



## **ISA 260 REPORTING POLICY**

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**Policy and Procedures**

**Effective: February 2018**

**To be reviewed: February 2021**

*To help the public service  
spend wisely*

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## INTRODUCTION

1. International Standards on Auditing (ISA) requires that we communicate certain matters to those charged with governance. At the end of the financial statement audit, the Office of the Auditor General (the OAG) staff prepares an ISA 260 Report – to those charged with governance. The ISA 260 Report is prepared for the sole use of those charged with governance and we accept no responsibility for its use by third parties.
2. In light of transparency and in the public interest, it is now the policy of the OAG to release these reports proactively through our website: [www.auditorgeneral.gov.ky](http://www.auditorgeneral.gov.ky). This has been discussed and agreed with the Honourable Deputy Governor and the Financial Secretary for Core Government entities.

## TIMING OF RELEASE OF ISA 260 REPORTS PUBLICALLY

3. Under the *Public Management and Finance Law*, the OAG is to complete the financial statement audits of the various government entities 4 months after year end. At the completion of the financial statement audit the ISA 260 Report is issued to the client along with the audit opinion on the financial statements.
4. The audited financial statements form a part of the entity's annual report, which is to be tabled in the Legislative Assembly prior to becoming a public document.
5. However, each individual ISA 260 Report to the client is not tabled in the Legislative Assembly, but is used to inform the General Report of the Auditor General on the Financial and Performance Reporting of ministries, portfolios, statutory authorities, government companies and the Entire Public Sector. Therefore, the OAG will not release these reports immediately to the public via its website, but will allow a reasonable period after their preparation for them to be presented in the Legislative Assembly before making them publically available.
6. If there are significant delays in tabling the Auditor General's Report on the Financial and Performance Reporting of government entities or the annual reports of the clients (i.e. audited financial statements) and in the Legislative Assembly, the OAG will begin to proactively disclose the ISA 260 Reports on its website. We will do this 6 months after the statutory deadline for the completion of that year's financial audits (i.e. 31<sup>st</sup> December year end requires audits to be completed by 30<sup>th</sup> April and so we will release publically on OAG website from 31<sup>st</sup> October).

7. Starting with the 2015-16 financial statement audits, the OAG will begin proactively placing the ISA 260 Reports on our website.

#### **FREEDOM OF INFORMATION LAW REQUIREMENTS**

8. The ISA 260 Reports will be released under the *Freedom of Information Law* requirements. Each ISA 260 Report will be reviewed by the Freedom of Information manager of the OAG to determine if there is any information that needs to be redacted prior to being published on the OAG website. The OAG aims to write ISA 260s in a way that minimizes the need for redactions.
9. If there are items to be redacted, the Freedom of Information manager of the OAG will contact the client to obtain agreement to the redaction(s).

#### **CLIENT RELATIONS & PUBLISHING THE ISA 260 REPORT**

10. All financial statement audit engagement letters with clients are to indicate that the ISA 260 Report will be disclosed publically in accordance with our ISA 260 Reporting Policy and in conjunction with the *Freedom of Information Law*. For contracted out financial statement audits, this communication should will be provided to the client and the audit firm conducting the audit.
11. Before being issued all ISA 260 Reports should include client responses to recommendations made by auditors to improve the short comings found within their entities. In exceptional circumstances, if management’s comments are not received in a timely manner, the Auditor General reserves the right to publish the ISA 260 Report indicating “No management response received”.
12. Prior to publishing the ISA 260 Report on the OAG website, the Auditor General or the Deputy Auditor General will contact the client as a courtesy. The client may also wish to publically report the ISA 260 Report.
13. The OAG will not issue press releases informing the public when the ISA 260 Reports are being made publically available on its website.