sectors perform during each financial year. These reports are considered by the Scottish Parliament and/or the Accounts Commission.

- **Section 102 reports**

Section 102 reports\* empower the Controller of Audit to submit reports to the Accounts Commission on various matters, including any matters arising from the accounts or audit of a local authority and performance against the dates relating to best value.

*\*Section 102(1) of the Local Government (Scotland) Act 1973*

## Our Code of Audit Practice

We published our updated, stronger [Code of Audit Practice](#)  in May 2016, following extensive consultation. This code outlines the responsibilities of our auditors.

With the public audit landscape in Scotland changing, including additional devolved tax raising powers, and public bodies expected to work together more extensively to improve services and increase efficiency, an updated code needs to maximise the value of public audit.

In order to achieve world class public audit and give reassurance that we are all receiving value for money from public spending, the new code aims to assist improvement by audited bodies in the delivery of services. It does this by requiring auditors to use their work to provide explicit conclusions on four key aspects: financial sustainability, financial management, governance and transparency, and value for money.



We achieve the four principles of audit above, as an organisation, by working together: the Auditor General, the Accounts Commission and Audit Scotland. Read our publication [Public audit in Scotland](#) 

Our quality framework is based on our Audit Guide, which incorporates the application of professional auditing, quality and ethical standards and the Code of Audit Practice. To ensure that we achieve the required standards Audit Scotland conducts peer reviews, as well as internal quality reviews and external reviews by the Institute of Chartered Accountants of Scotland (ICAS).

## Auditing Best Value

In 2016 we are introducing a new approach to auditing Best Value in Local Government. The Accounts Commission wrote to council leaders in November 2015 about this and again recently with an overview of the approach. The new arrangements increase our focus on continuous improvement as well as the outcomes for communities and the quality of service experienced by the public. The approach also includes greater integration of our audit processes for each council (local annual audit and Best Value) so that we are able to deliver more regular assurance and a richer, more rounded picture of how effectively all 32 councils are performing.

The new approach will apply to audit planning and the annual audit reports for each council. We will spread our audit work over the five years of the audit appointment, and this wider scope of work will be evident in your Annual Audit Report. At least once during the five year appointment, a Best Value Assurance Report (BVAR) will be submitted to the Accounts Commission and published for your council. Further details on the new approach will be issued to councils during the autumn.

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This report is available in PDF and RTF formats, along with a podcast summary at:

[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) 

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk) 

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