PSAA Statement of responsibilities of auditors and audited bodies:

Opted-in Bodies

The contents of this document will apply until superseded to contracts:

- **commencing in April 2023 for the contracts arising from the 2022 audit services procurement; and**
- **for all DPS procurements.**

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Introduction to statement

1. PSAA appoints auditors to relevant authorities that have opted in to its appointing person scheme under Regulation 13 of the Local Audit (Appointing Person) Regulations 2015 (the AP regulations). The relationship between the appointed auditor and audited body is statutory rather than contractual.

2. This statement serves as the expected terms of engagement between appointed auditors and audited bodies as referred to in 1-33 of Statement of Recommended Practice Note 10 (Audit of financial statements and regularity of public sector bodies in the United Kingdom). It summarises where the different responsibilities of auditors and of the audited body begin and end, and what is to be expected of the audited body in certain areas. The contents of this statement will be kept under review and maybe modified from time to time in line with changes to legislation and industry practice.

3. The responsibilities of audited bodies are derived from the Code of Audit Practice, the Accounts and Audit regulations 2015 (the AA Regulations), the Local Audit and Accountability Act, the Local Government Act 2003, and the Code of Practice on local authority accounting published by CIPFA/LASAAC.

4. The responsibilities of auditors are derived from statute, principally the Local Audit and Accountability Act 2014 (the Act) and from the Code of Audit Practice (the Code) issued by the NAO on behalf of the Comptroller and Auditor General. Audits are conducted in accordance with the Financial Reporting Council's (FRC's) International Standards on Auditing (UK).

5. The successful delivery of an audit under the Code is, however, predicated on the audited body meeting its statutory responsibilities to provide the auditor with the facilities and information the auditor reasonably requires for the purposes of their functions on a timely basis and to an appropriate standard.

6. The NAO has the power to issue guidance to auditors under Schedule 6 paragraph 9 of the Act. Auditor Guidance Notes (AGNs) set out guidance to which local auditors must have regard to under Section 20(6) of the Act.

7. Nothing in this statement is intended to limit or extend statutory responsibilities or expectations. In particular, audited bodies should note that, because auditors must not prejudice their independence, the role of the appointed auditor does not include providing financial or legal advice or consultancy services to the audited body. The FRC's Revised Ethical Standard (December 2019), (FRC Ethical Standard), applies at all audits of local public bodies. AGN 01 General Guidance to Supporting Local Audit should be read in conjunction with the Ethical Standard as it provides supplementary guidance as the expectations relating to Public Interest Entities are extended to all local audit bodies.

8. Auditors may wish to refer to this statement in their communications with those charged with governance; audit planning documents, audit findings reports, auditors' annual reports, reports and other audit outputs.

9. This document should be read in conjunction with the Code, the relevant legislation and professional standards.

Introduction to responsibilities

10. Those responsible for the conduct of public business and for spending public money are required to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The publication of the financial statements is an essential means by which the audited body accounts for its stewardship and use of the public money at its disposal.

11. In discharging these responsibilities, public bodies must put in place proper arrangements for the governance of their affairs and the stewardship of the resources at their disposal. They are also required to report on their arrangements in their published annual governance statement.

12. Audited bodies must ensure that they have a sound system of internal control which:

    - facilitates the effective exercise of its functions and the achievement of its aims and objectives;
    - ensures that the financial and operational management of the authority is effective; and
    - includes effective arrangements for the management of risk.

13. In carrying out their work auditors should:

    - comply with professional standards;
    - plan and manage the audits in a timely, professional and efficient manner;
    - plan to complete work within agreed deadlines;
    - maintain close liaison with the audited body; and
    - provide appropriate and adequate resources and assign responsibilities to staff with the relevant expertise and experience.

14. In planning their work auditors should consider how best to obtain assurance where audited bodies are operating, commissioning and delivering services in partnerships or other forms of joint working or contracts with other public, private or third-sector bodies. Auditors should plan to work effectively with other auditors where appropriate.

15. The auditor should report using their professional judgement and reflecting the wider scope of public audit. The auditor should report on a timely basis, clearly, concisely and objectively without fear or favour. Timely reporting includes producing audit reports in time, insofar as the auditor can do so under auditing standards, to allow local bodies to comply with the requirements placed on them to publish their audited financial statements. It also means ensuring that when matters of concern arise during the course

of the audit, the auditor raises them promptly with the audited body and considers whether the matter needs to be brought to public attention at the appropriate time.

16. Auditors and audited bodies will foster a culture and working environment where everybody is treated with respect, courtesy and fairness reflecting their Equality, Diversity and Inclusion policies. Both are committed to encouraging and enabling conversations to address any behaviours that are not aligned with these policies and dealing with any matters raised in accordance with those policies.

Audit of the financial statements

Responsibilities of the audited body

17. The responsibilities of audited bodies are derived from the Code of Audit Practice, the Accounts and Audit regulations 2015 (the AA Regulations), the Local Government Act 2003, and the Code of Practice on local authority accounting published by CIPFA/LASAAC.

18. The responsibilities of the audited body in relation to the financial statements are to:

- put in place, and review the effectiveness of, a system of internal control, including arrangements to ensure the regularity and lawfulness of transactions;
- maintain proper accounting records;
- prepare financial statements that give a true and fair view of the financial position of the body and its expenditure and income and that are in accordance with applicable laws, regulations and accounting policies; and
- properly prepare financial statements in accordance with the:
  - CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom;
  - The Accounts and Audit Regulations 2015 (A&A Regulations).

19. An audited body's financial control systems must include measures to:

- ensure that the financial transactions of the authority are recorded as soon as, and as reasonably practicable:
- to enable the prevention and detection of inaccuracies and fraud; and
- to ensure that risk is appropriately managed

20. The primary responsibility for the prevention and detection of fraud and other irregularities rests with those charged with governance of the audited body and its management.

21. The audited body must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into accounts public sector internal auditing standards or guidance.

22. The audited body must conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement.

23. The audited body must prepare a narrative statement including comment on its financial performance and economy, efficiency and effectiveness in its use of resources over the financial year.

24. The audited body may also be required to prepare schedules or returns to facilitate the preparation of consolidated accounts such as HM Treasury's Whole of Government Accounts.

25. A local authority that is the administering authority for a local authority pension fund must prepare pension fund financial statements and an annual report on the pension fund for each financial year. These financial statements must give a true and fair view of:

- the financial transactions of its pension fund during the year; and
- the amount and disposition of the fund's assets and liabilities, other than liabilities to pay pensions and other benefits after the end of the scheme year.

Preparation of the statement of accounts

26. Audited bodies are expected to follow Good Industry Practice and applicable recommendations and guidance from CIPFA and, as applicable, other relevant organisations as to proper accounting procedures and controls, including in the preparation and review of working papers and financial statements.

27. In preparing their statement of accounts, audited bodies are expected to:

    - prepare realistic plans that include clear targets and achievable timetables for the production of the financial statements;
    - ensure that finance staff have access to appropriate resources to enable compliance with the requirements of the applicable financial framework, including having access to the current copy of the CIPFA/LASAAC Code, applicable disclosure checklists, and any other relevant CIPFA Codes.
    - assign responsibilities clearly to staff with the appropriate expertise and experience;
    - provide necessary resources to enable delivery of the plan;
    - maintain adequate documentation in support of the financial statements and, at the start of the audit, providing a complete set of working papers that provide an adequate explanation of the entries in those financial statements including the appropriateness of the accounting policies used and the judgements and estimates made by management;
    - ensure that senior management monitors, supervises and reviews work to meet agreed standards and deadlines;
    - ensure that a senior individual at top management level personally reviews and approves the financial statements before presentation to the auditor; and
    - during the course of the audit provide responses to auditor queries on a timely basis.

28. If draft financial statements and supporting working papers of appropriate quality are not available at the agreed start date of the audit, the auditor may be unable to meet the planned audit timetable and the start date of the audit will be delayed.

Publication of the statement of accounts

29. The audited body's responsibilities for publishing the statement of accounts and other related materials are specified by the Accounts and Audit Regulations 2015 (A&A Regulations).

30. The audited body must approve the statement of accounts in accordance with the timetable and programmes specified in s9 of the A&A Regulations. The responsible financial officer for the audited body must, on behalf of the audited body in the following order:

- Sign and date the statement of accounts and confirm that it presents a true and fair view of:

    i. The financial position of the audited body at the end of the financial year to which it relates; and

    ii. The audited body's income and expenditure for the financial year.

- Commence the period for the exercise of public rights and notify the appointed auditor of the date on which that period commenced.

31. At the conclusion of the period for the exercise of public rights, and before the audited body approves the statement of accounts the responsible financial officer for the audited body must re-confirm on behalf of the audited body that they are satisfied that the statement of accounts presents a true and fair view of:

    - The financial position of the audited body at the end of the financial year to which it relates; and
    - The audited body's income and expenditure for the financial year.

32. The audited body must in the following order:

    - Consider, either by way of a committee or by the members meeting as a whole, the statement of accounts;
    - Approve the statement of accounts by a resolution of that committee or meeting
    - Ensure that the statement of accounts is signed and dated by the person presiding at the committee or meeting at which that approval is given.

33. In accordance with s10 of the A&A Regulations the audited body must publish (which must include publication on the authority's website) by the specified publishing date:

    - The statement of accounts together with any certificate or opinion entered by the auditor;
    - The annual governance statement; and
    - The narrative statement.

34. Where an audit of accounts has not been concluded before the specified publishing date the audited body must publish a notice stating that it has not been able to publish the statement of accounts and the reasons for this.

35. The auditor's annual report should be considered by the authority meeting in full or as a committee of the authority as soon as reasonably practicable after it has been received. The authority must publish the auditor's' annual report following that consideration. The auditor's annual report is an audit letter for the purposes of compliance with the A&A Regulations.

36. Where the audited body publishes its financial statements on its website or distributes them by e-mail or other electronic means, it is responsible for ensuring that the publication presents accurately the financial statements and the auditor's opinion on those financial statements. This responsibility also applies to the presentation of any financial information published in respect of prior periods.

37. The auditor's report on the financial statements should not be reproduced or referred to electronically in any form other than as part of the financial statements without their prior agreement as to the manner and context in which it is reproduced or referred to.

38. The examination of the controls over the electronic publication of audited financial statements is beyond the scope of auditors' responsibilities in relation to the financial statements and the auditor cannot be held responsible for changes made to audited information after the initial publication of the financial statements and the auditor's opinion and the auditor's annual report.

Responsibilities of the auditor

39. To meet their duties in respect of the audit of the financial statements, the auditor should comply with auditing standards currently in force in the United Kingdom, as may be amended from time to time, having regard to any other guidance issued by a relevant regulatory body, and statutory guidance issued by the NAO on behalf of the Comptroller and Auditor General.

40. The auditor should undertake work to support the provision of their audit report to the audited body. In respect of their audit of the financial statements, the auditor's report should include the following components:

- Opinion on the audited body's financial statements
    - whether the financial statements give a true and fair view of the financial position of the audited body and its expenditure and income for the period in question; and
    - whether the financial statements have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction.
- Opinion on other matters
    - whether other information published together with the audited financial statements is consistent with the financial statements; and
    - where required, whether the part of the remuneration report to be audited has been properly prepared in accordance with the relevant accounting and reporting framework.
- Matters related to going concern (ISA(UK)570)
    - a statement if they have concluded that the s151 Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
    - a statement whether the auditor has not identified a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt about the Authority's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

41. The auditors of bodies that administer pension funds are also required to give a separate opinion on the part of the administering authority's financial statements that relates to the accounts of the pension fund.

42. Where auditors are unable to issue their opinion on the financial statements before the specified publishing date they should notify the audited body and provide information to enable publication of the notice required by s10(2) of the A&A Regulations.

Audit Approach

43. Auditors should plan and perform their audit in compliance with the requirements of the Code and with relevant professional standards issued by the Financial Reporting Council.

44. Those standards require the auditor to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures that the auditor considers necessary, to obtain audit evidence about the amounts and disclosures in the financial statements.

45. In addition, an audit includes the evaluation of the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the audited body, as well as evaluating the overall presentation of financial statements.

46. Auditors' work should be risk-based and proportionate and designed to meet the auditor's statutory responsibilities, applying professional judgement to tailor their work to the circumstances of the audited body and the audit risks to which they give rise. Auditors should also consider carefully the practical and resource implications for the audited body when framing recommendations arising from their work, conduct their work economically, efficiently and effectively, and in as timely a way as possible.

47. Auditors should adopt a constructive approach to their work with the audited body. They must share and discuss their audit plan at an early stage with the audited body. They should build effective coordination arrangements with internal audit, using the work of internal audit where, in the auditor's judgement and in line with professional standards, it is appropriate to do so.

48. Auditors examine selected transactions and balances on a test basis and assess the significant estimates and judgements made by the audited body in preparing the annual accounts. In carrying out their work, auditors are required to exercise professional scepticism. They should obtain and document such information and explanations as they consider necessary to provide sufficient, appropriate evidence in support of their judgements.

49. Auditors evaluate significant financial systems, and the associated internal financial controls, for the purpose of giving their opinion on the annual accounts. However, they do not provide assurance to audited bodies on the operational effectiveness of specific systems and controls or the wider system of internal control. Where auditors identify any

weaknesses in such systems and controls, they draw them to the attention of the audited body, but they are not expected to identify all weaknesses that may exist.

50. Auditors should be mindful of the activities of inspectorates and other bodies and take account of them where relevant to avoid duplication and ensure that the demands on audited bodies are managed effectively. In so doing, the auditor is not required to carry out procedures to assess the quality of, or re-perform, the work of inspectorates and other bodies, except where it would be unreasonable not to do so, for example, to provide assurance in accordance with auditing standards issued by the Financial Reporting Council in support of the audit opinion on the financial statements.

51. Auditors also review for consistency other information that is published by the audited body alongside financial statements, such as an annual report. If auditors have concerns about the consistency of any such information they should report them to those charged with governance.

52. In meeting their responsibilities, auditors may request written confirmation of representations from management on specific aspects of the audit such as matters that could not be corroborated by normal audit evidence.

Materiality

53. Auditors' work should be planned and performed to enable them to provide reasonable assurance that the financial statements are free of material misstatement and give a true and fair view. In the context of auditing, materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole. A matter is material if its omission would reasonably influence the decisions of an addressee of the report; likewise, a misstatement is material if it would have a similar influence. Materiality may also be considered in the context of any individual primary statement within the financial statements or of any individual items included in them. Materiality is not capable of general mathematical definition as it has both qualitative and quantitative aspects.

54. The assessment of materiality will assist in determining the nature, timing and extent of the audit procedures. The nature and extent of the work performed should take account of the auditor's understanding of the business of the entity, and the auditor's assessment of the entity's reporting, accounting and internal control systems.

Annual Governance Statement

55. Auditors review whether the annual governance statement has been presented in accordance with relevant requirements and report by exception if it does not meet these requirements or if it is misleading or inconsistent with other information of which the auditor is aware. In doing so, auditors take into account knowledge of the audited body gained through their work in relation to the annual accounts and through their work in relation to the body's arrangements for securing economy, efficiency and effectiveness in the use of its resources.

56. Auditors are not required to consider whether the annual governance statement covers all risks and controls, nor are auditors required to express a formal opinion on the effectiveness of the audited body's corporate governance procedures or risk and control procedures.

Fraud, compliance with laws and regulations and other irregularities

57. Auditors' work is planned and performed to enable them to obtain reasonable assurance that the statement of accounts taken as a whole are free from material misstatement, whether caused by fraud or error. Owing to the inherent limitations of an audit there is an unavoidable risk that some material misstatements may not be detected within the statement of accounts even though the audit is properly planned and performed in accordance with the ISAs (UK).

58. If the auditor has identified a fraud or has obtained information that indicates that a fraud may exist, the auditor should communicate those matters, unless prohibited by law or regulation, on a timely basis to the appropriate level of management in order to inform those with primary responsibility for the prevention and detection of fraud of matters relevant to their responsibilities. The auditor shall communicate, unless prohibited by law or regulation, with those charged with governance any other matters related to fraud that are, in the auditor's judgment, relevant to their responsibilities.

59. Auditors are required to report identified or suspected non-compliance with law or regulation to an appropriate authority outside the entity in circumstances where it is required by law, regulation or relevant ethical requirements.

Fee

60. PSAA will specify the scale fee for an individual audit in accordance with s16 of the AP Regulations.

61. The audit scale fee is calculated on the basis that the draft financial statements, and detailed working papers, are provided to an agreed timetable and are of an acceptable standard. The arrangements for varying the scale fee are set out in s17(2) of the AP Regulations.

62. If substantial additional work is required by the auditor as result of an audited body not preparing its financial statements in line with good industry practice as set out in this statement of responsibilities, then a fee variation may be payable subject to the requirements of s17(2) of the Appointing Person Regulations.

63. Where the auditor intends to propose to PSAA that an additional fee is required they must:

- provide to the audited Body and PSAA an explanation of the circumstances leading to this request (including whether the proposed variation is of a one-off or ongoing nature or, if both, the balance of the two elements);
- confirm to PSAA if the audited Body is in agreement with the proposed variation and the potential increase or decrease in the audit fee payable by the authority.

64. Where it appears to PSAA on the basis of information supplied by the auditor, and following discussion with the audited body, that the work involved in a particular audit was substantially more or less than envisaged by the scale fee then as appointing person PSAA may determine and charge a fee which is larger or smaller than the scale fee.

65. The auditor must not invoice the authority for an additional fee until it has been determined by PSAA. The fee is lawfully payable to PSAA but collected by the auditor for administrative efficiency.

Arrangements for securing economy, efficiency and effectiveness in the use of resources

Responsibilities of the audited body

66. It is the responsibility of the audited body to put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Local public bodies are required to maintain an effective system of internal control that supports the achievement of their policies, aims and objectives whilst safeguarding and securing value for money from the public funds at their disposal.

67. As part of the material published with its financial statements the audited body is responsible for reporting on these arrangements as part of its annual governance statement.

Responsibilities of the auditor

68. The NAO have issued AGN03 Auditors work on value for money arrangements which auditors must have regard to in undertaking their work in determining the adequacy of the arrangements for securing VFM that an organisation has put in place. Nothing in this statement is intended to extend or limit the application of this guidance.

69. Auditors have a responsibility to satisfy themselves that the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. In carrying out this work, auditors are not required to satisfy themselves as to whether or not the audited body has actually achieved value for money during the reporting period. However, should evidence of poor value for money come to their attention during the course of the audit, they should consider the implications of this for their work.

70. Auditors' work is designed to provide sufficient assurance to enable them to report to the audited body with a commentary on the specified reporting criteria on the arrangements the body has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period. This should be reported in the auditor's annual report.

71. Where auditors identify significant weaknesses in arrangements as part of their work on arrangements to secure value for money, they should make recommendations setting out:

    - their judgement on the nature of the weakness they have identified;
    - the evidence on which their view is based;
    - the impact on the local body; and
    - the action the body needs to take to address the weakness.

66. Where auditors identify significant weaknesses in arrangements as part of their work on arrangements to secure value for money, they should report by exception in their report on the financial statements and/or the certificate of audit closure.

67. Where auditors identify significant weaknesses in arrangements as part of their work on arrangements to secure value for money, they should report the matter promptly to the authority in accordance with principles of public reporting specified in the Code.

Approach

68. Auditors should take into account their knowledge of the relevant sector as a whole, and the audited body specifically, to identify any risks that, in their judgement, are relevant to their work on value-for-money arrangements. An understanding of the sector includes the relevant regulatory framework within which the audited body is required to operate.

69. The auditor's work on value for money arrangements should be informed by:

- the audited body's annual governance statement and any additional reporting by the body on the arrangements it has in place to manage risks to the achievement of value for money through the economic, efficient and effective use of its resources;
- evidence that the audited body's arrangements were in place during the reporting period;
- evidence obtained from the auditor's other work – including previous work on value-for-money arrangements, work completed as part of the audit of the financial statements and the audited body's response to this work
- the work of inspectorates and other bodies – where the scope and results are relevant to the auditor's value for money responsibilities. Auditors are not required to quality-assure or re-perform the work of others and may use such work to the extent that, in their judgement, it is appropriate to do so; and
- any other evidence source that auditors regard as necessary to facilitate the performance of their statutory duties.

70. In reviewing the audited body's arrangements for securing economy, efficiency and effectiveness in its use of resources, it is not part of auditors' functions to question the merits of the policies of the audited body, but auditors may examine the arrangements by which policy decisions are reached and consider the effects of the implementation of policy. It is the responsibility of the audited body to decide whether and how to implement any recommendations made by auditors and, in making any recommendations, auditors must avoid giving any perception that they have any role in the decision-making arrangements of the audited body.

71. Auditors do not provide assurance to audited bodies on the operational effectiveness of specific aspects of their arrangements. Neither can they be relied on to have identified every weakness or every opportunity for improvement. Audited bodies should consider auditors' conclusions and recommendations in their broader operational or other relevant context.

72. Audit work in relation to the audited body's arrangements to ensure that it promotes and demonstrates the principles and values of good governance does not remove the possibility that breaches of proper standards of financial conduct, or fraud and corruption, have occurred and remained undetected. Nor is it auditors' responsibility to prevent or detect breaches of proper standards of financial conduct, or fraud and corruption, although they should be alert to the possibility and should act promptly if grounds for suspicion come to their notice.

Specific powers and duties of auditors

73. Auditors have specific powers and duties under the Act in relation to matters of lawfulness.

74. Auditors should undertake the following actions in relation to these duties:

- consider whether to issue a public interest report concerning any matter that comes to their attention during the course of the audit, which they judge should be considered by the audited body or brought to public attention (Schedule 7 of the Act);
- consider any questions raised by electors about the statement of accounts, and consider and decide upon objections received from electors in relation to the statement of accounts (sections 26 and 27 of the Act);
- consider whether the audited body should consider formally, and respond in public, to recommendations made in an audit report (Schedule 7 of the Act);
- consider whether to issue an advisory notice or apply to the court for a declaration that an item of account is unlawful (sections 28 and 29 of the Act), if they have reason to believe that unlawful expenditure has been or is about to be incurred by an audited body; and
- consider whether to apply for judicial review with respect to a decision of, or a failure to act by an audited body which it is reasonable to believe would have an effect on the accounts of the body (section 31 of the Act).

75. The auditor should also have regard to the NAO's Auditor Guidance Note 04 'Auditors additional powers and duties'.

76. Fees arising in connection with auditors' exercise of these powers and duties, including costs relating to the appointment of legal or other advisers to the auditors, are dealt with in accordance with s17(3) of the AP Regulations.

Reporting the results of audit work

77. Auditors should report the results of their work using a range of outputs at the appropriate point in the audit process as set out in the Code and ISA(UK)260 '*Communication with those charge with governance'*.

78. The auditor should also have regard to the NAO's Auditor Guidance Note 07 'Auditor Reporting' and any other relevant guidance issued by the NAO.

79. The auditor should provide those charged with governance an overview of the planned scope and timing of the audit, including the significant risks identified by the auditor.

80. Auditors should provide those charged with governance:
    - their view about significant qualitative aspects of the audited body's accounting practices, including accounting policies, accounting estimates and financial statement disclosures;
    - significant difficulties, if any, encountered during the audit;
    - significant matters arising during the audit that were discussed with management;
    - the written representations they are requesting;
    - other matters that they consider relevant to the oversight of the financial reporting process; and
    - circumstances that affect the form and content of the auditor's report.

Audit planning report

81. The audit planning report sets out how auditors intend to carry out their duties in respect of the accounts in accordance with auditing standards. In addition to planned work on the audit of the financial statements, the audit planning report should encompass planned work to meet their duties in respect of the audited body's arrangements to secure value for money through the economic, efficient and effective use of resources. The responsibility for establishing the overall audit strategy and the audit plan rests solely with the auditor. Auditors should discuss their risk assessment and planned approach as set out in the audit planning report with management and with those charged with governance.

82. The audit planning report should include a timetable for completing the audit. The expectation is that the auditor's opinion on the financial statements will be issued by the publishing date set out in the Accounts and Audit Regulations 2015 (or equivalent) insofar as the auditor can do so in compliance the auditing standards and the guidance issued by the NAO. Where, in the auditor's view, it would not be possible to issue an audit report in compliance with the auditing standards and the guidance issued by the NAO by the publishing date, the audited body must be consulted on an alternative

timetable. Where an alternative target date is set for the issuing of the auditor's opinion on the financial statements, the auditor should include a timetable for completing the audit in the audit planning report in accordance with that target date insofar as the auditor can do so under the auditing standards and the guidance issued by the NAO. The auditor must notify the audited body promptly of any delays to the agreed timetable, and reissue the timetable having regard to those delays after further consultation.

Conclusion of the audit

83. In order to promote timely and impactful reporting that supports local bodies to improve and provides appropriate assurance to wider stakeholders, auditors issue the following reports when they have concluded their audit:

- Audit opinion on the financial statements – The partner or director who is the relevant Key Audit Partner should sign the audit report with his or her name as well as the name of the firm of auditors. Electronic signatures are allowed. If the auditor is not satisfied in respect of any aspects of the body's arrangements to secure value for money, they should refer to this by exception.
- Audit completion certificate – the auditor should certify the completion of the audit. The effect of the certificate is to close the audit. This marks the point when the auditor's responsibilities in respect of the audit of the period covered by the certificate have been discharged. There may be occasions when auditors are able to issue the audit opinion on the financial statements but cannot certify completion of the audit e.g. because they are considering an objection made under Section 27 of the Local Audit and Accountability Act 2014.
- Auditor's annual report – the auditor's annual report should bring together all of the auditor's work over the year. A core element of the auditor's annual report will be the commentary in accordance with the specified reporting criteria set out in Chapter Three of the Code (and as supplemented in statutory guidance issued by the NAO). The commentary should be clear, readily understandable and highlight any issues that the auditor wishes to draw to the attention of the body or the wider public. This should include details of any recommendations arising from the audit and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

84. The auditor's annual report should be issued by the auditor in accordance with the timetable specified by the NAO. Where the auditor is unable to publish the auditor's annual report by 30 September then they should issue an audit letter including a statement explaining the reason for the delay.

85. Reports from the auditor should be addressed to officers or members of the audited body, as appropriate. Auditors do not have responsibilities to officers or directors in their individual capacities or to third parties that choose to place reliance upon the reports from auditors.

86. Outputs arising from the exercise of specific powers and duties of an auditor, the need for which may arise at any point during the audit process, should be issued when

appropriate. Where auditors have identified a matter such as significant weakness in the arrangements to secure value for money they do not need to wait until the conclusion of the audit to report the matter.

87. Where auditors are unable to decide an objection within six months, they should inform the objector and the authority. They should provide further updates on progress every three months until the objection is decided.

Ad hoc requests for auditors' views

88. There may be occasions when audited bodies seek the views of auditors on the lawfulness, accounting treatment or value for money of a transaction before embarking upon it. In such cases, auditors should be as helpful as possible, acting as a sounding board, but may be unable to give a definite view on any matter because auditors:

- must not prejudice their independence by being involved in the decision-making processes of the audited body;
- are not financial or legal advisers to the audited body; and
- may not act in any way that might fetter their discretion or ability to exercise the special powers conferred upon them by statute.

89. Any requests for ad hoc views should be reasonable. The audited body should ensure that it has undertaken its own due diligence work before approaching the auditor.

90. In response to such requests, auditors can offer only an indication as to whether anything in the information available to them at the time of forming a view could cause them to consider exercising the specific powers conferred upon them by statute. However, any response from auditors should not be taken as suggesting that the proposed transaction or course of action would be exempt from challenge in future, whether by auditors or others entitled to raise objection to it. It is the responsibility of the audited body to decide whether to embark on any action or transaction.

Access to information, data security and confidentiality

91. Auditors have wide-ranging enforceable rights of access to documents and information in relation to the audit which are set out in s22 and s23 of the Act. Such rights apply not only to documents and information held by the audited body and its directors and staff, including documents held in electronic form, but also to the audited body's partners and contractors, whether in the public, private or third sectors. Auditors may also require a person holding or accountable for any relevant document to give them such information and explanation as they consider necessary.

92. There are restrictions on the disclosure of information obtained in the course of the audit, subject only to specific exemptions. The Freedom of Information Act 2000 does not apply to appointed auditors, as they have not been designated as public authorities for the purposes of that legislation, although they are subject to the Environmental Information Regulations 2004. Audited bodies wishing to disclose information obtained from an auditor, which is subject to a statutory restriction on its disclosure, must consider Schedule 11 of the Act and seek the auditor's consent to that disclosure.

93. Auditors should protect the integrity of data relating to audited bodies and individuals either received or obtained during the audit. They should ensure that data are held securely and that all reasonable steps are taken to ensure compliance with statutory and other requirements relating to the collection, holding and disclosure of information.

94. Auditors may need to process personal data about individuals associated with the authority (such as clients, staff, trustees and others), which could include the following: personal identification and contact details, employment related information or financial data. The auditor holds Personal Data as Data Controller.