

FEEDBACK PAPER ON THE CONSULTATION DRAFT OF PRACTICE NOTE 15 (REVISED) “THE AUDIT OF OCCUPATIONAL PENSION SCHEMES IN THE UNITED KINGDOM”

1 Introduction

1.1 In July 2010 the Auditing Practices Board (APB) issued for public comment an Exposure Draft of a revision to Practice Note 15 (Revised) “The Audit of Occupational Pension Schemes in the United Kingdom”. The extant version of Practice Note 15 (Revised) at that time had been issued in March 2007.

1.2 The Exposure Draft gave effect in the Practice Note to:

- The issuance of clarified International Standards on Auditing (ISAs) (UK and Ireland), which apply to audits of financial statements of occupational pension schemes for periods ending on or after 15 December 2010; and
- Changes in the legislative and regulatory framework.

1.3 As a result of these changes new or enhanced guidance was included with respect to the following:

- Communicating deficiencies in internal control to those responsible for governance and management.
- Audit considerations relating to an entity using a service organisation.
- Auditing accounting estimates, including fair value accounting estimates and related disclosures.
- Going concern.

1.4 The 12 respondents to the consultation are listed in the Appendix to this feedback paper. In addition input was provided by staff from the Audit Inspection Unit and The Pensions Regulator prior to the issuance of the Exposure Draft.

2 Overall satisfaction with the proposals

2.1 Although commentators made a number of detailed recommendations with respect to the proposed text of the Practice Note they expressed a high degree of general satisfaction with the Exposure Draft.

3 Role of statutory auditors in relation to member record-keeping

3.1 During the period in which the Practice Note was being revised there were discussions between The Pensions Regulator (TPR) and members of the accountancy profession on the auditor’s responsibilities as regards internal control in cases where there is poor record keeping at an occupational pension scheme. Guidance in updates to the Regulatory Codes of Practice on internal controls and record-keeping was issued by TPR for trustees in June 2010 and a number of references were included in the exposure draft to this material. A statement by TPR was issued subsequent to the publication of Practice Note 15 (Revised) emphasising that trustees cannot rely on their scheme’s statutory audit to inform them of the quality and accuracy of their

member data or the controls around that data. No further changes have been made to the Practice Note in this regard.

4 Guidance on the Auditor's Statement about Contributions

- 4.1 One commentator suggested that there is a need for more detailed guidance on work that the auditor undertakes on the annual Auditor's Statement about Contributions in order that it is clear that the report is intended to provide reasonable assurance and to address what the commentator perceived to be wide variations in practice (in particular with regard to the application of materiality). Further discussion of this matter needs to be undertaken before APB is able to decide whether to produce any additional guidance and so no changes have been included in Practice Note 15 (Revised).

**RESPONDENTS TO EXPOSURE DRAFT OF PRACTICE NOTE 15
(REVISED)**

Accountancy bodies

- 1 Association of Chartered Certified Accountants
- 2 Chartered Accountants Ireland
- 3 Chartered Institute of Public Finance & Accountancy
- 4 Institute of Chartered Accountants in England & Wales
- 5 Institute of Chartered Accountants of Scotland

Auditing firms

- 6 Baker Tilly
- 7 Deloitte LLP
- 8 Ernst & Young LLP
- 9 KPMG LLP
- 10 Mazars LLP
- 11 PricewaterhouseCoopers LLP

Other

- 12 Audit Commission