

## **Auditing Practices Board**

### **Consultation: The Auditor's Report on Financial Statements**

#### **Comments by Audit Scotland**

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### **Introduction**

Audit Scotland is the public sector audit agency undertaking the external audit of the majority of public sector entities in Scotland. We welcome the opportunity to comment on the Consultation paper.

### **Overall comments**

Audit Scotland welcomes and supports the direction of travel that the APB is moving in as set out in the introductory section of the paper in the paragraphs headed Concise Auditor's Report.

Whilst we do have some concerns about the audit report not being a free standing document if it includes cross reference to the APB's website and the possible impact on the accessibility of any information on a website for some users of public sector accounts on balance we believe that the greater level of detail provided in the example wording outweighs the potential disadvantage in terms of accessibility. We would however suggest that the APB considers making hard copies of the website material available free of charge either from itself or from audit firms.

For public sector entities the scope of the audit includes forming an opinion on the regularity of transactions. We believe this is fundamental to public sector audit and that therefore the opinion relating to regularity that is given in central government and the NHS should be included in the part of the report containing the opinion on the financial statements rather than in the part on other legal and regulatory requirements.

### **Responses to the specific questions in the consultation paper**

#### **Q1 General**

We have no comments not covered elsewhere.

#### **Q2 Cross Referencing**

We support the cross referencing to the APB website with the caveat that hard copies should be available on request free of charge to users.

#### **Q3 Website Statements**

The public sector element of the list may need revision/expansion depending on how the public sector example Auditor's Reports are worded due to the wide range of laws and regulations under which public sector accounts are prepared and audited.

#### **Q4 Practical issues**

The APB will need to think carefully about how to maintain an archive of statements as they are amended as it will be necessary for all versions of each statement to be available for many years for example to provide evidence in future litigation about auditor liability.

We have already mentioned the suggestion that hard copies should also be available.

## **Q5 True & Fair**

Paragraph 18 appears sufficiently generic.

## **Q6 Order of opinions**

We have no strong views on the order of the opinions in the consultation paper. However for many public sector bodies the opinion on regularity is absolutely central to the scope of the audit and a key part of the auditor's reporting responsibilities. We therefore strongly recommend that for public sector audits the regularity opinion is included in the part of the audit report containing the opinion on the financial statements.

We hope that you find our comments helpful and should you require any further information please contact Russell Frith, Director of Audit Strategy, Audit Scotland, 110 George Street, Edinburgh, EH2 4LH, e-mail [rfrith@audit-scotland.gov.uk](mailto:rfrith@audit-scotland.gov.uk).

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