

**MEETING OF THE PROFESSIONAL OVERSIGHT BOARD
13 OCTOBER 2010 AT ALDWYCH HOUSE**

MINUTES RELATING TO STATUTORY RESPONSIBILITIES

Members Present: Dame Barbara Mills (Chair)
Lillian Boyle
Anthony Carus
Iain Cheyne
Hilary Daniels
Paul George (Director)
John Kellas
Roger Marshall
Mick McAteer
Diane Walters

Apologies Rudolf Ferscha

Current Issues

The **Board** discussed current issues relevant to its statutory responsibilities.

European Commission's Green Paper on Auditing

The **Board** noted that the Commission had just published its wide-ranging paper on audit policy. The POB would be closely involved in developing the FRC's response and would consider in more detail at the November meeting prior to consideration by the FRC Board.

Trends in Audit Fees and the Effects of Tendering

The **Board** considered a paper on the effect on audit fees of a change of auditors and the concern that significant fee reductions might result in inadequate staffing levels and a decline in audit quality. This analysed the 74 cases of which we were aware where a fully listed or AIM company had changed auditors since January 2009. The paper concluded that the economic crisis had increased pressure on audit fees. However, since the audits of companies where there had been a change of auditors had not been subject to recent review by the Audit Inspection Unit, it was not possible to conclude whether there was a correlation with adverse AIU findings.

Association of Certified Public Accountants (ACPA)

The **Board** considered its initial response to an approach from the ACPA for Recognised Supervisory Body (RSB) status and requested that, as the next step, the ACPA provided more information on the need for an additional RSB.

John Grewe (Secretary)
November 2010