Code of Audit Practice (Draft) - Consultation response form

Overview

In August 2010 the Secretary of State for Communities and Local Government announced the government’s plans for the introduction of a new framework for the audit of local public bodies. The Local Audit and Accountability Act 2014 (the Act) provides the legislative basis for the new framework.

The Act makes the Comptroller and Auditor General responsible for the preparation and maintenance of the Code of Audit Practice (the Code). The Code prescribes the framework within which local auditors are to carry out their statutory responsibilities. The auditor’s application of the contents of the Code will be influenced by their professional judgement of what is reasonable and appropriate, reflecting the circumstances of individual local public bodies.

Subject to Parliament’s approval, the Code will take effect from 1 April 2015 for audit work relating to the 2015-16 financial year onwards. This consultation seeks views and comments on the draft Code of Audit Practice. Following the consultation, we will publish a final Code before the end of 2014 to allow time for consideration by Parliament in early 2015.

This is a public consultation. It is open to anyone with an interest in the draft Code of Audit Practice. Please respond by 31 October 2014.

Copies of this response form are available on the NAO’s website (www.nao.org.uk/consultation-code-audit-practice). The response form can be completed electronically or printed and completed by hand.

Please email your response to the following address: CodeConsultation@nao.gsi.gov.uk

You can also post responses to us at:

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SW1W 9SP

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If you need paper copies of the consultation document, the draft Code or the response form please let us know (using the email, phone number or correspondence address above to provide us with your contact details). We will be happy to post copies to you.
Consultation questions

When answering the consultation questions it would be very helpful if you could support your responses with additional explanation and detail. This will help us to understand the basis for your answers and inform our finalisation of the Code.

Please do not feel that you need to respond to all of the consultation questions set out in this document: we welcome brief or partial responses addressing only those issues where you wish to put forward a view.

PREFACE

Question 1 – Is there any further information that you consider should be included within the preface to the Code?

Yes ☐ No ☒

Please add comments to support your answer:

Click here to enter text.

Question 2 – Do you agree that a single code can work well for all the types of audited body that need to be covered?\(^1\)

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\(^1\) Currently there are three Codes of Audit Practice. The Audit Commission has separate Codes for local government bodies and for NHS bodies. Monitor produces the Code of Audit Practice for NHS foundation trusts.
If not, what would be your preferred alternative?

Yes ☒ No ☐

Please add comments to support your answer:

Click here to enter text.

**Question 3** – Do you agree that the Code should be struck at a principles-based level, to be supported as required by more detailed guidance to auditors provided by the National Audit Office on behalf of the C&AG?

Yes ☒ No ☐

Please add comments to support your answer:

Click here to enter text.

**Question 4** – Do you agree with the proposed structure and content of the Code?

Yes ☒ No ☐

Please add comments to support your answer:

Click here to enter text.

**Chapter 1 – Status of the Code, application and general principles**

**Question 5** – Does Chapter One of the draft Code provide a clear description of the status and application of the Code?

If you think it could be improved, please provide details.

Yes ☒ No ☐

Please add comments to support your answer:

After 1.7 it could benefit from another paragraph at this stage describing what the auditors are doing - to balance it.

“The auditor will report in accordance with their terms of references and after taking into account all the relevant guidance upon those arrangements referred to in section 1.7 above”

1.8 integrity, objectivity and independence - last sentence – I would suggest removing “other” as no work should be done if it would impair their independence?
Question 6 – Does Chapter One of the draft Code identify the correct general principles?

Please provide details if you think that additional principles are required or if you consider that any of the principles identified in Chapter One are inappropriate.

Yes ☒ No ☐

Please add comments to support your answer:

Click here to enter text.

Chapter 2 – Audit of the annual accounts

Question 7 – Does Chapter Two of the draft Code address clearly the auditor’s statutory duties in respect of the audit of annual accounts?

If you think it could be improved, please provide details.

Yes ☒ No ☐

Please add comments to support your answer:

Click here to enter text.

Chapter Three – The auditor’s work on value-for-money arrangements

Question 8 – Does Chapter Three of the draft Code address clearly the auditor’s statutory duties in respect of their work on value-for-money arrangements?

If you think it could be improved, please provide details.

Yes ☒ No ☐

Please add comments to support your answer:

Click here to enter text.

Question 9 – Do you agree that the approach set out in Chapter Three of the draft Code is appropriate for auditors of the different types of local public body covered by this Code?

Yes ☒ No ☐

Please add comments to support your answer:

Click here to enter text.
**Question 10** – Do you agree that the NAO’s detailed guidance on how the auditor should approach their work on value-for-money arrangements should focus on key reporting criteria, and, if so, what criteria should these be?

If not, what alternative approach would you propose?

Yes ☒ No ☐

Please add comments to support your answer:

[Click here to enter text.]

**Question 11 (for audited bodies)** – How valuable do you find the work carried out each year on value-for-money arrangements?

How might this be improved?

To what extent would you be prepared to pay more in support of a different approach?

Please add comments to support your answer:

[Click here to enter text.]

**Chapter Four – Reporting the results of the auditor’s work**

**Question 12** – Does Chapter Four of the draft Code address clearly the auditor’s statutory duties in respect of their reporting requirements for the different types of body covered by this Code?

Yes ☒ No ☐

Please add comments to support your answer:

[Click here to enter text.]

**Question 13** – Are there specific aspects of the auditor’s reporting requirements set out in Chapter Four of the draft Code that you consider should be supported by more detailed guidance to auditors? Please provide details of those areas where you consider additional guidance is required.

Yes ☐ No ☒

Please add comments to support your answer:

[Click here to enter text.]

**Chapter Five – The auditor’s additional powers and duties**
**Question 14**– Does Chapter Five of the draft Code address clearly the auditor’s use of the additional powers set out in this chapter?

Yes ☒  No ☐

Please add comments to support your answer:

[Click here to enter text.]

**Question 15** – Are there specific aspects of the auditor’s additional powers and duties set out in Chapter Five that you consider should be supported by more detailed guidance to auditors? Please provide details of those areas where you consider additional guidance is required.

Please provide details of those areas where you consider additional guidance is required.

Yes ☐  No ☒

Please add comments to support your answer:

[Click here to enter text.]

**Chapter Six – Smaller authority assurance engagements**

**Question 16** – Does Chapter Six of the draft Code address clearly the auditor’s statutory duties in respect of their work on smaller authorities?

Yes ☐  No ☐

Please add comments to support your answer:

N/A for CCG

**Schedules, Annex and Glossary**

**Question 17** – Do you have any comments on the material provided in the Schedules and Annex to the draft Code?

Yes ☐  No ☒

Please add comments to support your answer:

[Click here to enter text.]

**Question 18** – Do you have any observations on the completeness or accuracy of the Glossary?

Yes ☐  No ☒
Please add comments to support your answer:
*Click here to enter text.*

If you have any additional comments on the draft Code, please include these here:
*Click here to enter text.*