

**Local audit in England**

**Code of Audit Practice**

**Issues paper: Consultation response form**

**Please respond by 31 May 2019**

**How to respond**

1. Please use this consultation response form to respond to the list of questions below.
2. When answering the consultation questions, it would be very helpful if you could also provide additional explanation and detail where appropriate, to understand the basis for your comments.
3. Please do not feel that you need to respond to all 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. If there are further observations you would like to make in addition to the questions included in this consultation, however, please feel free to include these in your response.
4. Please email your response to lacg@nao.org.uk
5. You can also post responses to us at Local Audit Code and Guidance Team, National Audit Office, Green 2, 157–197 Buckingham Palace Road, London, SW1W 9SP.
Tel: 020 7798 7842.
6. If you need paper copies of this consultation document or the Code please let us know using the email or correspondence address above, or by calling 020 7798 7842, and provide us with your contact details. We will be happy to post copies to you.
7. **We may draw on your responses when explaining how we have acted on the consultation, or if we need to follow up matters raised with some or all other respondents. Therefore your comments will be regarded as public unless you let us know that they should not be. If so, please let us know when you submit your response whether you consider all or part of your submission to be confidential.**

**Name:**

**Organisation:**

**Email address:**

**Telephone number:**

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| **Section One: Status of the Code, application and general principles** |
| **Question 1** – Do you think a principles-based approach is appropriate for the Code of Audit Practice or should the approach be more prescriptive?  |
| * Please add any comments to help to explain the basis of your answer
 |
| **Question 2** – Are there any principles you think should be added or removed? |
| * Please add any comments to help to explain the basis of your answer.
 |
| **Question 3** – Do you think it would be beneficial to give more emphasis to some principles over others?  |
| * + If so, which principles should receive more emphasis?
 |
| **Question 4** – Do you think a single Code should be retained, or would sector-specific Codes be better? |
| * If separate, what differences between the Codes would you like to see?
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| **Question 5 –** How could the Code better support auditors’ work on audited bodies’ partnerships and joint arrangements? |
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| **Section Two: Audit of the financial statements** |
| **Question 6 -** Do you agree the Code should continue to align its requirements with generally accepted auditing standards? |
| * + If not, please explain.
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| **Question 7** – Are there areas of the audit of financial statements where it is currently difficult or inappropriate to apply generally accepted auditing standards? |
| * + If so, which standards, and why?
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| **Section Three: The auditor’s work on economy, efficiency and effectiveness of corporate arrangements (value-for-money arrangements)** |
| **Question 8** – What are the key issues that you think the Code and National Audit Office guidance for this area of work will need to be able to address in the coming years? |
| * + Please add comments to help to explain the basis of your answer.
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| **Question 9 –** Are you content that the current terminology ‘VFM arrangements conclusion’ adequately describes the nature of the work undertaken and the conclusion? |
| * + If no, what would be a more informative description?
 |
| **Question 10** – Do you think the current, risk-based, approach to arrangements work focuses the auditor’s attention in the right areas? |
| * + If no, how should the focus of auditors’ work change?
 |
| **Question 11 –** Do you think the Code should allow auditors to look in more detail at work in areas that may not meet the current definition of a ‘significant’ risk, but nevertheless represent a concern to local auditors and local public bodies? |
| * + If so, on what basis should auditors determine how and where to focus their work, consistent with their responsibilities as auditors?
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| **Section Four: Reporting the results of the auditor’s work** |
| **Question 12 –** Do you think the information that is currently reported publicly by auditors helps local taxpayers understand the key issues and hold local bodies to account? |
| * + - If no, what would improve this?
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| **Question 13** – How could local reporting add more value to the audit for local public bodies and taxpayers? |
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| **Question 14 –** In the section on the auditor’s work on economy, efficiency and effectiveness, we explained that the auditor reports their overall conclusion against the criterion of whether they are satisfied that **“in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people”.** Do you think a single, overall criterion for reporting the adequacy of arrangements enables auditors to effectively communicate relevant issues, or would a number of more specific criteria be more effective? |
| * If so, what sort of criteria would be helpful?
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| **Question 15** – Do you think the options of ‘adverse’ and ‘except for’ conclusions to report weaknesses enables auditors to effectively communicate relevant issues? |
| * If not, please explain your answer and how auditor reporting could be improved.
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| **Question 16** - How could the results of audit work on economy, efficiency and effectiveness be reported more effectively and clearly? |
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| **Section Five: The auditor’s additional powers and duties** |
| **Question 17** – Do you think the Code should include more with respect to when auditors might be expected to use their additional powers? |
| * If so, which areas would this be most useful?
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| **Section Six: Smaller authority assurance engagements** |
| **Question 18** – Do you think the current approach set out in the Code to undertake work at smaller authorities under specified procedures will enable auditors to continue to respond to the challenges at smaller authorities? |
| * If no, how should the approach be adapted?
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| **Question 19** - Do you think the current approach to considering economy, efficiency and effectiveness at smaller authorities is appropriate and proportionate to the size of the bodies being reviewed? |
| * If no, what would you like to change?
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| **Section Seven: Potential implications of changes to the Code** |
| **Question 20** – Do you think local auditors have the appropriate capacity and capability to meet their responsibilities and to respond to the issues set out in this consultation? |
| * If no, how should auditors’ capacity and capability be strengthened?
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**General Comments**

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| **Question 21** – Are there any other ways in which you think that the Code could be further strengthened or improved? |
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