

Comments on the FRC Feedback Statement and impact assessment relating to its review of 2016 Auditing and Ethical Standards

Reference	Comment
ISQC(UK)1 Paragraph 12(h)	Footnote 3b cross refers to Paragraph A2-1 of ISA (UK) 220, this paragraph does not exist.
Paragraph A30-1	We believe that this paragraph is unworkable as it is not consistent with ISA(UK)600 paragraph A4-2. We have discussed this further in our cover letter. [insert reference]
Paragraph A30-2	The paragraph appears to contradict paragraph A30-1.
ISA(UK) 220 Paragraph 21-3	This provision appears to require the engagement quality control reviewer to hold discussions with the key audit partners of ALL components, we believe in large groups this provision would be not be operable. Accordingly, we would ask the FRC to clarify if this is the intent of the provision and if so to reconsider the merits of this proposal.
Paragraph A 32-3	We feel that the language in this paragraph is not sufficiently clear. "Robust" and "unlikely" are subjective terms and are not appropriate for inclusion in a standard.
ISA (UK) 250 A Paragraph 13-1	Currently auditors are required to consider matters that come to our attention during the course of the audit. The proposed shift to "shall consider" and the inclusion of a specified list in A11-1 is a substantial change and merits further discussion and debate.
Paragraph A11-2	The FRC should explain what qualitative means in this context. Is the auditor required to consider all errors including trivial errors? If that is the intent then this is a substantial expansion of the auditors work and we feel it merits further discussion and explanation.
ISA (UK) 250 B Paragraph A35a, A35b, A35e	These paragraphs need further explanation as to how they will work in practice as the intent of these paragraphs is not clear.
ISA (UK) 260 Paragraph A 28-6	The example used in this paragraph is not clear. If applied in practice this would mean that the auditor must always report as there will always be a risk of material misstatement.
ISA (UK) 600 ParagraphA61-1	This paragraph would seem to require the group engagement team to evaluate and review <i>all</i> the work carried out by <i>all</i> component auditors. Is that what was intended by the revision?

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	<p>The paragraph refers to this being required by law. The requirement originates from EU Law, throughout the EU this provision of EU law has not been applied in the manner the FRC appears to be suggesting is should in the proposed revisions. Further, we believe this is not what is required under EU law but rather it would appear to be an interpretation of the underlying law.</p>
<p>ISA (UK) 700 Paragraph A 39-1</p>	<p>We believe that this paragraph seeks to interpret the law which is a matter reserved for the judiciary.</p>
<p>A39-2 - A39-5</p>	<p>We do not feel that the level of detail in these sub paragraphs is necessary for inclusion in a standard. .</p>
<p>ISA (UK) 701 Paragraph A51-1</p>	<p>The application note section has moved material which was formerly in a Staff Guidance note into the standard, albeit into an Application Note.</p> <p>In principle this is not appropriate.</p> <p>Staff Guidance Notes have not been subject to the same development and review processes that standards have and therefore this circumvents the principle of proper due process.</p> <p>We note similar changes in ISA (UK) 250 A ParagraphA18-1.</p>