

APB ETHICAL STANDARDS

GLOSSARY OF TERMS

accounting services	The provision of services that involve the maintenance of accounting records or the preparation of financial statements that are then subject to audit
affiliate	Any undertaking which is connected to another by means of common ownership, control or management.
audit client	The entity whose financial statements are subject to audit.
audit engagement partner	The partner or other person in the firm who is responsible for the audit engagement and its performance and for the report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body.
audit firm	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.
audit team	All audit professionals who, regardless of their legal relationship with the auditor or audit firm, are assigned to a particular audit engagement in order to perform the audit task (e.g. audit partner(s), audit manager(s) and audit staff).
chain of command	All persons who have a direct supervisory, management or other oversight responsibility over either any audit partner of the audit team or over the conduct of audit work in the audit firm. This includes all partners, principals and shareholders who may prepare, review or directly influence the performance appraisal of any audit partner of the audit team as a result of their involvement with the audit engagement.

close family	A non-dependent parent, child or sibling.
contingent fee basis	<p>Any arrangement made at the outset of an engagement under which a pre-determined amount or a specified commission on or percentage of any consideration or saving is payable to the audit firm upon the happening of a specified event or the achievement of an outcome (or alternative outcomes).</p> <p>Differential hourly fee rates, or arrangements under which the fee payable will be negotiated after the completion of the engagement, do not constitute contingent fee arrangements.</p>
engagement team	All persons who are directly involved in the acceptance and performance of a particular audit. This includes the audit team, professional personnel from other disciplines involved in the audit engagement and those who provide quality control or direct oversight of the audit engagement.
ethics partner	The partner or other person in the audit firm having responsibility for the adequacy of the firm's policies and procedures relating to integrity, objectivity and independence, their compliance with APB Ethical Standards and the effectiveness of their communication to partners and staff within the firm and providing related guidance to individual partners.
financial interest	An equity or other security, debenture, loan or other debt instrument of an entity, including rights and obligations to acquire such an interest and derivatives directly related to such an interest.
immediate family	A spouse (or equivalent) or dependent.

- independent partner** A partner or other person performing the function of a partner who is not a member of the audit team (but who may be the person who undertakes an engagement quality control review to meet the requirements of Proposed ISA (UK & Ireland) 220 *'Quality control for audits of historical financial information'*). The experience required of the independent partner is determined by the nature of the audit engagement and the seniority and experience of the audit engagement partner.
- key audit partner** An audit partner, or other person performing the function of an audit partner, of the engagement team (other than the audit engagement partner) who is involved at the group level and is responsible for key decisions or judgments on significant matters, such as on significant subsidiaries or divisions of the audit client, or on significant risk factors that relate to the audit of that client.
- key management position** Any position at the audit client which involves the responsibility for fundamental management decisions at the audit client (e.g. as a CEO or CFO), including an ability to influence the accounting policies and the preparation of the financial statements of the audit client. A key management position also arises where there are contractual and factual arrangements which in substance allow an individual to participate in exercising such a management function in a different way (e.g. via a consulting contract).
- listed company** An entity whose shares, stock or debt are quoted or listed on a recognised stock exchange, or are marketed under the regulations of a recognised stock exchange or other equivalent body.

- network firm** Any entity:
- (i) controlled by the audit firm or
 - (ii) under common control, ownership or management or
 - (iii) otherwise affiliated or associated with the audit firm through the use of a common name or through the sharing of significant common professional resources.
- person in a position to influence the conduct and outcome of the audit:**
- (a) Any person who is directly involved in the audit (the engagement team), including:
 - (i) the audit partners, audit managers and audit staff (the audit team);
 - (ii) professional personnel from other disciplines involved in the audit (for example, lawyers, actuaries, taxation specialists, IT specialists, treasury management specialists);
 - (iii) those who provide quality control or direct oversight of the audit;
 - (b) Any person, who forms part of the chain of command for the audit within the audit firm;
 - (c) Any person within the audit firm who, due to any other circumstances, may be in a position to exert such influence.

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