

---

**Report to: Clackmannanshire Council**

---

**Date of Meeting: 23 June 2022**

---

**Subject: 2021/22 Annual Accounts & External Audit Planning Report**

---

**Report by: Chief Finance Officer**

---

## **1.0 Purpose**

- 1.1. This paper is to provide Council with an update on the preparation and timetable for the submission of the draft and audited annual accounts for 2021/22. The paper also presents the External Audit Planning Report (Appendix A) which sets out the planned audit activity by the Councils External Auditors – Audit Scotland, in respect of the audit of the 2021/22 draft annual accounts.

## **2.0 Recommendations**

Council is asked to:

- 2.1. Note that the requirement at paragraph 6.4 in the Council's Financial Regulations provides for the Council's section 95 officer to present the draft accounts to the relevant Committee before 30 June and the requirement of paragraph 6.5 to present the audited financial statements to Committee by 30 September.
- 2.2. Note that this timescale will not be met this year due to the ongoing impact of the pandemic and that an updated timescale has been prepared and agreed with Audit Scotland (table 1).
- 2.3. Agree to disapply paragraph 6.4 and 6.5 of Financial Regulations for this year's annual accounts process.
- 2.4. Comment and note the proposed external audit plan for the 2021/22 draft annual accounts.

## **3.0 Considerations**

- 3.1. The Council is required by law to prepare a statement of accounts in accordance with 'proper practices' which set out its financial position at the end of each financial year. This is defined as meaning compliance with the terms of the Code of Practice on Local Authority Accounting in the United Kingdom prepared by the CIPFA/LASAAC Joint Committee.

- 3.2. The Local Authority Accounts (Scotland) Regulations 2014, require the Chief Finance Officer, as the Council's s95 officer, to prepare the Statement of Accounts as soon as practicable after the end of each financial year and to submit for Audit to the Council's External Auditors.
- 3.3. Paragraph 6.4 of the Council's Financial Regulations require the draft accounts to be presented to the relevant Committee before the 30<sup>th</sup> June. Paragraph 6.5 of the Financial Regulations also requires the audited financial statements to be presented to Committee by 30<sup>th</sup> September.
- 3.4. Due to the pandemic, the Scottish Government extended the statutory deadlines as set out in the Local Authority Accounts (Scotland) Regulations 2014, for producing and auditing the 2019/20 annual accounts and then subsequently the 2020/21 annual accounts. In recognition of the ongoing impact of the pandemic on workload and timelines, Audit Scotland submitted a request to the Scottish Government to further extend the statutory dates for approving and publishing the 2021/22 Annual Accounts.
- 3.5. This extension has been granted and these dates have therefore been amended for the financial year (2021-22) by regulation 2 of the Local Authority (Capital Finance And Accounting) (Scotland) (Coronavirus) Amendment Regulations 2022 (the 2022 Regulations) SSI 2022 No.122.
- 3.6. As per the amended regulations Local Authorities are required to aim to approve the 2021/22 Annual accounts for signature by 30<sup>th</sup> November. On this basis a revised timetable for completion of the draft and audited accounts for 2021/22 has been agreed with Audit Scotland. The revised timetable is set out in the table below.
- 3.7. **Table 1 – 2021/22 Annual Accounts Timetable**

Action	Date
<b>Draft Financial Statements submitted to Council for approval</b>	<b>By 31<sup>st</sup> August 2022</b>
Latest submission date of unaudited annual report and accounts with complete working papers package to External Audit	By 31 <sup>st</sup> August 2022
<b>Audited Financial Statements to be considered by Council</b>	<b>By 30<sup>th</sup> November 2022</b>
Independent auditor's report signed	By 30 <sup>th</sup> November 2022

- 3.8. A number of factors have been taken into consideration in determining this revised timetable. The later finalisation of the previous years' accounts has meant the timing of the external auditors completing their interim testing is again later than usual which has also had a resource impact on the Finance and Revenues Teams. The revised timetable takes account of resource capacity within both the External Audit Team to fit round other audits and the Finance and Revenues Teams who are continuing to deal with additional workload due to the pandemic.

## 4.0 External Audit Plan

- 4.1. Audit Scotland was appointed by the Accounts Commission as the external auditor for Clackmannanshire Council for the five year period, which commenced with the 2016/17 audit. Due to the pandemic, the audit period has been extended by a further year, with the final year of the appointment being 2021/22 financial year. For the forthcoming 5 year period commencing financial year 2022/23, Deloitte has been appointed as the Councils external Auditor.
- 4.2. Each year the external auditor prepares an annual plan along with the associated fee level which is submitted to Council or the appropriate Committee. The attached planning report sets out the activity in relation to the risks and planned audit work and the scope and timing of the audit. The Chief Finance officer discusses and agrees the plan prior to presentation and Council is encouraged to discuss the plan and associated assessments and rationale with the external auditor. Following the audit, all external audit activity undertaken against this plan will be formally reported via Council or the relevant Committee as appropriate.

## 5.0 Conclusion

- 5.1 This paper therefore seeks authority to disapply paragraph 6.4 and 6.5 of the Council's financial regulations which are aligned with the usual statutory timescale as set out above. The change is made under the provisions of the amended statutory regulations and the revised timetable for the Councils 2021/22 Annual Accounts is set out at table 1.
- 5.2 The Councils external auditors, Audit Scotland, are in the sixth and final year of the extended six year appointment to Clackmannanshire Council. The attached report sets out details of their planned work for the 2021/22 audit.

## 6.0 Sustainability Implications

- 6.1 Not applicable

## 7.0 Resource Implications

### 7.1 *Financial Details*

- 7.2 The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes
- 7.3 Finance have been consulted and has agreed the financial implications as set out in the report. Yes
- 7.4 *Staffing*

## 8.0 Exempt Reports

8.1 Is this report exempt? Yes  (please detail the reasons for exemption below) No

## 9.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box )

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all

Our families; children and young people will have the best possible start in life

Women and girls will be confident and aspirational, and achieve their full potential

Our communities will be resilient and empowered so that they can thrive and flourish

(2) **Council Policies** (Please detail)

## 10.0 Equalities Impact

10.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes  No

## 11.0 Legality

11.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

## 12.0 Appendices

12.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix A – Annual Audit Plan 2021/22

## 13.0 Background Papers


13.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes  (please list the documents below) No

**Author(s)**

<b>NAME</b>	<b>DESIGNATION</b>	<b>TEL NO / EXTENSION</b>
Lindsay Sim	Chief Financial Officer	2022

**Approved by**

<b>NAME</b>	<b>DESIGNATION</b>	<b>SIGNATURE</b>
Stuart Crickmar	Strategic Director, Partnership and Performance	



# Clackmannanshire Council

Annual Audit Plan 2021/22



 AUDIT SCOTLAND

Prepared for Clackmannanshire Council  
April 2022

---

# Contents

---

Introduction	3
Financial statements audit planning	5
Audit dimensions and Best Value	9
Reporting arrangements, timetable, and audit fee	13
Other matters	15



---

# Introduction

---

## Summary of planned audit work

1. This document summarises the work plan for our 2021/22 audit of Clackmannanshire Council. The main elements of our work include:

- evaluation of the key controls within the main accounting systems
- an audit of the annual accounts of Clackmannanshire Council and its group and the issue of an independent auditor's report setting out our audit opinions on the financial statements and other statutory information including the Management Commentary, Remuneration Report and Annual Governance Statement
- consideration of arrangements in relation to the audit dimensions that frame the wider scope of public sector audit: financial management, financial sustainability, governance and transparency and value for money
- consideration of Best Value arrangements, including Clackmannanshire Council's arrangements for preparing and publishing statutory performance information and participation in the National Fraud Initiative
- providing assurance on the Housing Benefit Subsidy Claim, Non-Domestic Rates Return and the Whole of Government Accounts (WGA) return.

## Impact of Covid-19

2. The Covid-19 pandemic has had a significant impact on public services and public finances, and the effects will be felt well into the future. The Auditor General for Scotland, the Accounts Commission and Audit Scotland continue to assess the risks to public services and finances from Covid-19 across the full range of our audit work, including annual audits and the programme of performance audits. The well-being of audit teams and the delivery of high-quality audits remain paramount. Changes in our approach may be necessary and where this impacts on annual audits, revisions to this Annual Audit Plan may be required.

## Adding value

3. We aim to add value by being constructive and forward looking, by identifying areas for improvement and by recommending and encouraging good practice. In so doing, we will help Clackmannanshire Council promote improved standards of governance, better management and decision making and more effective use of resources. Additionally, we attend meetings of the Audit Committee and actively participate in discussions.

## Respective responsibilities of the auditor and Clackmannanshire Council

4. The [Code of Audit Practice \(2016\)](#) sets out in detail the respective responsibilities of the auditor and Clackmannanshire Council. Key responsibilities are summarised below.

### Auditor responsibilities

5. Our responsibilities as independent auditors are established by the Local Government (Scotland) Act 1973 and the [Code of Audit Practice](#) (including [supplementary guidance](#)) and guided by the Financial Reporting Council's Ethical Standard.

6. 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.

### Clackmannanshire Council responsibilities

7. Clackmannanshire Council is responsible for maintaining accounting records and preparing financial statements that give a true and fair view.

8. Also, Clackmannanshire Council has 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 deliver their objectives.

### Managing the transition to 2022/23 audits

9. Audit appointments are usually for five years but were extended to six years due to the Covid-19 pandemic. 2021/22 is the final year of the current appointment and we will work closely with our successors to ensure a well-managed transition.

# Financial statements audit planning

## Materiality

**10.** Materiality is an expression of the relative significance of a matter in the context of the financial statements as a whole. We are required to plan our audit to determine with reasonable confidence whether the financial statements are free from material misstatement. The assessment of what is material is a matter of professional judgement over both the amount and the nature of the misstatement.

### Materiality levels for the 2021/22 audit

**11.** We assess materiality at different levels and the materiality values for Clackmannanshire Council are set out in [Exhibit 1](#). Due to the small impact of the group consolidation process we have calculated that the same materiality levels should apply for both.

## Exhibit 1

### 2021/22 Materiality levels for Clackmannanshire Council

Materiality	Council and its group
<b>Planning materiality</b> – This is the figure we calculate to assess the overall impact of audit adjustments on the financial statements. For the year ended 31 March 2022 it has been set at 1 per cent of gross expenditure based on the latest audited financial statements for 2020/21.	£2.3 million
<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 assessed performance materiality at 50 per cent of planning materiality.	£1.2 million
<b>Reporting threshold (i.e. clearly trivial)</b> – We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount.	£50,000

Source: Audit Scotland

## Significant risks of material misstatement to the financial statements

**12.** Our risk assessment draws on our cumulative knowledge of Clackmannanshire Council, its major transaction streams, key systems of internal control and risk management processes. Also, it is informed by our discussions with management, meetings with internal audit, attendance at committees and a review of supporting information.

**13.** Based on our risk assessment process, we identified the following significant risk of material misstatement to the financial statements. These are risks which have the greatest impact on our planned audit procedures. [Exhibit 2](#) summarises the nature of the risk, the sources of assurance from management arrangements and the further audit procedures we plan to perform to gain assurance over the risk.

### Exhibit 2

#### 2021/22 Significant risks of material misstatement to the financial statements

Significant risk of material misstatement	Sources of assurance	Planned audit response
<p><b>1. Risk of material misstatement due to fraud caused by the management override of controls</b></p> <p>International Auditing Standards require that audits are planned to consider the risk of material misstatement in the financial statements caused by fraud, which is presumed to be a significant risk in any audit. Management is in a unique position to perpetrate fraud because of the ability to override controls that otherwise appear to be operating effectively.</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>Assess the design and implementation of controls over journal entry processing.</li> <li>Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments.</li> <li>Test journals at the year-end and post-closing entries and focus on significant risk areas.</li> <li>Evaluate significant transactions outside the normal course of business.</li> <li>Assess any changes to the methods and underlying assumptions used to prepare accounting estimates compared to the prior year.</li> <li>Focused testing of accounting accruals and prepayments.</li> </ul>

Source: Audit Scotland

**14.** As set out in International Standard on Auditing (UK) 240: *The auditor's responsibilities relating to fraud in an audit of financial statement*, there is a presumed risk of fraud over the recognition of revenue. There is a risk that revenue may be misstated resulting in a material misstatement in the financial statements. We have rebutted this risk for Clackmannanshire Council because a significant element of income is from government grants and is easily verified to external sources and therefore there is little risk of fraud in this area. We have reviewed the other sources of income and do not consider these to present a significant risk of fraud, due to the level of fraudulent transactions that would need to occur to present a material risk. We therefore do not incorporate specific work into our audit plan in this area, over and above our standard audit procedures.

**15.** In line with Practice Note 10: *Audit of financial statements and regularity of public sector bodies in the United Kingdom*, as most public-sector bodies are net spending bodies, the risk of material misstatement due to fraud related to expenditure recognition may in some cases be greater than the risk relating to revenue recognition. We have rebutted this risk for Clackmannanshire Council as our assessment of the expenditure transaction streams has confirmed that many are low risk, for example, staff costs, depreciation, pensions IAS 19 charges and our standard audit procedures will involve focused testing on accruals in any higher risk areas.

**16.** Practice Note 10 also introduces the concept of external fraud risk and we have assessed the levels of fraud in the public sector per the National Fraud Initiative and this, as well as our analysis of expenditure, indicates that there is not a high risk of fraud across payment streams.

**17.** We have not, therefore, incorporated specific work into our audit plan in these areas over and above our standard audit procedures. Our audit testing is directed towards significant and unusual transactions, and assessing accounting estimates to address any residual risk, as part of our standard fraud procedures.

## Other areas of audit focus

**18.** As part of our assessment of audit risks, we have identified other areas where we consider there are also risks of material misstatement to the financial statements. Based on our assessment of the likelihood and magnitude of the risk, we do not consider these to represent significant risks. We will keep these areas under review as our audit progresses. If our assessment of risk changes and these risks become significant, we will communicate this to management and those charged with governance and revise our planned audit approach accordingly. The areas of specific audit focus are:

- **Valuation and measurement of non-current assets:** At 31 March 2021, Clackmannanshire Council held non-current assets with a value of £380 million, including land and buildings with a net book value of £188 million. The fair value of these assets is assessed by obtaining regular valuations from a professional valuer. There is a high degree of subjectivity and estimation used in the calculation which result in material changes in the financial statements.
- **Measurement and judgements applied to the valuation of pension liabilities:** As at 31 March 2021, the Clackmannanshire Council recognised a net liability of £47 million relating to its share of the Falkirk Pension Fund

liability. There is an inherent risk within pension transactions and balances due to the extent of assumptions actuaries use in the calculations.

## Group Consideration

**19.** As group auditors, we are required under International Standard on Auditing (UK) 600: *Audits of group financial statements (including the work of component auditors)* to obtain sufficient appropriate audit evidence on which to base our audit opinion on the group financial statements.

**20.** Clackmannanshire Council has a group which is comprised of subsidiaries, associates and joint ventures. The audits of the financial statements of some of the components are performed by other auditors. We plan to place reliance on the work of the component auditors as part of our work on the group accounts.

## Audit risk assessment process

**21.** Audit risk assessment is an iterative and dynamic process. Our assessment of risks set out in this plan may change as more information and evidence becomes available during the progress of the audit. Where such changes occur, we will advise management and where relevant, report them to those charged with governance.

# Audit dimensions and Best Value

## Audit dimensions

22. The [Code of Audit Practice](#) sets out the four dimensions that frame the wider scope of public sector audit and requires auditors to consider the adequacy of the arrangements in place. The four dimensions that frame our audit work are shown in [Exhibit 3](#).

### Exhibit 3 Audit dimensions



Source: Code of Audit Practice

23. In summary, the four dimensions cover the following:

**Financial management** – financial management is concerned with financial capacity, sound budgetary processes and whether the control environment and internal controls are operating effectively.

**Financial sustainability** – 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 financial sustainability in the medium (two to five years) and longer term (longer than five years).

**Governance and transparency** – 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.

**Value for money** – value for money refers to using resources effectively and continually improving services.

## Best Value

**24.** 2021/22 is the final year of the extended six-year approach to auditing Best Value in councils. Best Value work is integrated within the annual audit. It is to be assessed comprehensively over the period of the audit appointment, both through ongoing annual audit work and through discrete packages of work focusing on 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 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 over the period of the audit appointment.

**25.** BVARs will be considered by the Accounts Commission between February and September 2022 on the councils listed in [Exhibit 4](#).

### Exhibit 4 2022 Best Value Assurance Reports



Comhairle nan Eilean Siar

Angus Council

Shetland Island Council

Moray follow-up

Source: Audit Scotland

**26.** The Best Value work planned this year will focus on Clackmannanshire Council’s arrangements for performance, outcomes and improvement. We will also follow up progress against the previous BVAR recommendations. Our findings will be reported through our Annual Audit Report.



## Audit dimension risks

**27.** We have identified audit risks in the areas set out in [Exhibit 5](#). This exhibit sets out the risks, sources of assurance from management arrangements and the further audit procedures we plan to perform to gain assurances.

### Exhibit 5

#### 2021/22 Audit dimension risks

Description of risk	Sources of assurance	Planned audit response
<p><b>1. Financial sustainability</b></p> <p>Clackmannanshire Council continues to face significant financial pressures.</p> <p>The council's 2022/23 budget has a £5.8 million funding gap with plans to balance this through £1.8 million of savings and £3.9 million from reserves.</p> <p>The council's updated cumulative funding gap for 2023/24 to 2027/28 is £33 million.</p> <p>Longer-term financial planning has been developed with the establishment of a 20-year capital budget, organised around the council's 'Be the Future' transformation programme priorities.</p> <p>The council's medium to longer term financial plans must continue to be updated to reflect the future financial impact of the Covid-19 pandemic.</p>	<ul style="list-style-type: none"> <li>Regular budget strategy reports to councillors, including scenario planning and identifying and tracking the progress of savings.</li> <li>As part of the budget for 2022/23, the council intends to take advantage of the financial flexibility arrangements to secure financial stability in the short-term.</li> <li>Setting of annual council tax / budget.</li> <li>Council's transformation programme.</li> </ul>	<ul style="list-style-type: none"> <li>Review the council's annual budget setting arrangements.</li> <li>Assess the council's medium to long term financial strategy.</li> <li>Review and assess the budget monitoring arrangements with a focus on reports to members on financial position.</li> <li>On-going review of the council's financial position and delivery of planned savings.</li> </ul>

Source: Audit Scotland

**28.** In last year's annual audit plan we identified the risk that the council's arrangements for the prevention and detection of fraud and corruption are not effective and that staff are not aware of the processes for reporting concerns. Management has agreed action to improve the communication of key corporate

policies and implement training for staff on whistleblowing and preventing and detecting fraud and corruption. We will review progress against this agreed recommendation and the council's anti-fraud arrangements as part of our 2021/22 financial management work.

# Reporting arrangements, timetable, and audit fee

## Reporting arrangements

**29.** Audit reporting is the visible output for the annual audit. All audit outputs, will be published on our website: [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk).

**30.** 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.

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

**32.** [Exhibit 6](#) outlines the target dates for our audit outputs. The Covid-19 pandemic has had a considerable impact on the conduct and timeliness of the audit. We recognise that it is in the best interests of public accountability to get the reporting of audited accounts back to pre-pandemic timelines. To this end we aim to issue the independent auditor's report by the 30 November 2022. We acknowledge this will be challenging and are identifying ways to work more efficiently to expedite the 2021/22 audits whilst at the same time maintaining high standards of quality.

## Exhibit 6 2021/22 Audit outputs

Audit Output	Target date	Council meeting date
Annual Audit Plan	31 March 2022	23 June 2022
Independent Auditor's Report	30 November 2022	TBC
Annual Audit Report	30 November 2022	TBC

Source: Audit Scotland



## Timetable

**33.** To support an efficient audit, it is critical that the timetable for producing the annual accounts for audit is achieved. We have included a proposed timetable for the audit at [Exhibit 7](#).

**34.** We will continue to work in close partnership with management with clarity over timescales and the requirement for high quality unaudited accounts and supporting working papers. Progress will be discussed with management and finance officers over the course of the audit.

---

### Exhibit 7 Proposed annual accounts timetable

 Key stage	 Provisional Date
Latest submission date for the receipt of the unaudited annual accounts with complete working papers package	29 July 2022
Latest date for final clearance meeting with the Director of Finance	24 October 2022
Agreement of audited and unsigned annual accounts	31 October 2022
Issue of Annual Audit Report, Letter of Representation and proposed Independent Auditor's Report	TBC November - Committee dates to be finalised
Signed Independent Auditor's Report	TBC November - Committee dates to be finalised

Source: Audit Scotland

---

## Audit fee

**35.** The proposed audit fee for the 2021/22 audit of Clackmannanshire Council is £214,256 (2020/21: £214,720 due to the additional charge during the year of £7,000). In determining the audit fee, we have taken account of the risk exposure of the Clackmannanshire Council, the planned management assurances in place and the level of reliance we plan to take from the work of internal audit.

**36.** Where our audit cannot proceed as planned through, for example, late receipt of unaudited annual report and accounts or the absence of adequate supporting working papers, 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.

---

# Other matters

---

## Internal audit

**37.** International standards on Auditing (UK) 610: *Considering the work of internal audit* requires us to:

- consider the activities of internal audit and their effect on external audit procedures;
- obtain an understanding of internal audit activities to inform our planning and develop an effective audit approach that avoids duplication of effort;
- perform a preliminary assessment of the internal audit function when there is scope for relying on internal audit work which is relevant to our financial statements' responsibilities; and
- evaluate and test the work of internal audit, where use is made of that work for our financial statements responsibilities to confirm its adequacy for our purposes.

**38.** From our initial review of the internal audit plans, we do not plan to place formal reliance on internal audit's work for our financial statements' responsibilities. We will consider the findings of all internal audit reports to inform our work on our wider dimension responsibilities, including the planned work on Savings Tracking, Leisure Banking and Non Domestic Rates.

## Independence and objectivity

**39.** Auditors appointed by the Auditor General for Scotland or 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.

**40.** The engagement lead (i.e. appointed auditor) for Clackmannanshire Council is Carole Grant, Audit Director. 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 Clackmannanshire Council.

## Quality control

**41.** International Standard on Quality Control (UK) 1 (ISQC1) requires a system of quality control to be established, as part of financial audit procedures, to provide reasonable assurance that professional standards and regulatory and legal requirements are being complied with and that the independent auditor's report or opinion is appropriate in the circumstances.

**42.** The foundation of our quality framework is our Audit Guide, which incorporates the application of professional auditing, quality and ethical standards and the [Code of Audit Practice](#) (and 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.

**43.** As part of our commitment to quality and continuous improvement, Audit Scotland will periodically seek your views on the quality of our service provision. We welcome feedback at any time, and this may be directed to the engagement lead.

# Clackmannanshire Council

## Draft Annual Audit Plan 2021/22

Audit Scotland's published material is available for download on the website in a number of formats. For information on our accessibility principles, please visit:

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

For the latest news follow us on social media or [subscribe to our email alerts.](#)



Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN  
Phone: 0131 625 1500 Email: [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk)  
[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)

