



National Audit Office

AGN06
Planning Local Government Audits
Issued on 1 April 2015

Auditor Guidance Note 6 (AGN/06)

Planning Local Government Audits

Version issued on: 1 April 2015

About Auditor Guidance Notes

Auditor Guidance Notes (AGNs) are prepared and published by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General (C&AG) who has power to issue guidance to auditors under Schedule 6 paragraph 9 of the Local Audit and Accountability Act 2014 (the Act).

AGNs set out guidance to which local auditors must have regard under Section 20(6) of the Act. The guidance in AGNs supports auditors in meeting their requirements under the Act and the *Code of Audit Practice* published by the NAO on behalf of the C&AG.

The NAO also issues Weekly Auditor Communications (WACs) to local auditors to bring to their attention relevant information to support them in carrying out audit work. The firms that are local auditors under the Act may use WACs to update their own internal communications and reference tools.

AGNs are numbered sequentially and published on the NAO's website. Any new or revised AGNs are brought to the attention of local auditors through the WACs.

The NAO prepares Auditor Guidance Notes (AGNs) solely to provide guidance to local auditors in interpreting the Code of Audit Practice made under the Local Audit and Accountability Act 2014. The contents of AGNs cannot be reproduced, copied or re-published by parties other than local auditors without permission from the NAO.

The AGNs are designed to assist local auditors in forming their own understanding of the requirements of the Code. Auditors are required to have regard to AGNs, and the Code explains that this means that auditors are expected to comply with the NAO's guidance or provide a reasonable explanation as to why not. AGNs are in no way intended as a substitute for the exercise of the independent professional skill and judgement of a local auditor in deciding how to apply the NAO's guidance or when providing explanations as to why guidance has not been followed.

Local auditors should not assume that AGNs are comprehensive or that they will provide a definitive answer in every case.



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AGN06 is relevant to auditors of local government bodies covered by the Audit Commission Act 1998, as transitionally saved by commencements under the Local Audit and Accountability Act 2014, including:

- local authorities;
- police bodies;
- fire and rescue authorities;
- integrated transport authorities;
- passenger transport executives;
- national park authorities; and
- waste authorities.

This AGN is not relevant to assurance engagements at smaller authorities for which specified procedures are set out in AGN02.

Nor is this AGN relevant to NHS bodies including Foundation Trusts.

Introduction

This AGN sets out guidance for auditors to support their audits of local authorities except smaller authorities. It refers auditors to guidance that the Audit Commission has previously issued to support work on 2014/15 audits.

The Local Audit and Accountability Act 2014 (the 2014 Act) has been commenced with transitional arrangements and savings that have the effect of preserving previous requirements for the completion of audits of 2014/15 and any outstanding audits from earlier years.

This version of AGN 06 (April 2015) refers auditors to relevant requirements and guidance that remain extant for 2014/15 and any outstanding earlier years' audits.



Requirements and guidance for 2014/15 and any outstanding earlier years' audits

What is the issue?

The Audit Commission Act 1998 (the 1998 Act) and the Audit Commission's Code of Audit Practice for Local Government Audits 2010 (the 2010 Code), as transitionally saved, apply to the audits of 2014/15 accounts. The Audit Commission's Code is available on the archived version of its website (<http://webarchive.nationalarchives.gov.uk/20141217004412/http://www.audit-commission.gov.uk/audit-regime/codes-of-audit-practice/>)

The Audit Commission issued the following planning guidance to support the work of local government auditors under the 1998 Act and the 2010 Code, which remains relevant to the completion of auditors' work on 2014/15 accounts:

- Audit Policy Briefing (APB) 04-2015 Local Government Planning

This document can be found on the NAO's extranet for local auditors.

Why is this important?

At the point of issuing this AGN, audits of the 2014/15 accounts of local government bodies were ongoing. To help to ensure that work on 2014/15 accounts is not adversely impacted by the transfer of responsibilities from the Audit Commission to the NAO, it is important that auditors understand that previously issued guidance relevant to 2014/15 audits remains extant and continues to be available.

What should auditors do?

Auditors should continue to have regard to planning guidance previously issued by the Audit Commission which remains relevant to their ongoing work on 2014/15 local government audits.

Raising technical issues or queries on this AGN

Auditors in firms should raise queries within the firm, in the first instance, so that the relevant technical support service can consider whether to refer



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queries to the NAO's Local Audit Code and Guidance (LACG) team by e-mailing LACG.queries@nao.gsi.gov.uk

The NAO also engages with the firms through its Local Auditors Advisory Group (LAAG) and supporting technical networks to consider any emerging regime-wide technical issues on a timely basis. Auditors should follow their in-house arrangements for bringing significant emerging issues to the attention of their firm's representative on LAAG or the relevant technical network.