



## **ISA 260 REPORTING POLICY**

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**Policy and Procedures**

**Effective: July 2025**

**To be reviewed: June 2029**

*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. To aid transparency, the OAG’s policy is to publish these reports on our website: [www.auditorgeneral.gov.ky](http://www.auditorgeneral.gov.ky). This was discussed and agreed with the Honourable Deputy Governor and the Financial Secretary prior to the policy being first introduced in 2018.

## TIMING AND DISTRIBUTION OF ISA 260 REPORTS

3. Under the *Public Management and Finance Act (PMFA)*, the OAG is to complete the financial statement audits of the various government entities four months after year-end i.e. by 30<sup>th</sup> April each year.
4. The audited financial statements, which include the audit opinion, form a part of the entity’s annual report, which is to be tabled in Parliament prior to becoming a public document. The PMFA states that these should be presented to the Cabinet for review and noting within five months after the year end i.e. by 31<sup>st</sup> May each year. After the Cabinet has reviewed and noted the reports they should be presented to the Parliament at its next sitting.
5. At the completion of the financial statement audit the OAG prepares and issues an ISA 260 Report to the client for their management (i.e., Chief Officer or Chief Executive Officer, or equivalent) responses to the recommendations made. In some circumstances, recommendations may be made to those charged with governance, which may require the Board of Directors to respond.
6. The OAG aims to issue ISA 260 reports to clients by 31 May at the latest each year, or within one month of completing the audit, if the audit is not completed by the 30 April deadline. Clients are expected to prepare management responses to any recommendations made by OAG and respond within 30 days of receiving the ISA 260 report, i.e. by 30 June. This allows the OAG to finalise audits and issue final report to those charged with governance in a timely manner. It also provides clients with time to implement recommendations before the end of the next financial year.
7. After receiving management responses to recommendations, the OAG will finalise the ISA 260 reports, as soon as possible, and issue these to those charged with governance. For statutory

authorities and government companies (SAGCs), the OAG will issue ISA 260 reports to the Chairman of the Board, and to the Chief Officers of core government entities.

8. The OAG uses the ISA 260 reports to inform the annual General Report, which reports on the financial and performance reporting of core government entities, SAGCs, and the Entire Public Sector. The OAG prepares the General Report as soon as possible after the completion of the financial statement audits. We aim to publish the General Report by 30<sup>th</sup> September each year, i.e. six months after the statutory deadline. Therefore, it is important that all ISA 260 reports are finalised in enough time for the OAG to prepare and issue its annual General Report. The annual General Report is tabled in the Parliament, and is considered by the Parliament's Public Audit Committee. The OAG's ISA 260 Reports are not tabled in Parliament. Therefore, it is important that the General Report provides a complete and accurate picture of all public bodies. If clients have not responded to the recommendations made in the ISA 260 report within 30 days of issuing the General Report, the OAG will include the recommendations and state that no response has been received. The Auditor General may, in exceptional circumstances, consider management responses to ISA 260 reports after that date.
9. The OAG's policy is to publish ISA 260 Reports on its website six months after the statutory deadline for the completion of that year's financial audits, i.e. 31<sup>st</sup> October, each year. This allows enough time for individual entities' annual reports, including the audited financial statements to be tabled in the Parliament and the OAG to prepare and issue the annual General Report.

#### **FREEDOM OF INFORMATION ACT REQUIREMENTS**

10. If we receive a request for an ISA 260 Report before it is published on our website we will release the report, after informing the audit client.
11. The OAG aims to write ISA 260s in a way that minimises the need for redactions as disclosures that are sensitive or contravene the *Freedom of Information Act* or the *Data Protection Act*. If there are items to be redacted, the OAG will contact the client to obtain agreement to the redaction(s).

#### **CLIENT RELATIONS & PUBLISHING ISA 260 REPORTS**

12. The OAG's engagement letters with clients for financial statement audits indicate that the ISA 260 Report will be published in accordance with this policy and in conjunction with the *Freedom of Information Act*. For contracted-out financial statement audits, this communication will be provided to the client and the audit firm conducting the audit.

13. The OAG will publish ISA 260 Reports that include client responses to recommendations made by auditors. 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”.
14. The OAG will not issue press releases informing the public when the ISA 260 Reports are being published on its website.
15. The OAG encourages clients to publish their ISA 260 Reports on their websites.