

Transparency reporting

Chris Cantwell provides information about new requirements on transparency reporting by auditors of public interest entities.

The Professional Oversight Board (POB) has issued regulations (*The Statutory Auditors (Transparency) Instrument 2008*) [R](#) which require auditors of public interest entities to publish on their websites annual transparency reports. The POB has also set the minimum requirements such reports must meet. The requirements apply in respect of any financial year of a relevant audit firm commencing on or after 6 April 2008.

The regulations

The regulations have been issued by the POB using its delegated powers and put into effect Article 40 of the European Statutory Audit Directive. Two other sets of regulations have been issued at the same time on registration and examinations.

The scope of the transparency reporting requirement is restricted to those firms auditing fully listed companies (NB: the definition of 'public interest entities' excludes AIM or OFEX companies). Those firms within the scope must provide various pieces of information about themselves in their annual transparency reports including:

- A description of the firm's internal quality control system and a statement on its effectiveness
- Information about the firm's independence procedures and practices
- Where the firm belongs to a 'network' (using a definition in the instrument based on that in the Directive), a description of the network and the legal and structural arrangements of the network
- Details of the firm's policies and practices designed to ensure that professional knowledge and competence is maintained at a sufficiently high level
- Financial information for the financial year showing the importance of the firm's statutory audit work

Firms must make the transparency report available on their website not later than three months after the end of the financial year to which it relates. It must remain available for a further two years after this date.

Institute position

The Institute responded in March to the POB consultation on the draft regulations. The Institute supports restricting the scope to firms auditing fully listed companies and to making the requirements as flexible as possible so as to allow firms to report on their specific circumstances. The POB has suggested that the Audit Quality Framework, published by the FRC in February [R](#), may provide a helpful framework for these transparency reports. The Institute views the evolution of this Framework running hand in hand with the evolution of transparency reporting but would be concerned if the Framework became perceived as an additional regulatory 'standard' that firms would be judged against.

The Institute response to the POB consultation on the draft regulations (ICAEW Rep 32/08) is available on the website [R](#).

In this issue...

02. **Making management letters useful**
Practical suggestions for making management letters useful
03. **Group audits**
Chris Cantwell provides information about new requirements on group audits
04. **Compilation reports on unaudited accounts - an update**
05. **Access to information by successor auditors**
06. **The enemy within - preventing and detecting employee fraud**
Lorna Webley reports on the recent Moorgate internal audit lecture
07. **Bulletin Board**
08. [R](#) **Related**
Links to briefings and guides mentioned in this issue

Making management letters useful



ISA (UK and Ireland) 260, *Communication of audit matters to those charged with governance* **R**, requires the auditor to communicate audit matters of governance interest that arise from the audit of the financial statements to those charged with governance of an entity. One such communication is the written report of material weaknesses in internal controls identified during the audit, which can either be included in a statement of findings from the audit, or sent as a separate 'management letter'. This article sets out some practical points on drafting management letters.

Addressee

The letter is usually addressed to the Board equivalent body, or to the Audit Committee if there is one. Where the client is a subsidiary in a group, the auditors need to consider whether there are matters that ought to be brought to the attention of those charged with governance of the group in addition to the directors of the subsidiary. If they are the subsidiary auditors they should report the matters to the parent entity auditors, although where the subsidiary is not subject to UK company law, they may need to seek permission from their audit client to do so.

What to include - and what to leave out

Although ISA (UK and Ireland) 260 requires auditors to issue a formal report, they do not have to find every possible weakness to justify reporting. It is perfectly acceptable for auditors to state that they have nothing to report to those charged with governance, if their audit procedures do not result in the identification of any material weakness.

ISA (UK and Ireland) 260 states that a material weakness in internal control is a deficiency in design or operation which could adversely affect the

entity's ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement of the financial statements. The points that should be included as relevant to those charged with governance are therefore:

- Flaws in the design of control procedures that could enable significant losses to occur through fraud or mistake
- Actual failings in the operation of procedures designed to prevent losses occurring through fraud or mistake
- Material weaknesses that have been corrected by staff responsible for day to day management without the knowledge of those charged with governance (e.g. in very large organisations, or in not for profit entities such as charities where those charged with governance are not involved in day to day management)

Auditors may also identify weaknesses which, while not giving the potential for loss through fraud or error, may nevertheless inhibit the entity from getting the best results in pursuing its objectives. Points that, if identified, will be of particular interest to those charged with governance include suggestions for improvements in the utilisation of resources, or for the implementation of procedures such as formal risk assessments, which will enable them better to discharge their statutory responsibilities.

Management letters should not include:

- Minor items with no significant impact on internal control because the main control objective is met by other procedures
- Trivial weaknesses that would cost more to correct than the amounts that could be lost through fraud or mistake

- Repeated reporting of weaknesses that those charged with governance have indicated they consider fall into one of the two preceding categories

Development and presentation of the final letter

Good management letters generally involve two-way communication with the client. One way to achieve this is to discuss the points identified in the course of the audit with appropriate members of staff or management, so that any misunderstandings can be resolved and suggestions for making improvements developed. The final document can then list the points by priority, stating for each point:

- Auditor description of weakness/failing identified
- The effect or potential effect of the weakness
- Auditor recommendation to address weakness
- Entity response

Either in a covering letter, or in the report itself, there needs to be a paragraph explaining that the auditor has not provided a comprehensive statement of all weaknesses which may exist in internal control or of all improvements which may be made, but has addressed only those matters which have come to the auditors' attention as a result of audit procedures performed.

Summary

Management letters are not just a form-filling, compliance exercise. On the contrary, they provide a unique opportunity to provide a service that is tailored to the specific circumstances and needs of each client. Auditors should not waste this opportunity.

Mary-Lou Wedderburn |

Consultant, Audit and Assurance Faculty

Group audits



The Auditing Practices Board (APB) has issued a revision of ISA (UK and Ireland) 600 *Using the Work of Another Auditor* [R](#). The revision is effective for periods commencing on or after 6 April 2008.

New requirements

The issue of the revised standard follows on from the recent APB consultation on group audits. There is a new paragraph 14-1, which requires the principal auditors to document any review they undertake, for the purpose of the group audit, of the audit work conducted by other auditors. This reflects a new requirement in the Companies Act 2006 which arises from Article 27(b) of the European Statutory Audit Directive.

There is also a new legal requirement for group auditors arising from Article 27(c) of the Directive, concerning access to audit papers by public oversight bodies rather than the conduct of the audit itself. A footnote in the revised standard makes reference to the audit regulations covering this.

The IAASB's ISA 600

It is important to realise that this new ISA (UK and Ireland) 600 has simply made the change referred to above and that no decisions have yet been taken regarding the UK implementation of the revised and redrafted ISA 600, issued recently by the International Auditing and Assurance Standards Board (IAASB). In responding to various suggestions made in the APB consultation papers on the subject, the Institute stated its view that the APB should not promulgate any of the 'clarity' ISAs ahead of the IAASB's date for international adoption, i.e. periods beginning on or after 15 December 2009.

The Institute response to the APB consultation (ICAEW Rep 23/08) is available on the website [R](#).

Guidance on group audits

As previously reported in *Audit & Beyond*, the faculty has a working group which is now working on a revised version of our publication on group audits [R](#) to pick up the various matters referred to above including the IAASB's revised and redrafted ISA 600. We hope to publish the revised publication later in the year.

Group audits is being discussed at the faculty's spring roadshow. For more information about this event visit the website [R](#).

Chris Cantwell | *Manager, Audit and Assurance Faculty*

Compilation reports on unaudited accounts - an update

In previous issues of *Audit & Beyond*, we have reported the findings of the Professional Oversight Board's (POB) review of the accounting needs of small and medium-sized entities. The objective of the review, which was carried out in 2005, was to assess how the accountancy profession supports the needs of small and medium-sized companies and their stakeholders.

The key findings of the research carried out by POB were:

- Despite changes in the audit exemption threshold, SME clients have continued to use qualified accountants
- The research found that a high quality service was being provided to these clients by professional accountants
- There was a lack of understanding from clients of the different service providers in the market
- That clients did not necessarily understand whether their accounts were being audited or not or what their filing options were (e.g. full accounts or abbreviated accounts)
- There were shortcomings in the quality of information in accounts prepared by professional accountants

In the light of these key findings, the POB report made 7 recommendations in 2006, one of which was the development of a cross-profession compilation report **R**.

A group made up of representatives from the Consultative Committee of Accountancy Bodies (CCAB) was set up in 2006 to look at this recommendation. At the outset the group felt that there would be advantages to having a positive cross-profession compilation report but recognised the challenge in trying to develop something that was easy to understand and user-friendly for clients but that did not create any extra risk or cost for practitioners.

The group developed a draft report, which was based on some initial suggestions put forward by the POB. This included the possibility of tailoring the report depending on the degree of involvement of the practitioner. Discussions with some practitioners of the CCAB bodies indicated support for a more positive report but practitioners did not seem to be keen on a tailored report and did not want to be exposed to any unnecessary risk or litigation. There were concerns that users might take greater comfort from different types of reports.

The CCAB group was also aware that, in many cases, abbreviated accounts are filed at Companies House but there is no example report for practitioners to

follow. The CCAB group thought that there was perhaps a need for a report to be developed on abbreviated accounts. A draft report was developed but there was some concern that it was not sufficiently clear about what was being done by professional accountants and the benefits of using a professional accountant, one of which is that their codes of ethics prevent them from being associated with misleading accounts.

CCAB therefore felt that further discussions with practitioners were necessary. A forum was held in February 2008 with a sample of practitioners from the different CCAB bodies to discuss POB's recommendation. The purpose of the forum was for POB and CCAB bodies to listen to the views of practitioners and other interested parties about the development of a cross-profession compilation report. A questionnaire was also circulated to all practitioners present to complete.

Comments made by practitioners at the forum were fairly mixed. Some saw advantages from having a cross-profession compilation report, such as marketing benefits, differentiation from unqualifieds and that a clear and simple report would help to prevent misunderstandings.

Others highlighted some disadvantages, for example, the reports are not currently used by anyone and directors are not really interested in the wording of the report - they only focus on the name of the firm. Also some practitioners made the point that the use of accounts is limited as often clients only file abbreviated accounts which have little information anyway.

A number of other points were made, including, concerns around the use of the term 'accountant',

would such reports apply to other clients (e.g. unincorporated entities), and the fact that a cross-profession compilation report might not be the solution to helping directors understand their choices for filing accounts and the professional services available to them.

There was also some discussion about what Companies House might be able to do in terms of electronic filing of accounts and the possibility of having a flag attached to the accounts to indicate that a professional accountant had prepared them. The filing of a cross-profession compilation report might help with this. This might also help with security issues, as members in practice would then be able to quickly check what accounts have been filed electronically at Companies House using their name, which might help eliminate fraudulent use of accountants' identity.

Overall, the results of the questionnaire, however, indicated support for a short, positive, standardised (rather than tailored) cross-profession compilation report.

CCAB has subsequently met with POB to discuss how to take this forward. It was agreed that the CCAB group would continue to work on the development of a short, more positive report based on the views expressed by practitioners at the forum.

Further progress on this will be covered in future issues of *Audit & Beyond*.

Louise Sharp | *Manager, Audit Practice Issues, Audit and Assurance Faculty*

Access to information by successor auditors

Previously, in the December/January issue of *Audit & Beyond*, we gave you a brief snapshot of the potential implications of the statutory requirement in relation to the provision of access to information by successor auditors. Since then, things have rapidly moved on.

The faculty, with the Institute's Professional Standards Directorate has, over the last three months, been involved in detailed discussions with the Professional Oversight Board (POB), the Department for Business, Enterprise and Regulatory Reform (BERR) and legal counsel in relation to the statutory requirement and what this means for auditors within the UK.

Clarification has been sought from BERR on a number of aspects of the statutory requirement brought about by European Commission legislation and the Companies Act 2006 ('the 2006 Act'), including the implementation date and the entities to which the legislation applies.

The requirement for a predecessor to allow a successor access to relevant information applies in respect of appointments for the auditors of financial years starting on or after 6 April 2008. It applies to all statutory audits as defined by and listed in Section 1210 of the Companies Act 2006. We also have confirmation that this requirement will not apply to unincorporated charities and pension schemes.

BERR has confirmed that there is no intention to create a new liability on the predecessors to either the client or the successors in relation to providing access to audit working papers. It has stated that 'the statutory requirements ... do not alter the existing liability of each auditor in relation to its respective audit'.

Over recent months and after further face to face discussions with POB, the audit regulation and related guidance has been redrafted in consultation with leading counsel to ensure that it meets its purpose which is 'to assist in maintaining the effectiveness (and cost effectiveness) and the efficiency of the audit process in the context of a change of auditor, with the intention being to reduce the (actual or perceived) risk of changing auditor'.

The audit regulation 3.09, along with the full suite of audit regulations, has now been published and are available at www.icaew.com/index.cfm?route=113613.

In support of the audit regulation and its related guidance, the faculty has drafted a technical release which is being issued as an exposure draft with the consultation period ending on 30 May 2008. It is intended to underpin the mandatory regime that has been put in place through the 2006 Act and the audit regulation and guidance in order to provide a helpful and effective framework to assist auditors in

managing the process in relation to access.

Transition

The statutory requirement does not apply to appointments for any accounting periods starting before 6 April 2008. There may be a short transitional period when auditors change and relevant accounting periods are close to but prior to that date. It is important to note that the audit regulation and related guidance and the technical release do not apply to any prior periods.

If firms receive a request for information in respect of appointments for accounting periods to which the statutory requirement does not apply, they need to consider their options carefully. They have a choice. They can either choose not to provide the information, which is perfectly acceptable, or they could choose to provide it on a voluntary basis.

If firms are willing to provide information outside of the mandatory framework, the guidance within the technical release will not be suitable. There are additional considerations that they will need to take account of, including the need for client permission to disclose confidential information.

An exchange of letters is likely therefore to be needed between both firms when information is to be made available on a voluntary basis. Predecessor firms will need to obtain the client's consent, ideally in a letter, before releasing any information. The terms of all these letters will need to be considered carefully and firms may wish to consider taking advice on the format of such letters before providing any information on a voluntary basis, outside of the statutory framework.

Cost

The legislation imposes a mandatory requirement but is

silent on the question of costs. Our view is that a significant level of charging could be seen as a barrier to competition and choice and could also be an unnecessary burden on the process of charging auditors which is not the intention of the legislation. But some recovery of actual costs may be reasonable. The technical release elaborates further on these. It would not, however, be reasonable to include any profit element in any costs that were charged. Charges that go beyond 'actual costs' could affect the assumption of responsibilities.

Practicalities

The requirement only applies between auditors of UK entities subject to the 2006 Act and only effective after the successor has been appointed. It is separate from and additional to the ICAEW's Code of Ethics which sets out procedures to be followed before accepting appointment. All requests need to be made in writing, but information can be provided in any form at a location of the predecessor's choosing. Requests for access should be reasonable without causing the predecessor or successor undue resourcing or timing difficulties.

The exposure draft of technical release AAF 01/08 can be downloaded from the faculty's website [R](#). If you have any comments to make on the ED, please send them by 5pm Friday 30 May:

by post to:
Sumita Shah
Audit and Assurance Faculty
Institute of Chartered Accountants
in England and Wales
Chartered Accountants' Hall
PO Box 433
Moorgate Place
London EC2P 2BJ

Or by email to:
sumita.shah@icaew.com

Sumita Shah | *Manager, Audit and Assurance Faculty*

The enemy within - preventing and detecting employee fraud



Fraud in the workplace is costing UK companies billions of pounds every year due to lax financial controls and lack of timely audit procedures. Understanding the fraudster is the key to effective risk management, while using the information to design a comprehensive approach to countering the criminal act.

Delegates attending the Internal Audit Lecture in March had the opportunity to listen to presentations from two experts at KPMG. Alex Plavsic, Head of Fraud Services, outlined how to profile a fraudster and implement a framework for mitigating fraud risk. Graham Ure, Senior Manager, shared his views on the role of Continuous Auditing tools in preventing and detecting fraud.

Theft in the workplace is significantly on the increase and has evolved beyond light-fingered employees pinching the odd pen or other items of stationery into something that could lead to financial ruin for many large and small organisations as well as a tarnished reputation. The spotlight in the last few years has been on fraud committed not only by senior management but also office workers at all levels, through accounting scandals.

Profiling the fraudster

Why does white-collar fraud happen? Alex Plavsic explained to delegates that they need to be aware of the characteristics and warning signs that fraud might be taking place. Essentially, fraud is committed because of pressure/incentive in an individual's personal life, the opportunity arises, rationalisation of the crime and the employee believing they won't be caught.

Employee fraudsters are opportunists who are driven by greed, boredom or a grudge against their employer. Some employees steal money to pay off debts, while others have a desire to lead a lavish lifestyle. There have even been cases where

fraudsters have inflated company profits in order to keep it afloat or increase share prices to safeguard the organisation's status.

Some companies prefer not to report the incident to the police but choose to handle the issue internally. In the majority of cases, the dishonest employee is dismissed or resigns but a few companies are prepared to go to court, particularly if an employee has stolen large amounts of money over a period of time.

Interestingly, men commit over 85% of all offences, 70% of fraudsters are between the ages of 36 and 55 years old, 86% of fraud is committed by middle managers or above, and fraudsters tend to get more ambitious - 91% of perpetrators do not stop at one single transaction but will continue until the crime is detected. Even more worrying is the ease in which the perpetrators commit fraud. More often than not, fraudsters were in a position of trust and were not supervised. Many employees not only had the skills and knowledge needed to defraud their company but they also had access to systems, so the money could be siphoned-off directly into their accounts.

The threat from organised crime has also increased markedly over the years. There is evidence that links employee fraud to terrorism

and drugs. External and internal threats present a problem for organisations, particularly with the exploitation of new technology. And, if the rumours are to be believed, that the UK economy is heading towards a credit crunch and economic slowdown, large-scale fraud is more likely to be discovered during a recession.

Rumbling fraudsters

To sum up, the lecture stressed that all is not lost, as more and more companies begin to take steps to tackle fraud in the workplace by implementing anti-fraud precautionary measures such as developing an anti-fraud policy. Other solutions involve: carrying out background validation checks and security screening on employees and ensuring they are properly supervised.

There is research to show that almost 30% of job seekers are untruthful when applying for jobs and make false claims on their CVs. Around 18% believe that employers don't bother to check up on what applicants claim and a similar number think that it is not only necessary but also acceptable to exaggerate their CVs.

Graham Ure told delegates that white-collar fraud can be further reduced through Continuous Auditing and Monitoring, leveraging the application of

Bulletin Board

Faculty update

Update on the Bannerman

The Audit and Assurance Faculty's Technical Release, Audit 1/03, *The Audit Report and Auditors' Duty of Care to Third Parties* which incorporates the Bannerman wording (www.icaew.com/index.cfm?route=132980) refers to s235 CA85 which covers all of the opinions given by the directors (i.e. truth and fairness in accordance with applicable financial reporting framework, proper preparation of accounts and directors' remuneration report in accordance with the Act, consistency of directors' report information).

Under the new Companies Act 2006, these duties are spread across s495 (truth and fairness, proper preparation of accounts in accordance with applicable framework, preparation in accordance with the law), s496 (directors' report consistency) and s497 (directors' remuneration report for quoted companies).

Therefore, the disclaimer should now be amended as follows:

This report is made solely to the company's members, as a body, in accordance with [Sections 495 and 496 / Sections 495, 496 and 497] of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.*

*Include reference to Section 497 if the company is quoted (see section 385).

Wording by Sumita Shah.

Business as usual for the Library

The Institute is creating a new Business Information Centre for members, which will include a more modern library and full business facilities. Whilst the building work is being carried out, the Library will operate an interim service. Dates will be announced on the website in due course (www.icaew.com/index.cfm?route=156850).

Whilst the Business Information Centre is being built, the Library & Information Service will operate from the Members' Room in Chartered Accountants' Hall. For remote users, this will very much mean *business as usual*. The Enquiry Service, book loan service and the full range of online resources will still be available as normal.

Internal Audit Lecture Series

Continual Improvement of the Audit Function

Speaker: James Paterson, Vice President of Group Internal Audit (GIA), AstraZeneca plc

Monday 16 June 6.00pm

The Lecture will be followed by wine and buffet. This event will be held at Moorgate Place and costs £34.04 + VAT. For more information visit www.icaew.com/aaf.

APB revised auditor independence standards

The APB has issued revised Ethical Standards on auditor independence on 4th April 2008, effective for audits of periods which commence **on or after 6 April 2008**. As pointed out in the response by the CCAB Ethics Group, this clearly does not allow much time for implementation but there are some transitional arrangements and the basic structure and impact of the ESs are not changed substantially for most audits.

There are some changes however, stemming from the revised Statutory Audit Directive (implemented in the UK via the Companies Act 2006), prospective revisions to the International Federation of Accountants' Code of Ethics and some general tidying up following comments received about wording in the existing Standards. In addition, although not included in the original consultation, the exemption limit for applying the ES-PASE to pension scheme audits has been reduced from pension funds with less than 1000 members to funds with less than 100 members. This is clearly a matter of concern. Further information is available at www.icaew.com/ethics

cont'd from page 6

analytics tools and techniques to identify exceptions and highlight potentially suspicious activity, thus preventing and detecting fraud. Although the concept of Continuous Auditing and Monitoring, as a way to address compliance, has been discussed for many years, it is only recently that technology has evolved and caught up with the theory to make it possible.

A traditional audit process involves the identification and testing of systems, processes and balances once a year; fraud perpetrated between audits is either identified after the fact or missed altogether. Continuous Auditing and Monitoring enables identification of fraud, errors and abuse as they happen, or much quicker than has traditionally been the case.

Benefits of Continuous Auditing and Monitoring can be expressed in terms of timeliness and layers of protection. Misuse, errors and misconduct can be identified earlier, when issues are fresh and haven't grown, improving speed of reporting to the business

and providing better information to support decision-making. Layers of protection are about applying an appropriate balance between preventative controls and detective monitoring. Over zealous application of controls can inhibit the efficiency and effectiveness of a finance department, whereas detective monitoring allows you to rely on the controls you have, and monitor known control gaps and deficiencies for evidence of circumvention and exploitation.

The lecture highlighted the importance of adopting best practice measures to tackle employee fraud. Delegates were left with a clear message: the rewards for tackling fraud effectively can be huge.

Facts & Figures

- Security breaches by staff including theft, forgery, fraud, fraudulent misuse of company property and data theft cost businesses billions of pounds a year (DTI)
- Over 46,000 job offers are withdrawn each year as a result of Criminal Records Bureau checks (Criminal Records Bureau)
- A quarter of companies withdrew job offers during 2004 as a result of candidates misrepresenting their applications (Chartered Institute of Personnel Development)

Lorna Webley | Independent Consultant

RELATED			
Page	Article	Document(s) mentioned	Get a copy
1	Transparency reporting	POB regulations (<i>The Statutory Auditors (Transparency) Instrument 2008</i>) The Audit Quality Framework Institute response to the POB consultation (ICAEW Rep 32/08)	www.frc.org.uk/pob/press/pub1563.html www.frc.org.uk/images/uploaded/documents/Audit%20Quality%20Framework%20for%20web.pdf www.icaew.com/index.cfm?route=155592
2	Making management letters useful	ISA (UK and Ireland) 260 <i>Communication of audit matters to those charged with governance</i>	www.frc.org.uk/apb/publications
3	Group audits	Revised ISA (UK and Ireland) 600 Institute response to the APB consultation (ICAEW Rep 32/08) Existing faculty publication <i>Promoting Best Practice in Group Audits</i> Faculty roadshow	www.frc.org.uk/apb/press/pub1560.html www.icaew.com/index.cfm?route=155093 www.icaew.com/index.cfm?route=124482 www.icaew.com/aaf
4	Compilation reports on unaudited accounts - an update	Review of how accountants support the needs of small and medium-sized companies and their stakeholders	www.frc.org.uk/pob/publications
5	Auditors to information by successor auditors	Technical release AAF 01/08	www.icaew.com/aaf

Audit and Assurance Faculty
PO Box 433
Moorgate Place
London EC2P 2BJ
T: +44 (0) 20 7920 8493
F: +44 (0) 20 7920 8754
E: tdaf@icaew.com
DX 877 London/City
www.icaew.com/aaf

Audit & Beyond editorial information

Comments should be addressed to the Audit and Assurance Faculty, ICAEW, PO Box 433, Chartered Accountants' Hall, Moorgate Place, London EC2P 2BJ
T: +44 (0) 20 7920 8493
E: tracy.gray@icaew.com
W: www.icaew.com/aaf

Audit & Beyond is produced by Wolters Kluwer (UK) Limited on behalf of the Audit and Assurance Faculty
T: 0870 777 2906
E: customerservices@cch.co.uk
ISSN: 17748-5789

If you have enjoyed reading *Audit & Beyond*, please pass this copy on to one of your colleagues or associates who may be interested in joining the Audit and Assurance Faculty. All enquiries should be directed to the Faculty address left.

© ICAEW 2008.
All rights reserved. No part of this work covered by copyright may be reproduced or copied in any form or by any means (including graphic, electronic or mechanical, photocopying, recording, taping or information retrieval systems) without written permission of the copyright holder.

This publication is intended to provide a summary of, and opinion on, developments relating to auditing and financial reporting. The information contained within it should not form basis of any decision; nor should it be relied upon as a legal or professional guidance regarded as a substitute for specific advice.

Therefore no responsibility for any person acting as a result of any material in this publication can be accepted by the institute, the Audit and Assurance Faculty, the publishers or authors.