ICAEW

REPRESENTATION 78/18

GENERAL AND REPORTING GUIDELINES FOR THE RECOGNISED ACCOUNTANCY BODIES WHEN PERFORMING REGULATORY FUNCTIONS IN RESPECT OF STATUTORY AUDITORS

Issued 10 July 2018

ICAEW welcomes the opportunity to comment on the draft General and Reporting Guidelines for the Recognised Accountancy Bodies when Performing Regulatory functions in respect of statutory auditors (the draft guidelines) and the draft Letter Regarding Primary Obligations on the RABs shared by IAASA with the Recognised Accountancy Bodies on 27 April 2018.

ICAEW is a world-leading professional body established under a Royal Charter to serve the public interest. In pursuit of its vision of a world of strong economies, ICAEW works with governments, regulators and businesses and it leads, connects, supports and regulates more than 149,000 chartered accountant members in over 160 countries. ICAEW members work in all types of private and public organisations, including public practice firms, and are trained to provide clarity and rigour and apply the highest professional, technical and ethical standards.

This response dated 10 July 2018 reflects the views of ICAEW as a regulator. ICAEW Professional Standards is the regulatory arm of ICAEW. Over the past 25 years, ICAEW has undertaken responsibilities as a regulator under statute in the areas of audit, insolvency, investment business and most recently Legal Services. In discharging our regulatory duties we are subject to oversight by the FRC's Conduct Committee, the Irish Auditing and Accounting Supervisory Authority (IAASA), the Insolvency Service, the FCA and the Legal Services Board.

Amongst ICAEW's regulatory responsibilities;

- It is the largest Recognised Supervisory Body (RSB) and Recognised Qualifying Body (RQB) for statutory audit in the UK, registering approximately 3,000 firms and 7,500 responsible individuals under the Companies Act 2006.
- It is the largest Prescribed Accountancy Body (PAB) and Recognised Accountancy Body (RAB) for statutory audit in Ireland, registering approximately 3,000 firms and 7,500 responsible individuals under the Republic of Ireland's Companies Act 2014.
- It is the largest single insolvency regulator in the UK licensing some 800 of the UK's 1,700 insolvency practitioners as a Recognised Professional Body (RPB).
- It is a Designated Professional Body (DPB) under the Financial Services and Markets Act 2000 (and previously a Recognised Professional Body under the Financial Services Act 1986) currently licensing approximately 2,200 firms to undertake exempt regulated activities under that Act.
- It is a Supervisory Body recognised by HM Treasury for the purposes of the Money Laundering Regulations 2007 dealing with approximately 13,000 member firms.
- It is designated an Approved Regulator and Licensing Authority for probate under the Legal Services Act 2007 (the Act) currently accrediting approximately 300 firms to undertake this reserved legal activity.

MAJOR POINTS

General

1. We welcome the opportunity to comment upon the draft letter and guidelines shared by IAASA with the RABs by email on 25 April 2018 (draft documentation). These documents have been drafted in anticipation of the final assent of the Companies Bill currently before the Oireachtas and set out the key obligations that IAASA expect will be required of the RABs.

Background

2. The bill itself has been a series of measures to bring Irish company legislation fully into line with the EU Regulation and Directive of 2014[1]. Statutory Instrument 312 in 2016 incorporated most of the tactical requirements required under the EU legislation; the new bill incorporates these provisions into the Companies Act 2014 as well as setting out additional powers required of the competent authority, being IAASA for the Republic of Ireland

3. The driver for the European Audit reforms as set out in Commissioner Barnier's green paper in October 2011[2] was the global economic crisis of 2008 when a number of states found key businesses, notably financial institutions, running into financial difficulty and creating economic and systemic risk for those states. Whilst the reasons for the business failure lay with management, it was considered that audit as a tool of risk management for the state had not been effectively carried out and needed to be better supervised. The Barnier proposals sought to have an effective regulatory regime at state level and to hone its focus to areas of systemic risk as epitomised by audits of Public Interest Entities. (PIEs)

4. The EU legislation concentrates the responsibility for the regulatory oversight of audit with competent authorities but allows certain tasks to be carried out by appropriate bodies under scrutiny by the competent authority. This was a model already operating in many European countries, and Ireland with IAASA supervising RABs was an example of that model.

5. The RAB role emerged in 1990 under the Companies Act of that year, and was one undertaken by the major accountancy bodies who engaged in part because audit was a service provided by all their members, and it was an activity in the public interest consistent with the bodies' charter objectives. At that time there was some discretion in how the regulatory role was exercised, and it was only with the introduction of IAASA in 2004 that the role became more formal and the work done by the RABs subjected to scrutiny.

6. Since then the RABs have viewed the relationship as one of working with IAASA to achieve the outcomes sought by the legislation as partners with a common understanding, whilst acknowledging IAASA's right to ensure that key elements of the regulatory framework were being properly exercised by them.

[1] EU Regulation 537/2014 and EU Directive 2014/56/EU

[2] Outline given in press statement http://europa.eu/rapid/press-release_MEMO-11-860_en.htm

Documentary Approach

7. Against this backdrop we have two major concerns with the two papers you have shared with us and the other RABs for comment.

8. Firstly the tone applied in the covering letter and the detailed prescription in the guidelines is more consistent with a government department instructing an agent rather than simply requiring key deliverables in a partnership. This gives ICAEW some difficulties as agency activity is not entirely consistent with its charter. The Delegation Agreements with the FRC[3] led to internal assessments being required by members of ICAEW's Council to ensure the agreement was consistent with charter powers, but it was felt the discretions within the Delegation contract framework enabled ICAEW to meet member needs and public interest obligations. The apparent lack of discretions here and the directional tone may require ICAEW to seek legal advice as to whether it can participate in the proposed operational framework as it is currently drafted

9. Secondly we are concerned that the approach that IAASA appears to be adopting under the Companies Bill is uniform across all areas of audit, rather than proportionate to the market along the lines envisaged by Barnier. In our view IAASA's focus should be on areas of systemic risk, and areas Europe majored on through the Audit Regulation. Whilst the bill does provide the framework to do just that, the focus of IAASA appears through the draft documentation to be on micro-managing the RABs rather than concentrating on areas where it should take direct responsibility and areas where the audit risk is most predominant and of risk to the Irish economy.

10. ICAEW like many of the other RABs does not just have a role in audit and accountancy in Ireland. It regulates audit in the UK, financial services, insolvency and legal services and supervises anti-money laundering. In all these activities in the UK it has to follow the Nolan principles of regulation and take note of the guidance of the UK Better Regulation Executive. Under the Small Business Enterprise and Employment Act 2015 (SBEEA 2015) regulations over and above those prescribed by the UK Parliament and Brussels require close examination and impact assessments[4]. These principles of proportionality and cost benefit are not applied so rigorously under Irish law, and this brings us into potential regulatory conflict, especially in the area of audit where the FRC is listed as a body covered by the SBEEA 2015.

11. ICAEW in its monitoring programme and licensing arrangements seeks to minimise overlap and streamline procedures. This is attractive to the firms as they have a one stop shop and whole firm procedures are evaluated once for all regulated service areas. The UK Ministry of Justice has encouraged the Approved Regulators to be innovative in the way these processes are dealt with and the Legal Services Board has instruction to be tolerant of mishaps where they arise through this innovative process. However the lack of any tolerance levels within the IAASA guidelines means that we would be constrained in developing innovation easily across the regulated processes and therefore we would risk falling short of regulatory expectations of the UK legal ministry and its oversight board.

[3] https://www.frc.org.uk/getattachment/ac6c5dc2-3087-4e95-8b2c-ce78391a3ef5/Delegation-Agreement-FRC-ICAEW.pdf

[4] Section 24A of the Small Business Enterprise and Employment Act 2015

12. There is also the management of reputational risk to consider; under the framework to date the risk if anything goes wrong lies with the relevant RAB, and the Department of Business Enterprise and Innovation (DBEI) and IAASA can as supervisors indicate where key outcomes have not been achieved by the body and censure it accordingly. If the supervisory rules are over prescriptive, there is a danger that the failing would be seen as lying with IAASA and the DBEI as it could be interpreted as indicating weaknesses in their guidance rather than the performance of an RAB. A less prescriptive framework allowing the authority to determine direction of travel but giving the RABs options in approach, allows scope for innovation and keeps the reputational risk away from government.

13. A final point we would wish to make linked to the detail, is the apparent increased move to divergence between the rules and regulations applying in the UK and Ireland. This adds to the cost of regulation for the RABs, the firms, and ultimately the consumer and is confusing for the stakeholders who use the end audited accounts. This at a time when both the UK and Irish governments are seeking under the Brexit negotiations to minimise divergence between the two states in matters of business. We believe that IAASA should take more cognisance of the work of the FRC and exercise more widely the equivalence regime of the EU rather than require paralleled slightly different processes

Conclusion

14. The role of a RAB under the Companies Bill is to carry out the regulatory functions in respect of the auditors of non-PIE statutory entities, and to license all audit firms. IAASA has responsibility under the legislation to ensure that the functions undertaken by the RABs are fulfilled effectively. Its role therefore is one of supervisor, not expeditor. The drafting of this letter and framework document is good practice and one that we welcome. However the documents should be reflective of the relationship between competent authority and RAB expected by government and proportionate to the risks and objectives of the state. We do not believe in their current format they achieve these objectives.

15. We accordingly believe that a less formal and flexible approach should be applied in general to the documentation. The documents should continue to remind the bodies of the “what” but not get over-involved in the “how”.

16. We are grateful that IAASA has shared these proposals well in advance of the bill’s final enactment and is prepared to consider the suggestions of the RABs in how the regulatory framework should be applied effectively. We with the other RABs welcome the dialogue and offer our preparedness to engage in further discussion to agree a robust but practical expedition of our mutual responsibilities under the legislation.

17. In the paragraphs below we set out our main concerns in the more detailed areas

RESPONSES TO SPECIFIC QUESTIONS

DRAFT LETTER

Q1: Overall, does the draft letter make the RABs’ primary obligations following commencement of the Companies (Statutory Audits) Bill 2017 sufficiently clear? Are there any obligations in respect of which further clarification would be useful?

18. In terms of the content, the letter provides a useful aide memoire of the key elements of legislation as they pertain to the obligations of an RAB and the role of IAASA as supervisor. Our main issue therefore is on tenor rather than technical content.

19. We have raised above the issue of the role of the draft guidelines in setting out the detail of how the regulatory functions should be carried out. In general discussion with yourselves, we gained the impression that the aim of the guidelines document was to illustrate how the principles under the act might be regarded as being complied with.

20. It may be some confusion of terminology, but, as the draft letter points out in the updated section 906, the regulatory functions have to be carried out in accordance with "applicable provisions" which under section 900 include" guidelines". In other words the content of the draft guidelines is mandatory under law. This means they are not an illustration but a tightknit set of requirements under the act. The later actions in the letter – "the [body] will comply with the requirement of [the part of] the guidelines" serve to underline this.

21. If however the draft guidelines were meant to be illustrative, then perhaps they should be given a different title. "Guidance" is a suggestion that immediately comes to hand, and indeed we find the terms "guidelines" and guidance" used interchangeably in the document, suggesting that IAASA itself is not clear on the document's positioning.

22. We would suggest that it would more consistent with the objectives of the EU legislation and IAASA's role as a supervisor, rather than the manager of an agent, that the term "Guidance" is used across the documentation, and that the "requirement" in the action points be one of adhering to the outcomes rather than the specific actions in that document.

23. In the section labelled "standards" it is not clear if the position is being grandfathered from existing arrangements, or whether the standards have to be confirmed afresh by IAASA, notwithstanding the letter of January 2017 whereby IAASA indicated it was using standards approved by the FRC under licence. In our recent meeting you indicated there were already 5 areas of divergence and these could be expanding further depending on Brexit and internal policy. The paragraph in any case does not set out the process for future changes in standards by IAASA and the response mechanism and timetable for the RABs to accommodate those changes.

Q2: Are there any practical issues for your RAB in meeting the proposed response timelines for the actions set out in the draft letter? If so, please give reasons and indicate the response timelines that you would consider appropriate?

Performance of Part 27 Functions

24. As we have discussed previously, many of the activities outlined in the document are in part 27 of the bill which has largely been lifted unaltered from SI312. We were comfortable that we were adhering to the regulatory obligations set out in SI312 as indicated to you in February 2018 as part of the annual return. It should not therefore be a problem in principle to repeat such confirmations on a timely basis.

25. Where SI312 however has been added to or significantly modified, then we may be in a more difficult position time wise. If the draft guidelines are the rigid rules, then we may struggle to adapt to these, especially as we would have to consult with other UK oversight bodies where this causes regulatory conflict or interferes with the performance of their regulatory obligations. We may also need legal advice on aspects of UK constitutional law. Such changes would also need to be embedded in the Audit Regulations which would need agreement with ICAS and CAI and internal governance. We would therefore suggest 6 months rather than 3 months would be a more practical timeframe.

Standards

26. We note the proposed actions with regard to the standards. Whilst we will of course take every step as we have done in the past to keep IAASA abreast of changes in the charter and bye-laws, it needs to be appreciated that the governance required to achieve these changes is a long protracted process, and that a number of UK oversight and government bodies are involved in the approval process. The process initiated in November usually takes 10 months and we clear internal governance by January, consult with our oversight bodies (such as yourselves) in February and March and negotiate with the Privy Council Office in April prior to approval by Council, members in AGM and the Queen's Privy Council in October.

27. Where IAASA seeks changes that are in conflict with those required and approved by the FRC or the Queen's Privy Council this causes us difficulties in constitutional law, and there needs to be some acknowledgement and pragmatism exercised by the Irish authorities, perhaps acknowledging the equivalence of the FRC assessment.

28. We note the requirement to summarise the process of keeping abreast of changes in Irish law; this is highly informed by notifications given to us by IAASA and the DBEI, so to make the assurance we would seemingly need assurance from yourselves and DBEI that this information flow would continue. This seems a little incongruous.

Resources

29. Whilst we are generally comfortable with what is required here, the requirement for immediate rectification upon identifying resource deficiencies on an early warning system is over prescriptive. Some employment issues, such as impending maternity, can be identified on an early warning which requires some advance planning, but the act of "rectifying promptly" would be in conflict with UK HR law not to mention EU Human Rights legislation. It would be better to require "appropriate responses to be developed."

Business Continuity

30. With regard to the exit management requirement, we find this to be too loosely worded. The scenarios under which this might be contemplated are wide and varied and the response plan would be contingent on the circumstance. In practice the run up to such an exit would entail early engagement and discussion with IAASA who should in our view have the flexibility to determine the direction of future arrangements rather than be bound up in a straitjacket of the RAB's own choosing which your requirement here would precipitate.

31. In the Delegation Agreement with the FRC in the UK, exit management procedures are set out in appendix 7 of that agreement. We suggest that it would be more appropriate for IAASA to set out its key expectations along those lines rather than leave it open ended and force the RABs down a laborious process with no fixed solution.

Maintenance of records

32. We generally do not have a difficulty with this, but would prefer that "relevant" was a term more tightly defined. We have papers for other regulators and other bodies overseas which could be deemed "relevant" were the definition widely drawn, but that would bring us into conflict with UK and overseas commercial and regulatory law. There also has to be careful consideration of GDPR[5] when IAASA avails itself of this power, as ICAEW is the Data Controller under the Regulation and has responsibility for any personal data that might be in the material.

Q3: Please provide any additional comments you may have on the draft letter?

33. Purely from a drafting perspective, any letter over 2 pages long is easier to refer to if it has paragraph numbers. Also it might be useful to summarise the actions in an appendix.

34. The letter in its introduction refers to the RABs as being "deemed" to be recognised. It is not clear if the recognition is;

- Continuation of the recognition ascribed in 1990
- A new recognition at the date of assent of the act
- A new recognition at the date of the letter
- A new recognition at the date when the actions have been fulfilled

In the long run this is not vitally important, but in transition it does raise the question of the vires of the RABs if there is a time lapse between the act and new recognition. It would seem practical to indicate that the RABs are grandfathered in under the 1990 Act but that under transitional arrangements the RABs for their status to continue need to meet the additional obligations by a prescribed date (which have suggested might be 6 months after the letter).

DRAFT GUIDELINES

Q1: Overall, does the document make the general and reporting principles which IAASA expects each RAB to apply across all its regulatory functions sufficiently clear? Are there any matters in respect of which further clarification would be useful?

35. We have indicated above the view that the Guidelines are too detailed and prescriptive and try to force the RABs into a common process routine that conflicts with their existing arrangements and obligations to other regulators. We fear that this process, akin to an audit checklist, is because IAASA prefers not to assess principle based outcomes, and therefore regulatory adherence can only be assured by micro-management. This is not practical.

36. We believe the approach would be better expressed as a series of expected outcomes with perhaps illustrations of what "good" looks like. This is the approach that has been applied by the Legal Services Board in the UK their oversight process under section 55 of the Legal Services Act 2007[6], and is also one that has been applied by the newly formed OPBAS in the supervision of Anti-Money Laundering procedures in the UK[7].

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[5] EU Regulation 2016/679

[6] http://www.legalservicesboard.org.uk/Projects/developing_regulatory_standards/Regulatory_Standards_Action_Plans_2015_16.htm

[7] OPBAS Sourcebook published January 2018 https://fca.org.uk/publication/opbas/opbas-sourcebook.pdf

Scope

37. The document purports to be about audit, but under the scope section it is being extended to the supply of accountancy services. This cuts across a whole series of regulatory areas and interferes with the expectations of other oversight bodies. ICAEW has served as an RAB and PAB in Ireland in part because the legal and regulatory obligations across the two jurisdictions have been common. This has led to simplicity for licensed firms to supply services and encourage competition and quality of professional accountancy services across the two jurisdictions. With Brexit and the increased concentration on divergence rather than equivalence, IAASA appear to be severing the commonality and making joint regulations unworkable. This not only calls into question future RAB status but the willingness of UK firms to provide competing quality services into Ireland.

RABs obligations

38. We struggle with the definitions here, as the requirement is to act in accordance with the "applicable provision" which effectively are the Companies Act 2014 as amended and the EU Audit Regulation. Therefore if we were to act in accordance with a Companies Act 2006 and FRC requirement which is not in accordance with IAASA's requirements then section 931 and 933 actions would be triggered. This is simply not practical. Contravention should consider the legal obligations in the UK as well as in Ireland, otherwise all the RABs would need to surrender one of their two country designations to fulfil their obligations without conflict. That is not in the interest of the UK or Ireland.

Q2: How do the guidelines compare with your RAB's current regulatory processes and procedures? Are there any practical issues for your RAB in the implementation of these guidelines?

A Governance

39. We cannot comply with many of the steps set out in this section. The guidelines pre-suppose a particular regulatory model which is not common to any of the RABs. Their governance arrangements have evolved over a considerable period of time and in response to their own membership, strategic and regulatory objectives.

40. We would not dispute the need for there to be robust governance process, and that it is sufficiently independent as is required under Section 930D of the bill. But the needs here need to be expressed more generally so that the desired outcomes under section 930 are met but do not comprise or unduly bind the RABs.

41. In UK legal services law the Legal Services Board is required under section 30 of the Legal Services Act 2007 to set out a series of internal governance rules (IGRs)[8]. These are expressed as a series of outcomes with illustrative examples. We think IAASA would meet its purpose on this area by following such an example.

42. We were bemused by prescriptions as to culture in the organisation under A7. IAASA is aware of the cultures of the RABs under their respective charters, and any steps to probe further would be to act as a supervisor of HR law which is surely is outside scope. We believe this an unnecessary benchmark.

[8] LSB Internal Governance Rules 2009
http://www.legalservicesboard.org.uk/what_we_do/regulation/pdf/Internal_Governance_Rules_Version%203_Final.pdf

B Regulatory committees and other relevant persons

43. In practical terms we would not have difficulty in addressing the elements contained in this section, though we again do baulk at the detail. For example sufficiency of size and expertise are very subjective terms and the guidelines create unanswered questions. In training care has to be taken, especially with lay members, that regulatory capture does not take place. The guidelines as drafted heighten that risk.

C Processes and procedures

44. These as set out are not unreasonable. There are some subjective areas – eg "regular training", "reasonable timeframe" and "where appropriate" but the discretion here is welcome, provided IAASA is not too narrow in its application of such terms, in contrast to other parts of the document.

D Reporting of matters of significance

45. As part of the annual regulatory plan we have always sought to bring to the attention of IAASA any significant matters that ICAEW as a regulator is engaged upon. These have been subject to requests for confidentiality and exemption from freedom of information requests. We recognise that IAASA needs to be aware of any activity or event that could impinge on the ability of the RAB to perform its audit regulatory functions. In addition where events occur mid-year, where relevant, we have always advised the authority. So in principle we do not have an issue with the intent of this section.

46. However we have some difficulty in the prescriptive reach. Firstly in its potential reach into activities outside what we perceive to be the remit of IAASA and Irish law, and secondly its potential conflict with UK law and judgements of the UK and indeed Irish courts.

47. The engagement of the RABs with other supervisory areas results in a number of reports and actions between the body and the relevant supervisory authority. Some of those exchanges are kept confidential and therefore it is not within the gift of the body to share such reports with IAASA. Some are in the public domain and therefore we do not have a problem with sharing those. It would be necessary for IAASA to ask the relevant supervisory body for access to the confidential reports.

48. Courts and tribunals place restrictions at times on disclosure on what would otherwise be highly relevant outcomes. We have to honour these under UK law, and indeed in Ireland when it applies. We are also not sure it would always be appropriate to share information on a judicial review if that could compromise a UK legal positioning.

49. We believe that the requirements here need to be lifted a little or at least take cognisance of the multi-faceted operations of an RAB outside its Irish audit duties.

E Confirmation of compliance

50. We do not have a difficulty with this in principle, as we supplied such confirmation in February. However we are puzzled by the reference in E2 to the actions of the governing body. This perhaps is tied back to the way that IAASA prefers a governance model to work rather than recognise that each body is different in its operational functionality.

51. ICAEW Council has devolved the supervision and operation of its regulatory functions in full to the ICAEW Regulatory Board. That board applies supervisory arrangements over the regulatory activities of ICAEW and we would have thought it as the lead governance body should be responsible for the supervisory assessment.

52. Secondly what "reasonable enquiries" are is not clear. We believe the functionality sought should be achieved by the compliance statement being signed off by the CEO of the regulatory function once the operational board has approved his ability to do so. Their approval inherently would encompass reasonable enquiry.

F Annual Regulatory plan

53. ICAEW has for a number of years prepared an audit regulatory plan which it has readily shared with IAASA. It has covered most of the points on the list given here and therefore we do not have a major problem.

54. The training programme request appears to pre-suppose a highly structured training environment. In practice it is more fluid than that so we are not sure to what extent we can articulate this and what IAASA's reasonable expectations are here. If the expected outcome sought is competence then we would be comfortable. (Our current training programme is real time coaching for most of the functions, except for the quality assurance team which has an annual three day conference.)

55. The list given also includes setting out plans for responding to Brexit. This is a highly malleable and moveable feast, and we cannot be sure even come the date at which the plan is completed that either the UK government or the EU27 states have reached such agreements on the exit and the new trading arrangements such that planning is possible. We think that the wording perhaps needs to reflect that uncertainty.

G Annual return

56. Whilst the date for the annual return is a little challenging we have in practice been able to meet this over the last few years. We continue to have difficulty with the reporting of financial information which at point of submission is still subject to audit and not for publication till ICAEW shares such information with its members in May.

57. Whilst we would not wish to deny information that IAASA reasonably requires, there has to be a tactical appreciation of what can be achieved when working with 3,000 firms and 7,500 responsible individuals. New data fields not previously asked for cannot be turned around at short notice; the annual return data which we use to supply the information is harvested over a 12 month period from a twelfth of the firms per month. The automated return has to be programmed to manage such fields. Should IAASA wish for new data fields to be reported, some 15 months lead time is probably required to be able to turn this round.

58. The term "reasonable" is used in the requirement. This is a subjective term and there could be differences in how this sits given the red tape obligations in the UK which we understand are not obligatory in Ireland. Some pragmatism will be required by both IAASA and RAB in application of this concept.

Q3: Are there any matters which, in your opinion, should be added to, omitted from or amended in the guidelines? If yes, please identify the relevant matters and provide details of the reason(s), as well as any alternative(s) you would propose?

59. We have set out our views on the individual sections above. Most are applicable but we would question the applicability of the governance section unless it is significantly revised.

Q4: Is the proposed effective date appropriate? If not, please give reasons and indicate the effective date that you would consider appropriate

60. We have stated for the reasons set out above that six months would appear to be a most achievable date. 1 January 2019 has been drafted here, and had the government signed off the bill in the last few days that would have been practical. However should approval drag into the autumn then we believe the clock should start ticking for six months after the date of the issue of the letter.

61. We would expect the compliance statement in as far as it relates to the new principles under the bill as enacted, to apply from the date of the bill and not for the whole of the year ended 31 December 2018. A transitional version of the appendix may be necessary to accommodate that.

62. As far as the audit regulatory plan is concerned we would expect to follow the shopping list (subject to Brexit) set out in part F for the year commencing 1 January 2019.

Q5: Please provide any additional comments you may have on the draft guidelines?

63. We have no further comments.