

NATIONAL AUDIT OFFICE FINANCIAL AUDIT MANUAL (2024) COVERING NOTE

1. This copy of the manual contains hyperlinks to internal documents and auditing standards, but these will not be accessible to parties external to the NAO. This document is issued for use within the authorised recipient's organisation only. It may not be published (either electronically or in paper form).
2. The NAO's overall policy is to comply in all respects with International Standards on Auditing (UK) (ISAs (UK)) and the relevant Practice Notes issued by the UK's Financial Reporting Council. The audit manual has been developed to provide supplementary guidance on the application of ISAs (UK) and Practice Notes to the NAO's financial audits. It does not reproduce the text of the individual ISAs (UK), and these should be read in conjunction with the manual where appropriate. In addition, the manual covers matters which stem from the particular responsibilities of the Comptroller and Auditor General as the statutory auditor of central government bodies.
3. The manual contains a number of NAO-specific policies relating to the way our audit work should be conducted. These supplement the 'bold letter' or mandatory requirements of the ISAs (UK). Policies set out specific actions required on NAO audits; for example, consultations on proposed qualifications.
4. All the NAO's financial audit staff are either training for, or hold, a professional accountancy qualification, and are expected to exercise their professional judgement in the application of all NAO guidance. The guidance is intended to support NAO staff in exercising this judgement appropriately while ensuring audit work is high quality and complies with all mandatory requirements of the standards.

Auditing Standards

5. The mission of the International Auditing and Assurance Standards Board (IAASB) is to establish high quality auditing, assurance, quality control and related services standards and to improve the uniformity of practice by professional accountants throughout the world, thereby strengthening public confidence in the global auditing profession and serving the public interest.
6. The IAASB issues and revises International Standards on Auditing (ISAs), and these have been adopted for UK financial statement audits in recent years. The UK's Financial Reporting Council has some areas where they believe that the ISAs need interpretation or supplementation to reflect the UK operating context. Therefore, 'ISAs (UK)' have been developed, to reflect these requirements. In the UK central government sector, the extant ISAs (UK) are also interpreted by Practice Note 10: The audit of financial statements and regularity in the public sector bodies in the United Kingdom (2022), which also sets the standards for the audit of regularity.
7. The Financial Audit Manual (2024) is in effect for audits of financial statements from the 2024-25 financial year onwards.