

# Technical Guidance Note

## TGN/WGA/23

**Auditor assurance on 2022/23 Whole of Government  
Accounts returns**



 **AUDIT SCOTLAND**

Prepared for appointed auditors in local government and central government sectors  
27 November 2023

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# Overview

## Description of return

Whole of Government Accounts (WGA) is the consolidated financial statements for all components of government in the UK. Most public bodies are required to provide information for the preparation of WGA. External auditors are required to examine and provide assurance on WGA returns over a prescribed threshold.

Claim reference	Date for unaudited return	Date for audited return set by Treasury and NAO
WGA 2022/23	20 October 2023 (central government)	17 November 2023 (central government)
	24 November 2023 (local government)	22 December 2023 (local government)
Professional Support advised NAO that these timescales were unrealistic as 2022/23 annual accounts audits had not been completed. Bodies should inform HM Treasury where these timescales are not met.		

## Significant risk areas

- 1 Materially different accounting policies applied without alignment.
- 3 Incomplete or incorrect elimination of intra-government transactions.

## Submission to Treasury

[LG\\_WGAreturns@hmtreasury.gov.uk](mailto:LG_WGAreturns@hmtreasury.gov.uk)

[WGA.Team@hmtreasury.gov.uk](mailto:WGA.Team@hmtreasury.gov.uk)

## Submission to NAO

[wgareturns@nao.org.uk](mailto:wgareturns@nao.org.uk)

## Technical Guidance Note publication date and relevant year

27 November 2023/2023 for 2022/23 returns

## Email address for consulting with Professional Support

[TechnicalQueries@audit-scotland.gov.uk](mailto:TechnicalQueries@audit-scotland.gov.uk)

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# Introduction

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## Purpose

1. The purpose of this Technical Guidance Note from Audit Scotland's Professional Support is to provide appointed auditors with guidance on examining and reporting on the 2022/23 Whole of Government Accounts (WGA) returns of public bodies in Scotland.
2. Appointed auditors are required by the [Code of Audit Practice](#), as part of their audit appointment, to examine and report on WGA returns prepared by audited bodies.
3. Auditors are required to report the results of their examination in an Assurance Statement. The examination and reporting process performed by auditors is therefore described as auditor assurance.

## Context for 2022/23

4. HM Treasury prepare WGA for the UK and are responsible for managing the production process. The National Audit Office (NAO) are the group auditor for WGA. The process has been running late over the last few years, it is, however, starting to return to pre-pandemic timescales.
5. In order to ameliorate the impact of the delays, Treasury increased the threshold for auditor assurance in England to £2 billion for 2020/21. This remains the threshold for 2022/23. Professional Support has agreed with the Scottish Government that threshold should also apply for all public bodies in Scotland. The application of this threshold greatly reduces the number of bodies' returns requiring auditor assurance.
6. Testing and reporting procedures that auditors are required to undertake in respect of providing assurance to the NAO on 2022/23 WGA returns above the threshold is included throughout this Technical Guidance Note and summarised in Appendix 1. The procedures are consistent with the NAO's Group Audit Instructions but tailored to Scottish bodies. Reporting procedures include the submission of an Assurance Statement in a form prescribed by NAO.
7. Although this Technical Guidance Note provides an overview of the process for preparing WGA returns, it may still be necessary for auditors to refer to the source material on which this note is based for points of detail.

**8.** No examination is required for bodies below the threshold, although auditors are required to complete the first eight sections of the Assurance Statement (except for minor bodies) and submit it to the NAO. However, the NAO has advised that they may contact auditors of bodies that they consider to be significant to request additional work.

**9.** The threshold for minor bodies remains at £30 million and this requires to be the case for both 2021/22 and 2022/23.

**10.** Treasury set a date of 17 November 2023 for central government bodies and 22 December 2023 for local government bodies for the submission of the audited WGA returns for 2022/23. Professional Support advised the NAO that these dates would not be met as audits of the 2022/23 annual accounts would not be complete. Auditors are requested to advise Treasury and NAO of delays to the submission of audited returns.

## Changes for 2022/23

**11.** The key changes from 2021/22 are as follows:

- Auditors are required to check that the “output TB” sheet is consistent with the body’s accounts and other note disclosures
- The threshold for individual reporting of unadjusted errors in the financial statements has been reduced from £100 million to £1 million. This should remove the need for auditors to amalgamate smaller errors.

## Consulting with Professional Support

**12.** Auditors should consult with Professional Support by sending an email to [TechnicalQueries@audit-scotland.gov.uk](mailto:TechnicalQueries@audit-scotland.gov.uk).

## WGA bodies

**13.** HM Treasury requires government departments in England to consolidate their arms-length bodies with their own information. It has provided guidance for central government bodies and separate guidance for local government bodies on the preparation of the 2022/23 WGA returns. Treasury describes itself in its guidance as the primary consolidator, and the departments as sub-consolidators.

**14.** Treasury has produced a [list](#) of all bodies within the WGA boundary for 2022/23. Each WGA body is allocated by the Treasury a counter-party identification (CPID) code.

**15.** Most public bodies are required to complete and submit a WGA return except:

- non-ministerial departments, agencies and health boards as their information is collected as part of the preparation of the Scottish Government Consolidated Resource Accounts

- colleges as their information is collected as part of the Scottish Funding Council return
- bodies that Treasury define as minor. For 2022/23, these are bodies below £30 million for gross annual expenditure and income during 2021/22 and 2022/23, and for gross assets and liabilities at 31 March 2022 and 2023. The [CG-03 Confirmation of minor body status](#) form is used to confirm minor bodies.

## WGA in Scotland

**16.** In contrast with the other nations in the UK, the provision and audit of WGA returns is not a statutory requirement for public bodies in Scotland. However, the Scottish Government has agreed to provide Treasury with equivalent information. Scottish bodies have been advised by the Scottish Government to follow the Treasury guidance for bodies in England. Audit Scotland has agreed to arrange for audit work to be carried out in line with the NAO's Group Audit Instructions on a non-statutory basis.

## OSCAR II

**17.** Data is collected for WGA by bodies inputting information directly to the Online System for Central Accounting and Reporting (OSCAR II).

**18.** The submission of the information and provision of auditor assurance is a seven-step process:

- Step 1 is the body preparing to start the submission
- Step 2 involves the body entering CPID transactions
- Steps 3 and 4 involves the body completing the proformas, submitting the WGA return (referred to OSCAR II as the auditor report) for auditor examination, and closing cycle 1
- Step 5 involves examination of the WGA return/auditor report by auditors, and the body making agreed changes
- Steps 6 and 7 involve the cycle 2 being completed.

## Balances and transactions with other WGA bodies

**19.** The area of identifying and reporting intra-group transaction streams and balances with other WGA bodies is probably the most important and highest risk area associated with WGA. In prior years, auditors have found large numbers of material mismatches in the figures reported by WGA bodies. Bodies are therefore required to have satisfactory processes for identifying relevant transaction streams and balances.

**20.** A key part of the process is the elimination of transactions and balances between WGA bodies. It is essential that bodies record complete and accurate counter-party information, as it is the only way in which transactions and balances between WGA bodies can be identified and eliminated. Counter-party

eliminations are increasingly sensitive in terms of error evaluation, and elimination error is a key item of focus.

**21.** The basic principle is that bodies should identify and report transactions and balances with other WGA bodies using their unique CPIDs. Bodies should treat balances and transaction streams with agencies as if they were with the Scottish Government and use that CPID (i.e. SCT075). Bodies are required to report all their CPID balances and are expected to fully reconcile CPIDs with government grant figures.

**22.** For central government bodies, where the counterparty is another central government body (except HM Revenue and Customs, National Insurance Fund, and minor bodies), transactions and balances over £5 million require to be agreed with the counterparty using the CG-01 Agreement of balances form. Agreement is not required for local government bodies, although it is recommended.

**23.** The £5 million threshold applies to the aggregate for each type of balance or transaction stream with a counterparty. For example, if a body has a number of receivable balances with a counterparty which are each below the threshold but when aggregated exceed it, all balances should be reported.

**24.** The elimination process is automated in OSCAR and works on a number of match relationships, which are groups of account lines that are expected to eliminate each other. For example, grant payments in Body X are in the same match relationship as grant receipts in Body Y. Once two reported transactions or balances match each other, the OSCAR system automatically reverses the entries to eliminate them. However, if Body Y reported the receipt as trading income, that would be reported as an elimination error.

**25.** Valuation joint boards and regional transport partnerships included in a council's group accounts as associates are not required to provide CPID data in respect of income and expenditure information that requires to be reported in the group accounts. However, councils are required to list the boards/partnerships to which they pay requisitions, and the boards/partnerships are required to identify the relevant councils.

# 1. Auditor Assurance Overview

This chapter provides an overview of the assurance provided by appointed auditors.

## Auditor responsibilities

26. The auditor responsibilities in respect of Scottish bodies are summarised in the following table:

Party	Responsibilities
Comptroller and Auditor General	Auditor of WGA overall
NAO	Group auditor acting on behalf of the Comptroller and Auditor General Responsible for the overall WGA audit approach, including the production of Group Audit Instructions
Professional Support	Interpreting the NAO's instructions for a Scottish context Providing guidance to appointed auditors in Scotland
Appointed auditors of bodies over the £2 billion threshold	Completing the required planning procedures (see chapter 2) Completing the fieldwork test procedures (see chapter 3) Making judgements on the accuracy of the information within the return, and obtaining the body's agreement regarding any adjustments that are required (see chapter 4) Reporting the results on completion of the examination in an Assurance Statement submitted to the NAO (see chapter 4)
Appointed auditors of bodies below the £2 billion threshold- (but not minor bodies)	Responsible for carrying out planning procedure 1, and partially completing the assurance statement and submitting it to the NAO The NAO may request additional procedures if they consider the body to be a significant component.
Appointed auditors of minor bodies	No responsibilities



**27.** The overall WGA audit opinion is therefore underpinned by work carried out by a WGA consolidation audit team within the NAO and the assurances provided by the auditors of individual bodies (referred to by the NAO as component bodies).

### **Auditor assurance focus**

**28.** The focus of the examination by auditors is to provide assurance that the WGA returns are materially fairly stated. The main parts of the examination are to confirm that:

- the impact of significant risks at the bodies that impact WGA have been appropriately addressed
- transactions and balances have been recorded on a basis consistent with the prior year
- the WGA return is complete and accurate, and consistent with the financial statements
- the CPID data is materially complete and accurate
- the closing balances in the prior year have been brought forward accurately into the current year WGA return and, if appropriate, correctly restated
- any recognised restatements are appropriately classified
- all required additional information is provided (for the notes to the WGA)
- transaction streams and balances with other WGA bodies have been correctly identified to enable elimination during the consolidation.

**29.** Auditors should complete the auditor action checklist at Appendix 1 of this note. Actions include planning procedures, fieldwork tests, and required completion procedures. The actions that auditors are required to carry out are discussed in chapters 2 to 4.

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## 2. Planning Procedures

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This chapter sets out the procedures that auditors should carry out when planning the examination of the WGA return.

### Planning procedure 1 – Requirement for examination

Auditors should establish whether an examination of the WGA return is required

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**30.** Auditor examination and reporting is required where either gross assets (excluding property, plant and equipment and pension assets), or gross liabilities (excluding pension liabilities), or gross income or gross expenditure is above £2 billion. Auditors should enter 'yes' at section 6 of the Assurance Statement if the £2 billion threshold is breached.

**31.** This should be based on consolidated/group financial statements, where applicable. For local government bodies, expenditure should include service expenditure, other operating expenditure, and financing and investment expenditure, but ignore any statutory adjustments. For central government, it should reflect total operating expenditure plus finance expenditure. Items in other comprehensive income and expenditure should not be included.

**32.** No examination is required for bodies below the threshold, but auditors should enter 'no' at section 6 of the Assurance Statement, and then complete sections 1 to 8. The partially completed Assurance Statement should then be submitted to the NAO (other than for minor bodies) by emailing [wgareturns@nao.org.uk](mailto:wgareturns@nao.org.uk) as soon as possible after the 17 November 2023 for central government bodies and by 22 December 2023 for local government bodies.

**33.** The remaining content of this Technical Guidance Note applies only to the very few bodies in Scotland above the £2 billion threshold.

### Planning procedure 2 - ISA (UK) 600 declarations

Auditors should consider whether they can comply with the relevant parts of ISA (UK) 600

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**34.** The NAO is required to comply with ISA (UK) 600 Special Considerations - Audits of Group Financial Statements. To reflect this, the NAO's Group Audit Instructions are designed to ensure that they receive sufficient information and assurances from component auditors.

**35.** Auditors should be able to confirm at section 9 of the Assurance Statement that they:

- understand this Technical Guidance Note and the guidance issued by the Treasury for WGA
- possess the skills and experience necessary to undertake the specified procedures
- complied with ethical requirements of the Financial Reporting Council
- will provide the NAO with access to relevant documentation
- understand that the NAO's group audit team may evaluate their documentation
- checked that the "output TB" sheet is consistent with the body's accounts and other note disclosures
- completed the procedures specified in this Technical Guidance Note.

**36.** Auditors are providing assurance on the WGA returns to the NAO. Auditors should not seek, and the NAO will not enter into, any 'hold harmless' arrangements that may limit the level of assurance provided.

### Planning procedure 3 - Materiality

Auditors should establish the amount to be used for materiality, performance materiality and 'clearly trivial threshold'

**37.** Materiality and performance materiality amounts, as well as the threshold for 'clearly trivial' reporting for the WGA examination should normally be the same as those adopted for the audit of the body's financial statements.

**38.** The values should be reported at section 10 of the Assurance Statement.

### Planning procedure 4 - Significant risks

Auditors should plan how to address significant risks from a WGA perspective

**39.** Significant risks that have been highlighted in the NAO's Group Audit Instructions are summarised in the following table:

Significant risk	Further comment
The financial information is inconsistent between the financial statements and the WGA return	Information in the WGA return needs to be mapped from a body's financial statements to the disclosures in the return. Any mis-mapping could be a classification error in WGA.
Financial information is inconsistently reported compared to the prior year	The NAO's reviews have identified that in some cases auditors had not completed sufficient work to ensure that mapping was also consistent with the prior year

Significant risk	Further comment
CPIDS are incomplete or otherwise materially inaccurate	The audit opinion on WGA financial statements was qualified prior to 2016/17 in relation to the elimination of transactions between WGA group entities, e.g. counterparties recognised different amounts, or only one side recognised a transaction.

**40.** Auditors should consider the circumstances of the body, and document how the significant risks highlighted by the NAO impact on the body. For example

- a new finance system may have been implemented which may make it difficult to identify CPIDs in a manner consistent with the prior year; or
- there may be new preparers who may make different judgements on the mapping of the financial statements to the WGA return thereby creating inconsistencies compared with the prior year.

**41.** Auditors should also consider significant risks identified for the audit of the financial statements and consider whether they should lead to additional testing procedures. This should apply to all significant risks identified as there is a possibility that risks that failed to crystallise for the financial statements audit may have an impact on the WGA review.

### Planning procedure 5 - Previous year matters

Auditors should plan how to address the impact of matters identified in previous years

**42.** Auditors should consider any local matters identified in the examination of previous year returns, including any feedback provided by the NAO WGA group audit team's review. Any changes required to the standard approach to address these local matters should be documented.

# 3. Fieldwork Procedures

The purpose of this chapter is to set out the fieldwork procedures that auditors should carry out for 2022/23.

## Fieldwork procedure 1 - Validations

Auditors should examine the relevant proformas in the return and:

- confirm that there are no 'hard' validation errors shown
- evaluate whether the explanations for 'soft' validation failures are consistent with their knowledge of the body

**43.** Validation checks exist on all tabs and can be viewed on the Validation Report tab. There are 'hard' and 'soft' validation checks to ensure it has been properly prepared as explained in the following table:

	'Hard' validations	'Soft' validations
Explanation	Control critical data such as ensuring that the accounts balance	Review expected relationships within the submission
Impact of failure	Prevents the information from being submitted.	Does not prevent the information from being submitted, but the body will have to input explanations into the relevant worksheet
Auditor response	The WGA return presented for examination by auditors must have passed all hard validations, as failure prevents the data from being submitted. Auditors should ask the body to resolve any that are shown.	If the explanations are inconsistent with the auditor's knowledge of the body, the WGA submission should be returned.

## Fieldwork procedure 2 - Line by line agreement to financial statements

Auditors should evaluate whether the WGA return agrees to the financial statements by:

- reconciling the primary statements and notes in the WGA return line by line to the financial statements
- confirming that the current/non-current analysis is appropriate
- examining the financial statements to confirm that all disclosures required in the WGA return are complete
- investigating variances through discussion with the body and review of evidence
- evaluating whether the mapping in 2022/23 is consistent with, or an improvement on, the mapping used for 2021/22
- confirming that a retrospective restatement has been made, where required
- confirming that the body has reported in the WGA return any instances where a transaction or balance cannot be adequately classified
- the “output TB” sheet is consistent with the body’s accounts and other note disclosures.

**44.** Bodies are required to populate the template worksheets using information in their 2022/23 financial statements so that a trial balance can be compiled. For 2022/23, auditors are required to check that the “output TB” sheet is consistent with the body’s balance sheet/SOFP, CIES/SOCE, and other note disclosures.

**45.** The trial balance figures are analysed using the Treasury's standard chart of accounts (SCOA) codes. These are 8-digit ledger codes which map to a line in the WGA financial statements. At a high level, the first digit of each SCOA corresponds to a class of balance (i.e. 1 for assets, 2 for liabilities and 3 for reserves), transaction (i.e. 4 to 6 for income and expenditure) or additional information (i.e. 8 for opening balances).

**46.** The transferral of transactions and balances from the financial statements to the WGA return is referred to as 'mapping'. The mapping process should have been subject to management review. If figures do not reconcile easily, auditors should examine the body's working papers that support their mappings.

**47.** The main allowable difference between the financial statements and the WGA return is for agency transactions. Agency transactions should be grossed up and included within WGA with relevant CPIDs reported to allow for full elimination across all WGA bodies (unless there is an agreement between all bodies to only report their share of costs/income).

**48.** The following points should be noted:

- OSCAR II requires cash balances to be separately disclosed between commercial bank accounts and cash balances held with the Government Banking Service (GBS). Balances held with CitiBank and RBS under the GBS agreement should be disclosed in the GBS line, rather than with commercial bank accounts.

- tangible heritage assets and investment properties are treated in the WGA return as categories within property, plant and equipment, and intangible heritage assets within intangible assets. Investment properties and material heritage assets will be presented separately in the final WGA financial statements.

**49.** Auditors are required to confirm the consistency of mapping between 2021/22 and 2022/23. Any change should result in better quality information. A consequent retrospective restatement may be required.

### Fieldwork procedure 3 - Opening balances

Auditors should evaluate whether:

- the pre-populated opening balances in the 2022/23 WGA return agree to the closing balances in the 2021/22 return
- restatements of the opening balances have been correctly classified
- the final (restated) opening balances in the 2022/23 WGA return are consistent with the comparative figures in the 2022/23 audited financial statements.

**50.** After the body has entered its CPID, the worksheet is automatically populated with data from the final locked DCT for 2021/22.

**51.** Auditors are required to confirm that the 2021/22 data has been correctly carried forward. The brought forward figures require to be checked to confirm they reconcile to the closing submission for that year.

**52.** Auditors should evaluate whether any restatement of the opening balances has been correctly classified. Common reasons for restatements are as follows:

- 'MOG' (i.e. machinery of government) should be used for the transfer of functions between one government body and another. This should be restricted to changes within the departmental boundary only.
- 'Changes in accounting policy' should be used for changes in accounting policy only.

### Fieldwork procedure 4 - Additional information

Auditors should evaluate whether:

- the additional information sections within the WGA return have been completed and are based on relevant financial statement disclosures where possible
- where additional information has been based on other sources, the source is reasonable and supports the information given

**53.** Bodies are required to fill in additional information sections within the WGA return based on the relevant financial statement disclosures, where possible.

**54.** Auditors should examine the financial statements to confirm that the disclosures in the WGA return are complete. Contingent liabilities is a particular area where the NAO has previously found high levels of errors. For local

government, the tab containing information on the highways network asset is not subject to examination by auditors in 2022/23.

**55.** In some cases, sources other than the financial statements may have to be used. Auditors should assess the reasonableness of the source, confirm that it supports the additional information.

**56.** The Treasury does not require intra-group items to be deducted from the additional information disclosures, e.g. where one body has a contingent liability or operating lease with another WGA body. There is therefore the risk of overstatements arising from non-elimination.

### Fieldwork procedure 5 - CPID common mistakes

Auditors should examine the 'CPID Transactions' section to evaluate whether:

- the body has made any common CPID omissions or mistakes
- the body has identified and reported CPIDs on an accruals basis
- where CPIDs are reported for the balance sheet/SOFP, there is a corresponding CPID for the CIES/SOCE, and vice versa, if appropriate
- the signage of CPIDs is the correct way round
- amounts have been entered in £000s

**57.** Auditors should use their knowledge of the body to evaluate whether expected CPIDs have been identified and reported (e.g. grant-in-aid and grants, social security contributions, pension contribution and liabilities, VAT debtor/creditor, lottery receipts, Public Works Loans Board repayments and interest) and that common CPID mistakes have not been made (e.g. 'tax and duties' paid to HM Revenues and Customs should be coded to IRT813 rather than HMR041).

**58.** Auditors should also confirm that the signage of CPIDs is the correct way round - positive for debit balances, i.e. assets and expenditure (SCOAs beginning with 1, 5 & 6), negative for credit balances, i.e. liabilities, reserves and income (SCOAs beginning with 2, 3 & 4) respectively.

### Fieldwork procedure 6 - CPID audited body process

Auditors should evaluate whether the body has a reasonable process in place for ensuring CPIDs are complete and accurate

**59.** Auditors should document and evaluate the body's process for ensuring the completeness and accuracy of CPID transactions and the work undertaken to clear any mismatches.

**60.** CPID transactions and balances require to be published prior to submitting Cycle 1 returns. It is anticipated that this will reduce the level of CPID mismatches.



**61.** Where the evaluation identifies weaknesses in the process or other issues, auditors should consider making recommendations for improvement to the body.

### Fieldwork procedure 7 - CPID completeness

Auditors should evaluate whether all expected CPIDs have been reported by

- using their knowledge of the body and information contained in the annual accounts
- comparing CPIDs reported for 2022/23 with CPIDs reported in 2021/22 to identify any incomplete CPIDs
- considering any grant certification work that has been carried out
- where considered appropriate, using the matches analysis tool for evidence of any under-reported or incomplete CPIDs.

**62.** Auditors are required to use their judgement to conclude as to whether the CPID transactions are materially complete.

**63.** In order to ensure that intra-group transaction streams and balances are completely and accurately reported, CPIDs reported for the balance sheet/SOFP and for the CIES/SOCE should be consistent with available financial statements evidence, e.g. related party disclosures, debtor and creditor ledgers etc. Auditors should examine all of the annual accounts, including the management commentary/performance report, and not restrict their consideration to disclosures in the financial statements.

**64.** Intra-government transaction streams and balances should be fully allocated to CPIDs within the WGA return. Relevant transactions and balances in the annual accounts include:

- any notes that detail recipients of funding or contributors of funding
- the payables and receivables intra-government notes which detail with whom balances are held
- sections of narrative which reveal relationships with other WGA bodies.

**65.** For WGA purposes, CPID transactions should be reported on a gross basis. Where errors are found between income and expenditure, they should not be netted off. The total error should be the total income plus the total expenditure error.

**66.** Auditors should confirm that CPIDs reported for 2021/22 are also reported for 2022/23 or establish the reason where this is not the case. Auditors should use grant certification work they have carried out to check specific grant balances.

**67.** Bodies are able to run the Matches Analysis Tool and can use it to identify instances where a counterparty has reported a transaction but the body has not, or where there are differences in the amounts reported for the same transaction.

**68.** Although potentially useful, the Matches Analysis Tool is a 'live' document and will only include transactions for bodies who have uploaded their WGA return at the point the report was run. Auditors should therefore use their judgement as to whether the use of the matches report is considered useful in the context of local circumstances and will provide meaningful analysis on the completeness of CPID transactions (i.e. evidence of under reported or incomplete CPID).

**69.** The elimination process in the Matches Analysis Tool works on a number of match relationships and is automated within OSCAR. Match relationships are groups of account lines that are expected to eliminate against each other.

### Fieldwork procedure 8 - CPID accuracy (CG only)

Auditors of central government bodies should evaluate whether the CG-01 form agreement process has been followed

**70.** For central government bodies, the CG-01 form should include all balances relating to amounts owing from, or income for goods and services provided to, the other central government body. It should be prepared and signed by the provider body before being forwarded to the relevant purchasing body. Agreement is regarded as being achieved when any difference between provider and purchaser is less than £200,000. Provider bodies should ensure that, when they complete the CG-01 form, they include the SCOA code to which they are allocating the balance or transaction. Once an amount has been agreed between two bodies, it can only be amended with their joint agreement.

**71.** If significant differences are detected between balances or transactions advised by the provider body and those recorded by the purchaser (i.e. one greater than £200,000), both parties are required to work together to ascertain why the difference has occurred. If an error is identified, the body with the error should adjust their records.

**72.** The CG-01 form should include details of any significant differences, including supporting papers. The supporting papers should include detailed explanations and further information that may be relevant, such as extracts from the financial statements and contracts. A copy of the CG-01 and supporting papers should be attached to the CG-02. If the difference is due to timing, the CG-01 form should carry a brief note to this effect. Where a dispute cannot be resolved, bodies are required to report this to the Scottish Government, and auditors should report significant differences in the Assurance Statement.

**73.** Where year-end balances or in-year transactions with other central government bodies are over £5 million, auditors should:

- evaluate whether the CG-01 agreement process has been followed
- for a sample (determined by each auditor) of CG-01 forms, confirm that the value of balance/transaction has been agreed with the other body or that any mismatch has been reported to the Scottish Government.

**74.** Auditors of local government bodies need not carry out this test.

# 4. Completion Procedures

This chapter sets out the completion procedures that auditors should carry out after they have conducted the fieldwork procedures.

## Completion procedure 1 - WGA errors and adjustments

Auditors should:

- consider errors identified in the fieldwork tests
- agree any adjustments
- prepare the unadjusted errors schedule

**75.** Auditors are required to accumulate the errors in the WGA return identified in the fieldwork tests and agree these with the body. Auditors should encourage bodies to correct all errors, particularly CPID omissions. Changes may also arise from work carried out by bodies, but any adjustments require to be agreed with auditors.

**76.** If the body chooses not to adjust the errors identified in the fieldwork tests, auditors should complete the WGA Unadjusted Error Schedule (a separate worksheet accompanying the Assurance Statement). Unadjusted errors from the audit of the financial statements reported to those charged with governance should also be included in the schedule. The threshold for reporting financial statement errors individually has been reduced from £100 million to £1 million for 2022/23. This should allow auditors to report the unadjusted errors they have identified from the financial statements without the need to amalgamate smaller errors. The requirements for reporting of unadjusted errors in the schedule are summarised in the following table:

Error value	Reporting requirements	Signing off
Total WGA errors < £1M	Complete schedule as a 'nil return'	Auditor sign off
Total WGA errors > £1M	Report the unadjusted errors Record the journal entries required to correct the errors	Auditor and body's responsible officer sign off
Individual financial statement error > £1M	Report the unadjusted errors separately	
Individual financial statement error < £1M	Aggregate the unadjusted errors into one line	

## Completion procedure 2 - Validation of adjustments

Auditors should confirm that agreed adjustments have been made by the body

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**77.** Auditors should:

- advise the body of the adjustments that are required
- check the final version of the WGA return to confirm the adjustments have been made
- pass on certain contact information to the body so that it can be included in the submission (the submission cannot be finalised without this information).

**78.** Once the return has been submitted, bodies should have passed the final return back to auditors.

## Completion procedure 3 – Submission to Treasury

Auditors should complete the Audit Completion Template and submit it and the final WGA return to Treasury

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**79.** Auditors are required to submit the final WGA return and the completed CG-05 Template for the Notification of Audit Completion to the Treasury.

**80.** Auditors should obtain the WGA return from the body, along with the CG-05 form. The body should have completed Part A of the CG-05, and auditors should complete Part B to certify that the accompanying WGA return is:

- an accurate reflection of the final audited results for the body
- the same as the one submitted to the NAO (see completion procedure 5).

**81.** The appropriate email address for the Treasury is:

- [LG\\_WGAreturns@hmtreasury.gov.uk](mailto:LG_WGAreturns@hmtreasury.gov.uk) (local government)
- [WGA.Team@hmtreasury.gov.uk](mailto:WGA.Team@hmtreasury.gov.uk) (central government).

**82.** The Treasury have set a submission deadline of 17 November 2023 for central government bodies and 22 December 2023 for local government bodies. Professional Support advised the NAO that these deadlines were not achievable, but Treasury declined to revise them. Auditors should make the submission as soon as reasonably practicable, without compromising audit quality, but should advise the Treasury (using the above addresses) if the deadlines will not be met.

## Completion procedure 4 - Assurance Statement

Auditors should complete and sign the Assurance Statement

**83.** The NAO produces the Assurance Statement proforma. The 2022/23 Assurance Statement to be used accompanies this Technical Guidance Note.

**84.** Assurance Statements are intended to summarise the results of the work undertaken by auditors and key information that may be required by the NAO in auditing and reporting on the WGA overall. Details of issues should be provided, along with their impacts on the audit and the conclusions reached.

**85.** The Assurance Statement is prepared in a specific format in Excel which allows it to be automatically uploaded to a database when they are submitted to the NAO. Changes to the format (e.g. adding lines or columns) should not be made by auditors as this prevents it from being uploaded, which would therefore require it to be returned to the component auditor for correction.

**86.** Guidance on completing the Assurance Statement for 2022/23 is provided in the following table:

### Assurance Statement

#### Information about the component body and its accounts (section 1)

The information which auditors should enter includes:

- the name and CPID of the body
- the sector. Auditors of local government and central government bodies in Scotland should select the 'Wales/Scotland/Northern Ireland' option.

#### Auditor details (section 2)

Auditors should enter the required contact details.

#### Sign off (section 3)

Auditors should enter the:

- name of the individual signing off the Assurance Statement (appointment lead or manager)
- date of sign-off.

#### Information on the body's annual accounts (section 4)

Auditors should enter:

- the body's year end for the annual accounts
- information on the accounting framework
- whether the financial statements are on a group basis. Auditors are required to list subsidiaries included in the group financial statements in 'Entities in the Group' (a separate worksheet accompanying the Assurance Statement).

## Assurance Statement

- whether any disclosed contingent liabilities are greater than £100 million or unquantifiable

### Balances from statutory accounts (section 5) requirement for assurance work (section 6)

Auditors should enter the relevant values from the financial statements and, based on whether they exceed the threshold, indicate whether an examination of the WGA return is required.

### Information about the audit of the body's accounts (section 7)

Auditors should enter:

- the opinion on the financial statements, and details of any modifications
- whether there are any unadjusted errors from the audit of the accounts with a value greater than £1 million
- key judgements or other matters arising from the audit of the financial statements that they consider should be brought to the attention of the NAO. This may include a material fraud, significant disagreements with management, any significant events after the reporting period or other issues that may be significant to WGA overall.

### Compliance with the Group Audit Instructions (sections 8 and 9)

References to Group Audit Instructions should be interpreted as this Technical Guidance Note. Auditors should confirm that they understand this Technical Guidance Note and the guidance issued by the Treasury for WGA.

In order to demonstrate compliance with ISA (UK) 600, where the WGA return is above the certification threshold, auditors are required to provide certain assurances. Auditors should confirm they:

- possess the skills and experience necessary to undertake the specified procedures
- complied with ethical requirements
- will provide access to relevant documentation
- understand that the NAO's group audit team may evaluate their documentation
- checked that the "output TB" is consistent with the body's financial statements and disclosures
- completed the procedures specified in this Technical Guidance Note.
- 

### Materiality (section 10)

Auditors should enter the materiality, performance materiality and 'clearly trivial' thresholds used for the audit of the financial statements. Where auditors use different levels for examining the WGA return, an explanation is required.

## Assurance Statement

### Auditor's report to the C&AG (section 11)

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Auditors should report their conclusions from their examination of the WGA return. References in section 11 to 'Auditor Report' should be read as 'WGA return'. The conclusions are in two parts, i.e. whether:

- the transactions, balances and additional disclosure information reported in the WGA return are consistent with the audited financial statements or accounting records from which those statements are produced
- the intra-group balances and transactions reported in the WGA return is complete and accurate in all material respects.

When evaluating the level of error against materiality, unadjusted errors from the financial statements audit should be added to errors in the WGA return identified in the fieldwork tests to arrive at a total WGA error.

Any inconsistency or inaccuracy reported should be explained.

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### Administrative information (section 12)

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Auditors should enter:

- a reasonable estimate of the cost of delivering the examination of the WGA return. This is trying to capture the cost to the public sector and therefore should be an estimate of costs incurred for ASG staff but, in the case of private firms, should be an apportionment of the fee charged for the audit overall
  - the dates the WGA return was received for examination and submitted to the NAO, with any additional commentary on the timetable.
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## Completion procedure 5 - Submission

Auditors should submit the final WGA return and completed Assurance Statement to the NAO using the required naming convention

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**87.** Auditors should submit the following documents to [wgareturns@nao.org.uk](mailto:wgareturns@nao.org.uk):

- The final WGA return, where an examination has been carried out (excel).
- Completed Assurance Statement (including the Unadjusted Errors Schedule)(excel)
- A copy of the ISA (UK) 260 report (or full Annual Audit Report, where they are combined) (pdf).

**88.** Auditors should ensure they use the naming convention for:

- the required submissions using the format CPID\_Name of audited body\_Document name, e.g. SFC075\_Scottish Funding

Council\_Assurance statement and SFC075\_Scottish Funding  
Council\_Return

- the subject line of the emails attaching the required submissions using the format CPID\_Name of audited body, e.g. SFC075\_Scottish Funding Council.

**89.** ASG staff should store the WGA return in the appropriate body's 'Financial audit - outputs' library on SharePoint and email a hyperlink to [outputs@audit-scotland.gov.uk](mailto:outputs@audit-scotland.gov.uk). Firms should send it (in addition to the NAO) to [outputs@audit-scotland.gov.uk](mailto:outputs@audit-scotland.gov.uk).

**90.** The NAO have set the same submission deadlines as Treasury of 17 November 2023 for central government bodies and 22 December 2023 for local government bodies. Professional Support advised the NAO that these dates would not be met as audits of the 2022/23 annual accounts may not be complete. Auditors are requested to advise Treasury and NAO of delays to the submission of audited returns.

### Completion procedure 6 - Management report

Auditors should consider the need for a management report on the WGA assurance process

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**91.** Where significant errors and weaknesses have been detected as part of the examination of the WGA return, auditors should consider the need to report findings to the body's senior management.

**92.** Where a specific management report is prepared, auditors should provide a copy to the NAO.



# Appendix 1. Auditor Checklist

Planning procedures	Yes/No/N/A	Initials/date	W/P ref
1 Have you established whether an examination of the WGA return is required?			
2 Have you considered whether you can comply with the relevant parts of ISA (UK) 600?			
3 Have you established the amount to be used for materiality, performance materiality, and 'clearly trivial' threshold?			
4 Have you planned how to address significant risks from a WGA perspective?			
5 Have you planned how to address the impact of matters identified in previous years?			

Fieldwork tests	Yes/No/N/A	Initials/date	W/P ref
1 Have you examined the relevant worksheets in the WGA return and <ul style="list-style-type: none"> <li>• confirmed there are no 'hard' validation errors shown?</li> <li>• evaluated whether the explanations for 'soft' validation failures are consistent with your knowledge of the body?</li> </ul>			
2 Have you: <ul style="list-style-type: none"> <li>• reconciled the primary statements and notes in the WGA return line by line to the financial statements?</li> <li>• confirmed that the current/non-current analysis is appropriate</li> <li>• examined the financial statements to confirm that all disclosures required in the WGA return are complete?</li> <li>• investigated variances through discussion with the body and review of evidence?</li> </ul>			

Fieldwork tests	Yes/No/N/A	Initials/date	W/P ref
<ul style="list-style-type: none"> <li>• assessed whether the mapping in 2022/23 is consistent with, or an improvement on, the mapping used for 2021/22?</li> <li>• confirmed a retrospective restatement has been made, where required?</li> <li>• confirmed that the body has reported in the WGA return any instances where a transaction or balance cannot be adequately classified?</li> <li>• Checked that the “output TB” sheet is consistent with the component body’s accounts and other note disclosures?</li> </ul>			
<p>3 Have you evaluated whether:</p> <ul style="list-style-type: none"> <li>• the pre-populated opening balances in the 2022/23 WGA return agree to the closing balances in the 2021/22 return?</li> <li>• restatements of the opening balances have been correctly classified?</li> <li>• the final (restated) opening balances in the 2022/23 WGA return are consistent with the comparative figures in the 2022/23 audited financial statements?</li> </ul>			
<p>4 Have you evaluated whether:</p> <ul style="list-style-type: none"> <li>• the additional information section within the WGA return have been completed and are based on the relevant financial statements disclosures where possible?</li> <li>• where additional information has been based on other sources, the source is reasonable and supports the information given?</li> </ul>			
<p>5 Have you reviewed the 'CPID Transactions' sheet to evaluate whether:</p> <ul style="list-style-type: none"> <li>• the body has made any common CPID omissions or mistakes?</li> <li>• the body identified and reported CPIDs on an accruals basis?</li> <li>• the CPIDs reported for the balance sheet/SOFP correspond to those reported for the CIES/SOCE, if appropriate?</li> <li>• the signage of CPIDs is the correct way round?</li> <li>• amounts have been entered in £000s?</li> </ul>			

Fieldwork tests	Yes/No/N/A	Initials/date	W/P ref
6 Have you evaluated whether the body has a reasonable process for ensuring CPIDs are complete and accurate?			
7 Have you evaluated whether all CPIDs have been reported by: <ul style="list-style-type: none"> <li>• using your knowledge of the body and information contained in the annual accounts?</li> <li>• comparing CPIDs reported for 2022/23 with CPIDs reported in 2021/22 to identify any incomplete CPIDs?</li> <li>• confirming that specific grant balances identified in the WGA return agree with any grant certification work that has been performed?</li> <li>• considering the use of the matches report for any under-reported or incomplete CPIDs?</li> </ul>			
8 Have you evaluated whether the CG-01 form agreement process has been followed? (CG bodies only)			
Completion procedures	Yes/No/N/A	Initials/date	W/P ref
1 Have you: <ul style="list-style-type: none"> <li>• considered errors identified in the fieldwork tests?</li> <li>• agreed any adjustments?</li> <li>• prepared the unadjusted errors schedule?</li> </ul>			
2 Have you confirmed that agreed adjustments have been made by the body?			
3 Have you completed the Audit Completion Template and submitted it and the final WGA return to Treasury?			
4 Have you completed and signed the Assurance Statement?			
5 Have you submitted the final WGA return, completed Assurance Statement, and ISA (UK) 260 report to the NAO using the required naming convention?			

# Technical Guidance Note TGN/WGA/23

## Auditor assurance on 2022/23 Whole of Government Accounts returns

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Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN  
Phone: 0131 625 1500 Email: [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk)  
[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)