THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND & WALES

Audit&Beyond

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Audit and Assurance Faculty

Practical questions and answers on ethics

John Selwood, speaker at the Faculty's highly successful Faculty roadshow on the Auditing Practices Board (APB) Ethical Standards (attended by around 2,000 people), provides some suggested answers to questions on topics that were recurring themes at the roadshows.

As the Q&As below demonstrate, in reviewing procedures in the light of the APB Ethical Standards, practitioners should also take into account other relevant guidance such as that in International Standard on Quality Control (ISQC 1).

Q I am a sole practitioner and the APB Ethical Standards do not always seem to take this into account. In particular, how can I comply with the second partner review requirements in the Standards?

You are not alone in finding difficulty applying the new APB Ethical Standards! You are right in pointing out that the APB Ethical Standards were not prepared with sole practitioners in mind. The Institute has lobbied the Auditing Practices Board very hard on your behalf to make the Standards more user-friendly for the small practitioner, with some success, but some issues remain.

However, it is possible to interpret and apply the standards sensibly in small firms or sole practices. The APB Ethical Standards do not specify the need for second partner review on all assignments. They do require that relevant safeguards are applied where there are threats to the auditors' independence such as the provision of non-audit services to audit clients or long association with the audit client. The list of possible safeguards, set out in the Standards, includes second partner review but other safeguards such as the non-audit services being provided by staff or partners not involved in the audit may be adequate. However, in practice, many very small firms will not have a sufficiently large pool of staff to make this a realistic alternative.

Also, 'second partner review' is something of a misnomer. Indeed, ISQC 1 refers to the procedure as an 'Engagement Quality Control Review'. The reviewer does not necessarily need to be a partner, but he or she should be sufficiently experienced and independent to be able to properly assess and influence the quality of the work. Again, many small practices may not have an appropriately qualified and independent reviewer.

Sole practitioners will, therefore, often not be able to arrange for an internal second partner review, but will have to consider other safeguards such as an external hot review.

Whilst an external review might be marginally more costly and could be more difficult to arrange than an internal second partner review, it can be a very high quality safeguard and as such additional safeguards will only

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Company law developments

The Government has recently issued further draft clauses and explanatory material building on the Company Law Reform White Paper published in March 2005 and is expected to introduce a Bill in the autumn. Part Q of these clauses deals with auditor liability and offences, and the Institute's initial reaction can be found at *www.icaew.co.uk/index.cfm?AUB=TB2I_84196|MNXI_84196*.

Together, the Company Law Reform White Paper and this new material set out the Government's proposals for comprehensive reform of the UK company law framework to bring it in line with modern business needs. These further draft clauses and explanatory material can be viewed at *www.dti.gov/cld/facts/clr.htm*.

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rarely be needed.

Many sole practitioners will already have arrangements in place for external reviews where second partner review is required under the existing Auditing Standards and Ethical Guide. For other sole practitioners the sourcing of external hot audit file reviews will be one of the key issues when implementing the new APB Ethical Standards.

It should be noted that before instructing an external audit file reviewer, the terms of the engagement should be set out in writing, including issues such as fit and proper status, maintaining competence, compliance with ISQC 1 and the Ethical Standards and any other relevant contractual issues (see question below).

Ethical Standards - Provisions Available for Small Entities (PASE)

If the audit client is a small entity as defined by the ES PASE there are certain exemptions and alternatives available. The definition of a small entity is similar to the Companies Act criteria (i.e. turnover < £5.6 million, balance sheet total < £2.8 million and 50 employees or less, etc). In practice the ES Provisions Available for Small Entities (ES PASE) criteria are more complex than this so consult the Standard.

Importantly, ES PASE offers an alternative treatment relating to the provision of non-audit services to small entity clients. Safeguards to address the self-review threat need not be applied provided informed management is present and the cold file review is extended. As an alternative treatment rather than an exemption, no disclosure of this is required in the audit report or the financial statements.

Q My firm has a variety of sources of income that is accounted for in different legal entities, separate from the audit practice. What is the firm's total income for the purpose of fee dependence?

ES 4 'Fees, Remuneration and Evaluation Policies, Litigation, Gifts and Hospitality' requires that auditors cannot act or continue to act where their fees exceed 15 per cent (unlisted entities) and 10 per cent (listed entities), 'of the annual fee income of the audit firm or, where profits are not shared on a firm wide basis, of the part of the firm by reference to which the audit engagement partner's profit share is calculated'.

The fee dependence threshold is applied using the total fees from the client (not just the audit element) against the total fees of the audit firm (from all services not just audit).

The key issue is whether the non-auditing business segments trading alongside your audit practice are part of the audit firm for fee dependence purposes. The Standard defines an 'audit firm' as, 'the sole practitioner, partnership, limited liability partnership or other corporate entity engaged in the provision of audit services. For the purpose of APB Ethical Standards, audit firm includes **network firms** in the UK and Ireland, which are controlled by the audit firm or its partners.' Network firms include those controlled by the audit firm, under common control or otherwise affiliated, through the use of a common name or shared professional resources.

If these criteria are met, and the audit engagement partner shares in the profits of the additional trading entities, then the fees, for the purposes of calculating fee dependency, should be included in both the 'audit firm's' total fees and of course the non-audit fees of that client.

Q My firm has been asked by another firm to carry out external hot audit file reviews. What should we be considering before accepting the engagement?

Like any assignment you should be considering a number of factors before accepting the assignment. Primarily, does your firm have the skills and experience to conduct the external audit file review for this specific client? For instance the audit client might be a listed insurance company. Without knowledge or experience of this business sector or listed companies it might be difficult to perform an effective external review.

Your firm should also consider its ability to comply with the APB Ethical Standards in relation to the client. For instance do partners or staff have a financial interest in the client?

As with any engagement, its terms should be recorded in writing. The audit firm instructing you should be requiring certain assurances from you before work commences, for example:

- That the reviewer is fit and proper.
- That the reviewer is competent. Not only should he or she comply with the CPD rules, but he or she should also be sufficiently experienced to do the work.
- That the firm complies with ISQC 1.
- That the firm and reviewer will comply with the APB Ethical Standards.
- That confidentiality will be respected.
- That the work will be properly conducted and recorded. In particular, what documentation will be provided to the auditor after the review.

Issues such as fees and the timings of the service will need to be included. Also, your firm might also wish to set out the scope of your work and the extent of your responsibilities. For example, you might wish to state that you are not responsible for the audit opinion to any third party.

This is not an exhaustive list of matters that need to be considered and of course each assignment must be considered on its own merits. There is an article in the July/August issue of *Audit & Beyond* which covers issues to think about when subcontracting out audit work.

Q The ES PASE gives an exemption from management being informed for small entities. Therefore, is it worthwhile looking for informed management in

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small entities, because you can use the exemption?

Generally, the APB Ethical Standards only allow the provision of non-audit services to audit clients where 'informed management' is present. ES 5 'Non-audit services provided to audit clients' requires that 'management has the capability of making independent management judgements and decisions on the basis of the information provided (informed management)' (para 27).

However, the ES PASE **does** permit the provision of non-audit services to small entities (see above re small entity criteria) where 'informed management' is not present, in the form of an exemption. The use of exemptions under the ES PASE must be disclosed in the audit report and financial statements. Therefore, the auditor should be sure that the exemption is required before applying it and should always look for 'informed management' even when the exemption might be available.

The requirement for management to be informed does not mean that management has to have, for example, a detailed knowledge of accounting standards. It means that you should explain any issues arising from your work in sufficient detail to management, including any choices that need to be made, for them to be able to adopt the work. This would seem to be a sensible procedure to undertake with any non-audit service.

In addition to this, the ES PASE affords an alternative when providing non-audit services to small entity audit clients, in that these services may be provided without safeguards being applied, where informed management is present. Therefore, for this reason alone, auditors should always look for informed management where non-audit services are provided.

For further information on ethical issues please refer to the website www.icaew.co.uk/ethics. *Members can also refer to the ethics advisory services website* www.icaew.co.uk/ethicsadvice. *The Ethics Helpline can be contacted by email* ethics@icaew.co.uk *or telephone 01908 248258.*

Included in this issue is a CD Rom which was developed from the recent roadshows. This should also provide members with further information on the new Standards.

Tapping into assurance - do you know what is happening in the field of assurance?

The Faculty's first assurance guidance AAF 03/05 was recently exposed on its website, with a comment period ending on 21 October. The proposed assurance guidance is entitled *Assurance reports on internal controls of service organisations made available to third parties* and will eventually supersede the existing guidance FRAG 21/94 *Reports on internal controls of investment custodians made available to third parties*. The main difference is that accountants' opinions are given in the report in AAF 03/05, while under FRAG 21/94 accountants reported factual findings from their testing. The purpose was to fill the expectations gap that surfaced as a result of users' increasing reliance on accountants' reports where in fact no assurance was conveyed. The proposed guidance also covers a wider breath of financial services. Now, where will we go from here?

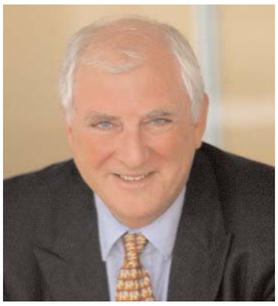
The ICAEW Technical Release FIT 1/94 *Reports on the processing of transactions by service organisations* is in the process of revision and will closely follow the framework of AAF 03/05. The revision of this will be based on the *International Framework for Assurance Engagements* ('Assurance Framework') issued by the IAASB, as was AAF 03/05.

The Assurance Panel of the Faculty, which was set up in June 2004, continues to look into areas to help accountancy practitioners explore and develop new markets. One of the areas the Panel is currently looking at is outsourced operations and accountants' involvement in evaluating service providers' performance. Today, many organisations rely on services provided by third parties, such as IT, payroll processing, royalty and licence management but also parts of their key operations such as aspects of production. Management of outsourcing organisations may duly be concerned with various aspects of service providers or sub-contractors that are invisible to them - whether in terms of performance and output, compliance with regulations or internal controls.

What benefit would such a project bring about and to whom? Firstly, accountants will be able to plan their engagement in line with the Assurance Framework and hence will not have to plan the engagement for each client from scratch. Secondly, a clear engagement format would help users to understand the scope of engagement and the accountants' report. Thirdly it would also help service providers to appreciate the purpose of the accountants' visit when it happens.

For more information on the above assurance project, or your comments on assurance engagements in general, please contact Jo Iwasaki at *jo.iwasaki@icaew.co.uk*.

The Faculty has a new Chairman - Gerald Russell FCA



At the Faculty's AGM on 13 July 2005, Gerald Russell replaced Andrew Ratcliffe as chairman of the Audit and Assurance Faculty.

Gerald is Senior Partner in the London office of Ernst & Young having been Managing Partner of the Industrial and Commercial office for the last six years. Alongside management responsibilities, Gerald has been the audit partner for clients across a number of industries, but mainly the consumer sector, in both FTSE 100 and FTSE 250. Gerald leads Ernst & Young's Non-Executive Director Programme which includes corporate governance and auditing and accounting updates and he is Joint Chair of the Independent Director Initiative at the IOD.

As well as being Chairman of the Audit and Assurance Faculty, Gerald is Chairman of the Institute's Audit Quality Forum (*www.icaew.co.uk/auditquality*) which was formed at the behest of the government to bring together investors, the profession, regulators, and producers of accounts to develop policy proposals relating to greater transparency of auditing, particularly taking forward investors' concerns in this area.

Gerald said, 'I am very pleased to be taking over as Chairman of the Audit and Assurance Faculty at this time. The question of Audit Quality for all sectors of the market is really high on the political and regulatory agenda, and it is vital for the Institute to continue taking the lead on this topic which is of considerable importance to both practitioners and clients alike. Also, as the profession moves forward into providing wider forms of assurance, going beyond the audit, or possibly substituting for it in the SME sector, we have much work to do providing guidance to practitioners. I think it is going to be a big agenda for the next three years!'

Market Abuse Directive: FSA developments

The FSA has issued two publications regarding the practical implications of implementing the Market Abuse Directive in the UK with effect from 1 July, both of which offer advice on insider lists and focus on what is required of advisers:

- Issue No.9 of LIST! (the UKLA's newsletter) gives advice on good practice under the Disclosure Rules [see *www.fsa.gov.uk/pubs/ukla/list_jun05.pdf*]
- Issue No.12 of Market Watch (the FSA's newsletter on market conduct issues) covers both the Disclosure Rules and the amended market abuse regime under Section 118 of FSMA [*www.fsa.gov.uk/pubs/newsletters/mw_newsletter12.pdf*].

These are not to be interpreted or relied upon as official FSA guidance but both offer an indication of the FSA's approach to the new rules.

Insider lists - summary

Obligation for an issuer to maintain a list of insiders. An insider will be anyone working within the company who has access to inside information. For advisers to issuers, staff need only be included on the insider list if they meet two tests:

- they have access to inside information and
- they are acting on behalf of the issuer.

This means that it will be members of deal teams and client-facing staff who generally should be included on the list.

Outside the scope of the insider list. Some individuals will fall outside the scope of the requirement to be included on the insider list. For example, an employee of an adviser whose role is to photocopy documents would not be acting on behalf of an issuer and would not need to be included.

Secretaries and administrative staff. With regard to secretaries and other administrative staff working within advisers, the two tests above should be applied. If secretaries are employed in a general capacity (which the FSA believes will usually be the case), they would not meet the second test.

Identity. The first name and the surname of each individual will be sufficient, except where a firm has more than one individual of the same name, in which case the individuals should be distinguished.

List maintenance. The FSA are not prescribing how lists should be maintained. The required information can be kept in electronic form.

Advisers' insider lists. An issuer must ensure that its agents and advisers maintain and can provide as soon as possible their own insider lists.

Issuer's group. If an adviser is acting for a company within an issuer's group, but not for the issuer itself, and its staff have access to inside information concerning the issuer, it does not need to include those staff on the list.

FSA enquiry. In the event that the FSA launches an enquiry into a possible leak, or breach of confidentiality, or insider dealing or market abuse situation, the FSA will require lists of individuals who actually know particular inside information with details of when they became aware of it.

FRC issues proposals to update the Turnbull guidance

Internal control is important to all organisations regardless of the size or complexity of their business and/or operations.

Issued in 1999, the Turnbull guidance on internal control provides high-level guidance to directors of listed companies to assist them to discharge their responsibilities in relation to the internal control aspects of the Combined Code on Corporate Governance.

Background

The guidance is currently being reviewed by the Financial Reporting Council's Turnbull Review Group (TRG) to which the ICAEW is providing the Secretariat. The terms of reference of the TRG are to review and update where necessary the guidance, in the light of experience in implementing the guidance and developments in the UK and internationally since 1999, to ensure that it continues to meet its original objectives.

Between December 2004 and March 2005 the TRG sought views and evidence on the impact of the guidance and whether any changes were needed. Over 100 responses were received to the first consultation paper, including from companies representing over 56 per cent of the total market capitalisation of UK companies listed on the London Stock Exchange's Main Market and from institutional investors that are between them responsible for funds under management in excess of £2,350 billion. The consultation exercise was supplemented by telephone surveys of company directors and investors, discussion groups and other forms of evidence gathering.

Recommendations

Issued as a second consultation paper in June 2005, and including the proposed revised guidance, the TRG's main recommendations (in addition to some technical updating such as reflecting changes in the Combined Code and Listing Rules since 1999) are that:

- significant changes are not required to the guidance;
- the guidance should continue to cover all internal controls, and not be limited to internal controls over financial reporting;
- no changes should be made to the guidance that would have the effect of restricting a company's ability to apply the guidance in a manner suitable to its own particular circumstances;
- boards should review their application of the guidance on a continuing basis;
- it would not be appropriate to require boards to make a statement in the annual report and accounts on the effectiveness of the company's internal control system;
- boards should confirm that necessary action has been or is being taken to remedy any significant failings or weaknesses identified from their internal reviews of the effectiveness of the internal control system;
- boards should look on the internal control statement in the annual report as an opportunity to communicate to their shareholders how they manage risk effectively, and include such information as is considered necessary to assist shareholders' understanding of the main features of the company's risk management processes and system of internal control;
- there should be no need for companies that are already applying the Turnbull guidance to develop additional processes in order to comply with the requirement to identify principal risks in the Operating and Financial Review (OFR), but companies are encouraged to ensure that the OFR and the internal control statement are complementary; and
- there should be no expansion of the external auditors' responsibilities in relation to the company's internal control statement.

External auditors

Information gathered, and subsequently endorsed, by the TRG included comments that the existing powers and remit of the auditors in relation to the Turnbull guidance were considered sufficient and that there was virtually no support for the auditor's role to be extended. Auditors should not be required to attest as to the effectiveness of the company's internal controls.

One of the main arguments against an expanded role was that it was not appropriate for auditors to be asked to second guess a board's decisions about how to respond to many non-financial reporting risks that could not be measured against an objective standard, nor were they qualified to do so.

The TRG noted that evidence from the implementation of Section 404(b) of the Sarbanes-Oxley Act in the US suggested that there could be significant direct and indirect costs for a company if the auditor were required to attest as to the effectiveness of internal control over financial reporting, particularly as the range of controls covered by the Combined Code and Turnbull guidance was broader than those covered by Section 404.

The TRG commented that the APB will wish to consider whether its existing guidance would need to be revised to reflect the TRG's updated proposals on disclosure, but also commented that in making its recommendations the TRG intended that the nature of the auditor's responsibilities should remain the same.

The TRG's second consultation paper, to which any comments are due at the latest by 16 September, is located at: *www.frc.org.uk/corporate/internalcontrol.cfm*. The finalised guidance is due to take effect from accounting periods commencing on or after 1 January 2006.

Bank confirmations for audit purposes

The April 2004 issue of *True and Fair* carried a short questionnaire about Audit and Assurance Faculty members' experience of the bank confirmation process following publication of Audit 3/02, *Bank Reports for Audit Purposes: Explanatory Note*. The British Bankers Association (BBA) conducted a similar survey of its members.

The feedback was very useful in identifying a number of points where the system for obtaining bank reports was considered by the respondents to be unsatisfactory. The findings were discussed by representatives of the Faculty and BBA and it was agreed to make a number of recommendations to APB for changes to the practical procedures set out in Practice Note 16, *Bank reports for audit purposes (PN 16)*.

The main changes to be recommended to the APB are:

- That auditors submit requests for information earlier. Where they receive requests a month before the confirmation date, banks undertake to provide 'standard' information within a month of the audit confirmation date, as opposed to the two months currently agreed in PN 16. 'Non-standard' information may take longer, although it may be possible for auditors and banks to agree priorities for individual clients;

- To incorporate supplementary material from the ICAEW publication Audit 3/02, *Bank reports for audit purposes*, issued in September 2002. A key element of Audit 3/02 is a procedure for bank acknowledgement of auditor requests for information, designed to give the auditor details of a contact point for queries about the information supplied by banks;
- The provision of a main account name and number by the auditor, to enable banks to identify the appropriate customer more readily. Assisting with this process through the provision of account details from bank statements made available by the client to the auditor should have no bearing on the value of the confirmation as an anti-fraud measure, but will save the bank a considerable amount of time and effort in ensuring that the request is matched against the right customer; and
- Clarification that auditors do not need a new authority to disclose every time that they ask for confirmation of bank details. However, the authority does need to be reviewed to ensure that it is up to date.

The Faculty and BBA are confident that APB, if it accepts these recommendations, will be able to revise PN 16 relatively easily. This should improve the confirmation process and so address auditors' concerns about the time and cost involved in obtaining this valuable audit evidence.

Auditors' procedures should not change until APB decides to issue further guidance.

Audit and assurance in 2006

As you know, over the past few months, the Faculty has been discussing the technical and practical implications of the new International Standards on Auditing (ISAs). The new regime will apply for audits of accounting periods beginning on or after 15 December 2004. Whilst you are busy adjusting your working practices to the new environment, have you considered how this would affect your clients?

Your clients may wish to have an audit for benefits such as to increase the credibility of their accounts or to ensure that members are kept properly informed. In some cases, however, increased work requirements under new ISAs and the related increase in fees may tip the balance of their decision. The increased audit exemption thresholds and newly introduced ethical standards may also affect their thought process.

What could you offer if your clients decide not to have an audit? We are aware that clients sometimes struggle to appreciate the difference between the range of professional services that accountants provide. We hope to do more over the coming months to help you inform your clients of their options.

We intend to focus on this in the next issue of *Audit & Beyond* and will look at ways of supporting accounting professionals in this changing environment.

Business ethics: a new challenge for the internal auditor?

Internal audit has customarily been asked for its views on controls and processes: tangible areas, where judgement is often based on hard evidence. Opinions are now also required on business ethics: how an organisation does business and how its people behave. These are grey areas, because choices are involved.

Business ethics are all about how an organisation and its people do business; in other words, the values that characterise business dealings even when 'no-one is watching'. The internal audit lecture in June focused on internal audit's role in embedding business ethics in the organisation's culture in a bid to enhance reputation and to reduce risks. Philippa Foster Back, Director of the Institute of Business Ethics, provided some useful insights on ethics for internal auditors who are required to opine on their effectiveness. She also elaborated on what constitutes an effective ethics programme.

Employees should know what standards of conduct are expected of them

Philippa argued that the ethics of an organisation's behaviour should be underpinned by a code of principles or values. Organisations cannot take for granted that individuals will behave ethically.

A code will unambiguously set the tone of the business and underline consistency of the conduct of the organisation and its people. Ideally, an organisation should have an 'umbrella' code that brings together its policies and practices.

Ethical conduct also underpins risk management and protects reputation, both of which can provide competitive advantages in recruitment and retention as well as in improved financial performance.

An ethics programme needs a strong aim and solid governance

A sound ethics programme provides a framework for addressing the dilemmas that an organisation or its people may be faced with in the course of day-to-day business. For example, to what extent should gifts be given or received?

Internal auditors should be aware that an effective programme will usually have a solid governance structure. Leadership should be demonstrated by all those who have leadership duties in the organisation. Management should also aim for employee buy-in, notwithstanding possible criticisms.

An ethics programme should follow a disciplined process

The process of establishing an ethical code or policy and programme of ethics should identify a champion.

The organisation should draft a policy based on its values and consult widely. Philippa recommends using cameos and scenaria that are appropriate to the business to help 'sensitise' its people to ethical dilemmas or conflicts. The policy should be signed off by the board and distributed to staff. The policy or code should also be reviewed from time to time.

A common shortcoming among organisations is that, after establishing their policy, most fail to sustain an adequate training and support programme. The organisation should be committed to conducting ongoing training.

Monitoring the ethics code

The triumvirate of management, whistle-blowing process and auditors is responsible for monitoring the operation and effectiveness of the organisation's ethics code or programme, said Philippa Foster Back.

Management needs to be aware of staff concerns. This is achieved through initiatives such as fact-finding, identification of the issues, consulting on business values and communication.

Management can demonstrate commitment to ethical behaviour by analysing its decisions and actions:

Do I mind others knowing what I have decided?
Who does my decision affect or hurt?
Would my decision be considered fair by those affected?

The whistle-blowing process should be well defined and should take account of cultural differences. Guidance should be provided on how to use it and internal audit can use techniques such as mystery shopping to test its effectiveness.

Philippa emphasised that internal audit has a role '...to support management by developing the tools to effectively monitor all aspects of behaviour within the company…'. She stressed that their access to all business areas and people makes internal auditors well-placed to review how well an ethics code is operating and whether the organisation and its people are living up to the stated values.

Forming a view on how business is done

To reach a judgement on the organisation's ethical behaviour and culture, internal auditors can employ several mechanisms:

- Carry out a **risk assessment**, not forgetting any risks to the integrity of the business
- Employ **tools** to analyse and challenge reports such as those published by FEE, the ABI, Good Corporation
- Audit the business's **soft issues** referring to employee surveys, customer complaints/feedback, exit interviews, health and safety records and records on recruitment and diversity, etc
- As part of a multi-functional team, conduct **due diligence** of the business's ethics culture, review the ethics code and analyse customer and employee feedback
- Review the organisation's **culture**, practices and business philosophy
- Provide independent judgement on the impact of and remedial action for serious cases and **report** to the audit committee.

bulletinboard

Faculty update

With this issue

- Quarterly technical update.
- Off the back of the recent roadshows, the Faculty has developed a CD Rom entitled 'The new APB Ethical Standards for Auditors'.

New exposure drafts issued by APB

The Auditing Practices Board has issued two proposed International Standards on Auditing (UK and Ireland):

- ISA (UK and Ireland) 700 (Revised), The independent auditor's report on a complete set of general purpose financial statements
- ISA (UK and Ireland) 701, The independent auditor's report on other historical financial information.

The APB has also issued for comment the International Auditing and Assurance Standards Board proposed International Standard on Auditing 800, The independent auditor's report on summary financial statements.

The deadline for comments on these consultations is 3 October 2005. These consultations may be downloaded from the publications section of the APB's website, *www.frc.org.uk/apb*.

Audit regulation - report

The Department of Trade and Industry has published the 13th report on audit regulation from the Institute of Chartered Accountants in England & Wales, the Institute of Chartered Accountants of Scotland and the Institute of Chartered Accountants in Ireland. The report is for the year to 31 December 2004.

The report shows that of the 1,114 monitoring visits finalised by the Institutes in the year, 88 per cent of firms visited required no action at all or, by the conclusion of the visit, had suitable plans in place to improve their audit work. 15 firms had their registration as auditors withdrawn following a monitoring visit, compared with 14 in the previous year.

The full Report to the Department of Trade and Industry on Audit Regulation for the year to 31 December 2004 is available on the website of the Institute of Chartered Accountants in England & Wales (*www.icaew.co.uk/dtireports*).

CCH Professional Development events

Auditing in 2005 - getting to grips with the new requirements
London, 10 November 2005, £429

ISA Ethics - getting to grips with the new ethical standards
London, 07 December 2005, £199

Audit Roadshows
Cambridge, 14 November 2005, £229
Coventry, 15 November 2005, £229
Cardiff, 16 November 2005, £229

For further details on any of the above events please visit *www.cchseminars.co.uk* or call 01635 588898.

Audit & Beyond editorial information

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