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Proposed revisions to ISA (UK) 250 Section A and ISA (UK) 250 Section B

Thank you for the opportunity to comment on the FRC's consultation on the exposure draft of revised ISA (UK) 250 – Consideration of Laws and Regulations in the Audit of Financial Statements and *ISA (UK) 2X0 Special Considerations for Audits of Public Interest Entities – Communicating and Reporting to an appropriate authority outside the entity*.

Audit Wales is responsible for auditing devolved public services including the Welsh Government, its related and sponsored bodies; Welsh NHS bodies; and Welsh local government bodies.

This response supplements the joint Public Audit Forum (PAF) response of 12 January 2024. We have not sought to repeat the commentary in that response, which Audit Wales supports, but provides more specific detail about the Welsh public sector context.

We are broadly supportive of the principle of revising ISA (UK) 250 to integrate more closely with the risk assessment model required by *ISA (UK) 315 – Identifying and Assessing the Risks of Material Misstatement*.

We are however concerned about the regulatory burden which the proposals entail.

We audit a range of bodies in the local government, NHS and central government sectors, which are all subject to differing legislation, for example:

- The issue is potentially most acute for local government bodies, who have a very wide range of statutory and non-statutory functions and are subject to extensive legislation. The Welsh Government's [Law Wales](#) website lists 16 key primary pieces of legislation covering local government generally which are then by supplemented by significant and further legislation in areas such as such as wellbeing, environment, planning, health & safety, social services, education, highways, environmental health and many others.
- For Welsh NHS audits, [Law Wales](#) lists 43 pieces of primary legislation covering health care.

- The position regarding central government bodies is different with each body having a unique function and then subject to its own legislative requirements.
- In addition to the sector specific legislation discussed above, all bodies will be subject to more general legislation in areas such as employment, equalities, data protection and freedom of information.

We are therefore extremely concerned with the potential expansion in scope of auditors' responsibilities arising from the proposals. The proposed standard has the potential to significantly add to the regulatory burden on preparers and auditors in the public sector with no clear benefit to financial reporting, audit quality or to the public purse.

Should you have any questions about this response please contact Terry Jones, Technical & Quality Manager (terry.jones@audit.wales).