

# Summary of public consultation on draft Code of Audit Practice

## The consultation (undertaken on behalf of the Auditor General and the Accounts Commission) ran for five weeks from 23 February 2026.

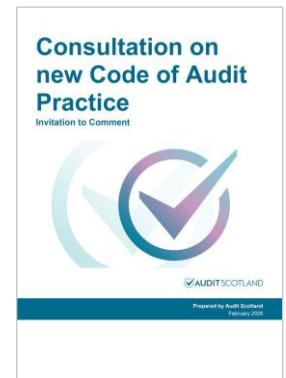
Engagement from stakeholders was strong, with about 60 respondents from a broad range of public bodies, local government representative bodies, accountancy institutes and audit firms. This engagement, along with the extensive engagement undertaken while developing the Code, is essential to inform the Code and ensure it provides an appropriate level of assurance in an ever-changing service delivery and risk environment.

There was strong overall support for the general approach and the specific proposals set out in the draft Code. More than three quarters of respondents agreed with the proposed changes.

Two key changes have been made following the consultation:

- The original proposal for smaller bodies was that auditors appointed by the Auditor General should continue to provide reasonable assurance in their conclusions on one wider scope area (financial sustainability), and limited assurance on the remaining three. However, in response to concerns about the practical challenges of applying different assurance levels, the Auditor General decided to simplify the approach. As a result, the Code now requires limited assurance across all wider scope conclusions.
- There was a proposal for local government auditors to provide separate conclusions on financial sustainability and financial management, in addition to the overall conclusion on Best Value. However, after considering comments received, the Commission decided not to proceed with this approach. Instead, auditors will be required to explicitly refer to financial sustainability and financial management within the commentary that supports their overall Best Value conclusion.

Some respondents suggested that only engagements conducted in accordance with International Standards on Auditing (ISAs) can be described as an audit. However, Senior Counsel advised that there is no requirement in relevant legislation for audits to follow ISAs. An audit is an independent inspection of a business's accounts or records with a view to determining their accuracy and reliability. In light of this, the Auditor General and the Accounts Commission decided not to amend the Code and to retain the term audit to describe the separate assurance framework for smaller bodies.



Some clarifications to wording have also been made in response to the consultation. These include being clear that ISRE 2400 (for audits of smaller bodies) and ISAE 3000 (for wider scope reporting areas and Best Value) will be used to inform guidance rather than be explicitly followed by the appointed auditors and emphasising the independence of auditors.

A number of other comments were received, but many related to matters other than the content of the Code itself, including the timeliness of audit, funding arrangements, and financial reporting frameworks. These have been shared across Audit Scotland as appropriate.

[The Code of Audit Practice 2026 is now available on our website.](#)