



ICAS response to the FRC

Minimum Standard for Audit Committees

8 February 2023

Introduction

The ICAS Business Policy Panel welcomes the opportunity to comment on this consultation. ICAS is a professional body for more than 23,000 members in the UK and in more than 100 countries around the world. Our members have all achieved the internationally recognised and respected CA qualification (Chartered Accountant). We are an educator, examiner, regulator, and thought leader.

Our members work in business, the public sector and accountancy practices ranging from the Big Four to the small practitioner. Almost two thirds of our working membership work in business.

ICAS was created by Royal Charter in 1854. Our Charter requires its committees to act primarily in the public interest, and our responses to consultations are therefore intended to place the public interest first. Our Charter also requires us to represent our members' views and to protect their interests, but in the rare cases where these are at odds with the public interest, it is the public interest which must be paramount.

Any enquiries should be addressed to atelfer@icas.com.

Key Points

Overall, we believe that the Standard is satisfactory. It does not introduce major changes and reflects what some good audit committees are already doing.

We suggest some modifications to the wording in the draft Standard as follows:

- We are not convinced that price blind tenders should always be used as other methods exist and directors may be able to justify this decision. We suggest that this instruction is moderated to recognise the existence of reasonable alternatives (paragraph 13, page 3).
- Where eligible firms invited to an audit tender are refusing to bid for the external audit, there may be valid reasons for not tendering such as a lack of resource, the risk profile or a lack of independence. We do not believe that good reasons should result in a ban on non-audit work. However, where firms are prioritising protection of their non-audit work, we suggest that wording in the Standard (paragraph 14) is clarified to state that in these circumstances, firms are told that they cannot tender for new non-audit work, may lose the non-audit work they have and will not be asked to tender for new non-audit work.
- The instruction to obtain evidence in paragraph 16 is too strong. Evidence may not always be needed. We suggest wording is moderated to state that directors should judge effectiveness and consider available evidence to support their judgement and document it. The examples for consideration are helpful.

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