

Practice Note 16 – Bank reports for audit purposes in the United Kingdom (Revised)

Important Reminder for Audit Letter processing

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Why am I receiving this note?

Following the publication of **Practice Note 16 (PN16) Revised** in December 2007, auditors were informed of the changes and improvements to the audit letter process that had been agreed between the UK auditing profession and the British Bankers' Association (BBA).

Following these discussions, the deadline for implementation will be the audit of accounting periods commencing on or after **26 December 2007, i.e. December 2008** year end, except for companies with short accounting periods.

Therefore, this note is a reminder to all auditors of the changes they are required to implement by this date.

As an auditor, what changes do I have to make?

1. The main change is that auditors need to provide the customer's **main sort code and account number for each legal entity** on their audit request and a facility account number for trade finance or derivative & commodity trading information (if required). This will enable the banks to find the right details for their customer and prevent them from searching for facilities that may not exist.
2. Along with the revisions to PN16 there are three specially designed request templates to help you gather the information you need:
 - **Standard** (which includes the option to request additional information on trade finance and derivative & commodity trading)
 - **Fast-track** (only to be used in circumstances whereby the reporting deadline is a month or less after the year end/audit confirmation date)
 - **Incomplete Information** (use this form in exceptional circumstances; the auditor will be expected to acknowledge that the bank's response may take longer than usual to process).

These templates should be used in conjunction with auditors' own note paper and must include full contact details for the auditor.

Copies of the new templates are available on the BBA website [here](#)¹. These templates must contain the same information (no more) and be set out in the same order as in PN16 (Revised).

3. Banks are no longer required to report on custodian arrangements under the 'standard' audit request procedures, so the option to request this has been removed from the templates. In future, you will need to make separate arrangements with the Bank section concerned in order to obtain this information.
4. Although auditors do not need to provide a new Authority to Disclose (ATD) for a client each time they submit an audit request, please ensure that the ATD for each customer is reviewed with your client and make sure all legal entities are covered and the authorisation signatures are appropriate.
 - A new authority will be needed in the case of a new audit entity
 - An updated authority will be needed in the case of entity changes (e.g. new group entities/auditor changes).
5. To ensure that audit requests are sent to the correct location for each Bank to process as quickly as possible, please use this [link](#)² to find every Bank's contact details. Please ensure you send the audit request to the correct address as specified, otherwise this can increase the timescale for completion.
6. If an auditor requires a Bank to confirm receipt of the audit request, and provided the Bank offers this service, please supply your email address on the audit request template for the Bank to use and a unique reference number which does not identify the client. Banks not subscribing to acknowledgement by email will confirm receipt by post, usually within five working days.
7. To ensure that the Bank has sufficient time to pull together the required information, auditors are reminded to send the request to reach the Bank one month in advance of the period end date. It would be advisable to send them earlier than the month around peak periods such as March and December year ends.

Please find here a [link](#)³ to practical guidance on the implementation of PN16, provided by the ICAEW Audit and Assurance Faculty.

¹ <http://www.bba.org.uk/bba/jsp/polopoly.jsp?d=855&a=13510>

² <http://www.bba.org.uk/bba/jsp/polopoly.jsp?d=854&viewLetter=all>

³ http://www.icaew.com/index.cfm/route/159731/icaew_ga/PN16_Bank_reports_for_audit_purposes_updated_practical_guidance_Aug_2008__Audit_Assurance_Faculty_ICAEW/pdf