

SAAA's Response to NAO Consultation

Submitted to lacq@nao.org.uk on Tue 5 Mar 2024.

Code consultation questions

Code of Audit Practice Chapter One

Question 1 – Do you agree with the principles of effective co-operation during the handover period where there is a change in the appointed auditor? (The handover period is defined as the period from the date from which the new auditor's appointment takes effect to the date on which the outgoing auditor certifies completion of their audit).

SAAA support the principle of effective co-operation. However if the £6.5m threshold is to remain in place then there are wider transition issues which should be addressed. SAAA would be willing to work with partners to help support and guide Smaller Authorities meet Full Audit requirements.

Code of Audit Practice Chapter Two: for relevant authorities other than local NHS bodies

Question 2 – Do you think that the proposed Code requirements in respect of the 'backstop' dates are sufficient to require and enable auditors to report their opinion at the backstop date, apart from in the exceptional circumstances set out? If not, what needs to be added or strengthened?

SAAA support this change

Code of Audit Practice Schedules 3 and 4: For relevant authorities other than local NHS bodies and in relation to audit years prior to 2023-24 that are incomplete at the date on which this Code comes into force

Schedule 3

Question 3 – Do you agree that the Code should require auditors to perform a reduced scope of work on proper arrangements to secure VFM on a temporary basis for incomplete audits up to and including 2022-23?

SAAA support this on the basis that it will help stabilise the position.

Question 4 – Do you have any comments on the proposals for the reduced scope of proper arrangements set out under the reporting criteria that auditors are required to report for incomplete audits up to and including 2022-23?

SAAA support this on the basis that it will help stabilise the position.

Schedule 4

Question 5 – Do you agree with the approach to enable the auditor to issue a combined commentary as part of a single auditor's annual report for incomplete audits up to and including 2022-23?

SAAA support this.

Code of Audit Practice Chapters 3 and 4: For relevant authorities including local NHS bodies and in relation to audit years from 2023-24 at the date on which this Code comes into force

Chapter Three

Question 6 – Do you agree that auditors should be required to return to the full scope of VFM arrangements work under the three reporting criteria set out under paragraph 3.11 of Chapter Three of the Code from audit year 2023-24 (the year of which the new audit *appointments contracts under PSAA's national scheme start*)?

SAAA are not actively involved in the Category 1 Full Audit regime and so cannot comment from a position of knowledge. It is important that key stakeholders are confident that the steps proposed will resolve the problems in the planned recovery period. It would be even more damaging in terms of public confidence and attractiveness of public sector audit if these changes are then subject to further review, during the recovery period, because the recovery plan fails.

Chapter Four *(there is no question 7)*

Question 8 - Do you agree that the Code should specify the 30 November as the date by which auditors should issue their auditor's annual report based on the work they have completed so far rather than wait for the audit to be fully completed?

SAAA support the change for category 1 authorities but requests clarification of any effect of this on smaller authorities.

General Comments

Question 9 - Are there any other comments you wish to make?

The public sector audit market is not vibrant with a number of firms departing the market in recent years. To date the principal authority issues have not affected Limited Assurance. However, part of our plans are to seek to broaden our provider base. A continuation of negative messages about public sector audit may hamper that, not just for us, but also the PSAA. It is vital that these arrangements are successful and are seen to be successful. In that context any reservations made by authorities or auditors should be considered carefully and plans amended if necessary to ensure that they are achievable.

The root cause of these problems are long standing and complex. It is essential that Phase 3 commences as soon as possible.

Equality Impacts

In considering new legislation, public bodies need to ensure that they eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.

Question 10 - Do you have any comments on whether any of the proposals outlined above could have disproportionate impact, either positively or negatively, on people

with protected characteristics or wish to highlight any other potential equality impacts?

No response by SAAA