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Our ref:
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For the attention of Mark Babington

Dear Sir

We welcome the opportunity to comment on the proposed new Assurance Standard “Providing Assurance on Client Assets to the Financial Conduct Authority”. We are supportive of the FRC’s objectives in proposing this Standard and welcome the guidance that will be available to CASS auditors as a result.

We consider the overall structure and approach of the proposed Standard to be helpful. However, we would welcome further thought being given to the order and wording of the specific requirements and guidance for the conduct of reasonable assurance engagements. In particular we recommend the FRC revisit the order of the requirements which address the steps of understanding the entity, carrying out the risk assessment, carrying out work in response to the assessed risk and evaluating the results. We have given more detail in our response to question one.

We welcome and recognise the need for guidance for auditors in relation to their responsibilities for making direct reports under The Financial Services and Markets Act (FSMA) 2000, but we are concerned that the scope of CASS reporting responsibility is being extended beyond the requirements of the FCA rules for assurance reports. In our opinion this is undesirable and will not meet the objectives of FRC for the proposed Standard: namely to manage the expectation of management of firms that hold client assets and to help to establish realistic expectations regarding the integrity of the UK Client Asset Regime with the beneficial owners of client assets. In particular the proposed Standard has requirements and guidance in respect of not only the CASS rules but also Client Money and Asset Returns (CMAR) and “other relevant FCA rules contained in other source books” yet these rules are not specified within the Standard and neither CMAR nor other rules are included in the FCA CASS reporting requirements. The reporting obligations of CASS auditors in relation to assurance reports to the FCA are limited to specific matters in relation to the CASS rules as set out in SUP 3.10. We have given further details in our response to questions one and four.



We have set out our responses to the individual questions in Appendix 1 and other detailed comments on the proposed Assurance Standard in Appendix 2.

If you would like to discuss any aspect of response please contact David Fenton.

Yours faithfully

Baker Tilly UK Audit LLP



Will the proposed Standard achieve its Objectives?

1) Do you believe that the proposed Standard will meet the objectives set out in paragraph 19 of the Introduction and, in particular, improve the quality of client asset assurance engagements? If not, why not?

Scope

As we have set out in our covering letter we are concerned that the proposed Assurance Standard is extending the scope of CASS auditors' responsibilities beyond reporting on the matters set out in SUP 3.10. In particular paragraphs 79 and 85 have requirements in respect of "other relevant FCA rules". The requirement for a reasonable assurance report is to report on aspects of compliance with the CASS rules only. Therefore we believe the FRC should remove references to "other relevant rules" from the requirements or specify which rules the FRC believes CASS auditors are required to report on under SUP 3.10. In our opinion these references to "other relevant rules" could potentially cause confusion about the extent of the responsibilities of the CASS auditors and therefore are not consistent with the objectives set by the FRC.

While we recognise the value of firms' CMAR returns as part of the information gathering and risk assessment procedures we consider the requirements and guidance in the proposed Standard in relation to CMARs to be conflicting. Errors or inconsistencies in completion of CMARs would not be matters to be included on the schedule of Rule Breaches appended to a reasonable assurance report, although such errors or inconsistencies may indicate reportable breaches have occurred. Thus the requirements in the proposed Standard are likely to cause confusion about the extent of CASS auditors' responsibilities and therefore are not in line with the FRC's objectives. We request the FRC reconsider the requirements in relation to CMARs and include auditors' consideration of these returns as part of the guidance paragraphs rather than as mandatory requirements.

Conduct of assurance engagements

We are supportive of the FRC's objectives for the proposed Standard but as we stated in our covering letter we feel the requirements and guidance for reasonable assurance engagements (paragraphs 67 to 102) could be clearer and have not been set out in a logical order.

An assurance engagement involves identifying the subject matter, establishing the criteria and then obtaining sufficient appropriate evidence about the subject matter and evaluating that evidence against the criteria in order to conclude whether sufficient evidence has been obtained to make the report.

The evidence is obtained by:

1. Understanding the subject matter, including the system of internal control;
2. Assessing the risk that the criteria have not been met based on that understanding of the subject matter;



3. Responding to the assessed risk, including developing an overall response and determining the nature and extent of further procedures to be undertaken;
4. Performing the additional procedures, and
5. Evaluating the sufficiency and appropriateness of the evidence.

In our opinion the proposed Standard does not set out clearly these steps and in particular the steps to obtain an understanding of the subject matter (which are included predominantly in paragraph 83 to 90) appear after the requirements to respond to the assessed risk (paragraph 80) and to evaluate the design of the system of internal control (paragraphs 81 and 82).

In the context of a CASS reasonable assurance engagement, we consider that steps 1 and 2 above would be achieved by CASS auditors:

- obtaining and documenting an understanding of the firm's business model, organisational structure, operating environment and transactions to which the CASS Rules apply. (Paragraphs 11, 72 to 77, 85)
- obtaining an understanding of the control environment by documenting the design of the system of internal controls operating over the application of the CASS rules (paragraphs 83 to 85, 87 to 90)
- evaluating the design and testing the implementation of the system of internal controls (paragraphs 81, 86, 91 to 93)

In response to the assessed risk CASS auditors would then test the system of internal controls (paragraphs 80, 94, 97 to 99, 95) and/or carry out other procedures as necessary (paragraph 80).

Finally the evidence would be evaluated and the conclusions reached.

Risk assessment

We agree that the nature and extent of the procedures carried out in an assurance engagement should be sufficient in the CASS auditor's judgement to reduce the engagement risk to an acceptable level. However, we are concerned that the requirements in paragraph 70 a and b are expressed in a way that will not support the objectives the FRC have set. In our opinion the focus of the risk assessment should be on assessing the risk that the regulated firm does not have adequate systems to enable it to comply with the relevant CASS Rules and/or that it was not in compliance with those rules at the period end. Having assessed that risk, which is a function of inherent and control risk, the CASS auditor plans the response in order to reduce the detection risk to an acceptable level. By placing the emphasis on the risk of the CASS auditor giving the incorrect opinion rather than on the risk assessment of the underlying subject matter the FRC may inadvertently create an expectation that responsibility for ensuring firms' systems comply with CASS rules and for identifying all breaches rests with the CASS auditor rather than with the regulated firm. This emphasis may also cause CASS auditors to do more work than might otherwise be necessary to reduce engagement risk to an acceptable level, increasing costs for CASS auditors and firms without any increase in the assurance given to the FCA or contribution towards meeting the FRC's objectives..



Please also see our response to question 4.

We have set out further detailed comments on individual paragraphs in Appendix 2.

Effective date

2) The proposed Standard is effective for reports to the FCA with respect to client assets covering periods commencing on or after 1 January 2016, with early adoption permitted. Do you believe that it would be appropriate to mandate the application of the Standard for earlier reporting periods to achieve the objectives set out in paragraph 19 for reporting periods commencing before 1 January 2016?

CASS auditors will require some time to consider their procedures for CASS reporting assignments and make any necessary changes to their documentation. Therefore we support the proposed effective date.

Content of proposed Standard

3) The proposed Standard includes within a single document requirements relating to:

- a. Reasonable assurance engagements;*
- b. Limited Assurance engagements;*
- c. Special Reports; and*
- d. Non statutory Client Money Trusts.*

The FRC considered other possible approaches involving issuing a number of separate and shorter Standards. On balance, however, the FRC concluded that including all the requirements in a single document was likely to be the most helpful to practitioners and to mitigate the risk of practitioners, who perform relatively few engagements, from failing to select a relevant Standard to complete. Do you agree with including all requirements in a single Standard? If not, why not and what alternative structure for the Standards would you prefer?

In our opinion the requirements in paragraphs 11 to 66 are clearly set out, easy to follow and common to all types of engagement mentioned in this question. Therefore, we agree that including all the requirements in a single standard is the most useful and practical approach; particularly when a single assignment may include more than one engagement from a) to d) above.

We would urge the FRC to resist any suggestion that the proposed standard should be split into a number of shorter standards, not only for the reasons given in the question but also because having all the requirements in one place will assist CASS auditors working on hybrid and other more complex engagements.

Proportionality of requirements

4) The proposed Client Asset Assurance Standard contains a combination of requirements (basic principles and essential procedures indicated by paragraphs in bold type) and guidance (application and other explanatory material). Do you consider the extent of the requirements to be proportionate to Client Asset Assurance Engagements which require the CASS auditor to make a direct report to the Financial Conduct Authority rather than reporting on an assertion by management? If not, why not? Please specify any requirements you believe to be unnecessary and any additional requirements that you believe should be included? In both cases please provide your reasoning.



We would welcome some clarification of this question since limited assurance reports are reports made in response to an assertion by management. Paragraph 70 gives the impression the FRC consider reasonable assurance reports are also given in response to such an assertion, although paragraph 70 does not appear to include any assertions. Other paragraphs in the proposed Standard also refer to assertions. In our opinion the relative responsibilities of CASS auditors and regulated firm management will be more clearly distinguished and the objectives of the FRC are more likely to be achieved if CASS reasonable assurance reports were also given in response to assertions by management that the regulated firm had maintained adequate systems to allow it to comply with the CASS Rules and was in compliance with those rules at the period end.

We are concerned that some of the requirements and guidance are confusing because of the language used in some paragraphs, the lack of definition of some of the terms used and the apparent extension of the scope of the CASS auditor's responsibilities beyond those set out by the FCA in SUP 3. 10.

We are also concerned that some of the bold paragraphs contain examples of documents and other sources of information the CASS auditor should consider. Because these are examples that may not be relevant to all firms and there may be other items that are not mentioned but are relevant we recommend these documents and other sources of information are included in the guidance as examples rather than as mandatory requirements. In particular the specific requirements in respect of CMAR in paragraphs 74 and 76 may create the expectation that the CASS auditor has some responsibility for reporting on the CMAR, notwithstanding the guidance in paragraph 75.

Our detailed comments on particular paragraphs are set out in Appendix 2.

Engagement Quality Control Review

4) The proposed Standard requires Engagement Quality Control Review to form an integral part of all reasonable assurance engagements. The FRC is of the view that the CASS engagement leader will typically be required to make a number of important judgments concerning the nature, extent and timing of assurance procedures and that the CASS engagement leader should be subject to engagement quality control review throughout the course of the engagement. Do you agree?

We agree that reasonable assurance reports should be subject to Engagement Quality Control Review.

Ethical requirements

5) The proposed Standard requires CASS auditors to comply with the FRC Ethical Standards for Auditors (concerning the integrity, objectivity and independence of the auditor) and the ethical pronouncements established by the CASS auditor's professional body. Do you agree with this proposal? Please provide your reasoning whether you agree or disagree with the proposal.

We agree that CASS auditors should comply with the FRC Ethical Standards for Auditors and those of the auditor's professional body. This is consistent with International Standards on Assurance Engagements and will help meet the objectives of the proposed



Assurance Standard by ensuring CASS auditors identify threats to independence, evaluate the significance of those threats and, if the threats are other than clearly insignificant, identify and apply safeguards to eliminate the threats or reduce them to an acceptable level, such that independence of mind and independence in appearance are not compromised.

Requirements relating to training of CASS auditors

6) Paragraph 55 of the Contextual Material seeks to explain the implications for the training of CASS auditors of the mind-set required to complete CASS assurance engagements. The mind-set for performing a financial statement audit is different to the mind-set for performing a CASS engagement and, therefore, it may be dangerous to have audit staff perform a CASS engagement absent adequate training. The proposed Standard (see paragraph 36), therefore, includes explicit requirements for the CASS audit team to include staff who have received training in various aspects of CASS audits. Do you agree that the Standard should include requirements for staff training? If not, why not?

We agree that staff carrying out CASS assurance assignments should have appropriate training and it is appropriate to include requirements for training in the proposed Standard.

Communicating deficiencies in internal control to management and the governing body

7) In contrast to an auditor's report on financial statements a reasonable assurance CASS auditor's reports is required (with some exceptions) to include a schedule of Rule Breaches. As a result of this requirement some contend that it is unnecessary for the CASS auditor to report deficiencies in internal control to both management of the firm and the firm's governing body both during the CASS audit and on its completion. The FRC, however, is of the view that matters may come to the CASS auditor's attention which whilst not being Rule Breaches per se are none the less of sufficient import to warrant reporting to both management and the firm's governing body. These requirements are set out in paragraphs 137 to 140 of the proposed Standard. Do you agree with the FRC's approach? If not, why not?

We agree that there are matters that may come to the attention of the CASS auditor that are not CASS Rule breaches that are required to be reported on the schedule of Rule Breaches, but which nevertheless may of sufficient significance that it would be appropriate for these to be brought to the attention of those charged with governance. In our opinion this is a matter for the CASS auditors' judgement and so it would be sufficient for the proposed Standard to include a requirement for the CASS auditor to consider whether there are any matters arising from the CASS assurance engagement, such as deficiencies in internal control, that in the CASS auditor's judgement it would be appropriate to communicate with those charged with governance. We believe this will be more effective as it will require the CASS Auditor to consider the significance of all matters that have come to its attention during the engagement and not just deficiencies in internal controls over client money or assets. We do not consider the proposed Standard should mandate how that communication takes place as this is a matter between the CASS auditor and the regulated firm.



Scope	In our opinion there should be an explicit statement making use of the proposed Standard mandatory for all reports addressed to the FCA pursuant to SUP3.10.4.
Glossary	The definition of applicable criteria includes “other applicable rules”. These rules should be specified. This definition also refers to the related assertions but in question 4 the FRC have stated that a reasonable assurance reporting assignment is not an assertion based assignment. It is not clear how this definition is to be applied. The definitions of control risk, inherent risk and subject matter also refers to related assertions with no further explanation. No definition of “related assertions” is given in the Glossary.
	The definition of CASS assurance risk is the risk of expressing an inappropriate opinion “when the subject matter is materially misstated.” There is no concept of materiality in the FCA reporting requirements in SUP 3.10: all breaches of the CASS Rules, whether identified by the Cass auditor or the firm must be included on the schedule of Rule Breaches. Therefore it is not clear what is meant by “materially misstated” in the context of this definition. We would welcome further explanation.
	The definition of detection risk refers to the risk that “a breach of the CASS Rules that would be significant in the context of its reporting responsibilities” is not detected. It is not clear what is meant by significant here since all identified breaches need to be reported and if even one breach is identified the opinion is modified, as set out in paragraph 118. Therefore one unidentified breach, regardless of its nature or possible quantum, would be significant since an unmodified opinion would be given incorrectly. Therefore we would welcome more guidance on what is meant by significant in this context, since paragraph 118 also states that even if a breach is of minor significance this is not relevant in determining whether a rule has been breached.
	We would welcome more explanation as to what is meant by evaluation risk in the context of a CASS assurance engagement, how it is distinguished from detection risk and what the implications of that distinction are.
	We would welcome further explanation and examples of “other applicable rules” as the requirements in SUP 3.10 are in relation to reporting on compliance with certain specified matters in relation to the CASS Rules only.
	We would welcome further explanation of the definition of “reportable breach” that makes it clear these are breaches that may need to be reported directly to the FCA other than by means of the CASS Assurance report. This is not clear from the definition since all identified breaches must be included on the schedule of Rule Breaches



	and, as paragraph 118 states, this is regardless of the significance of the breach. Cross reference within the definition to paragraph 59 would be helpful.
Paragraph 11	We consider there may be aspects of a firm about which a CASS auditor may wish to obtain an understanding to establish an expectation about the existence of client assets other than those listed in the bullet points here. Therefore we suggest the sentence up to “existence or otherwise of client assets” is retained as a requirement in bold and the bullet points are included as guidance as to some, but not necessarily all, of the matters the CASS auditor may consider in establishing that expectation.
Paragraph 15	It is not clear what the requirements of this paragraph are and whether the “above requirements” referred to are those in paragraph 14 or those in paragraphs 11 to 14 or some other combination. We suggest the following sentence is amended as indicated. “Based on its understanding obtained from meeting the above requirements in paragraphs XX, the CASS auditor assesses whether the existence of all categories of client assets have been identified as client assets and are being treated as client assets such and reported by the firm to the FCA.”
	There is no requirement for the CASS auditor to comment on the client assets the regulated firm is reporting to the FCA and therefore the final sentence of this paragraph appears to extend the reporting responsibilities of the CASS auditor beyond those set out in SUP3.10.
Paragraph 26	It would be helpful if the requirements in respect of contractual arrangements with TPAs were included here as well as or instead of at paragraph 112.
Paragraph 28	The FCA prescribed wording and templates for the reports do not include a “Bannerman” paragraph. It is appreciated that the acceptance of risk is a matter for each CASS Auditor, but we would welcome the FCA’s views on the inclusion of such paragraphs as part of the Client Asset Report or confirmation that each firm carrying out CASS audits must get approval of appropriate wording from the FCA.
Paragraph 43	We think it would be useful to CASS auditors if definitions and explanations were given for the terms “assurance strategy” and “assurance plan” as neither are included in the Glossary or in the IAASB Handbook.
Paragraph 47	This paragraph should be one sentence without a full stop after “matter”.
Paragraph 59	We would welcome more guidance for CASS auditors where a reportable breach may give rise to obligations under Money Laundering Regulations or The Proceeds of Crime Act.
	We would welcome more guidance on how CASS auditors can resolve the apparent conflict between the responsibility to report directly to the FCA a breach reasonably believed to exist that is likely to be of significance to the FCA and the requirement to report all identified



	breaches on schedule of Rule Breaches. According to the guidance in Appendix 12 there is no requirement for the CASS auditor to prove a directly reportable breach exists in order to make the direct report. In contrast only identified breaches (ie ones that do or did exist) are reported as part of the CASS report. For example what are CASS auditors' reporting responsibilities when it concludes a breach it reasonably believes may exist is not of sufficient significance to report directly to FCA? Should such a matter be included on the schedule of Rule Breaches?
	We suggest this paragraph is reworded so that the process is: if the auditor identifies there may be a breach the first step is to carry out such additional procedures as are necessary to identify whether the breach exists and obtain the relevant facts. Then the evidence obtained is assessed to determine whether it is reasonable to believe the breach exists and, if it is, whether the breach is likely to be of material significance to the FCA. If the auditor concludes the breach is likely to be of material significance to the FCA the auditor then considers the implications for its direct reporting responsibilities. If, on the other hand, the auditor concludes the breach exists but is not likely to be of material significance to the FCA, it is assessed as part of the evidence the auditor evaluates in forming the reasonable assurance opinion and is reported on the schedule of Rule Breaches.
Paragraph 66	We would welcome more guidance on how auditors address the possible conflict between notifying the FCA as soon as possible and seeking legal advice, although we recognise this is beyond the scope of the Assurance Standard and may need to be provided by other means.
Paragraph 67	The auditor is not required to form an opinion as to whether the firm was in compliance with the relevant CASS rules throughout the period. We suggest this paragraph is reworded to "An overview of the process to form the opinion as to whether the firm has maintained systems adequate to enable it to comply with the relevant CASS rules throughout the period and whether it was in compliance with the relevant CASS rules throughout and at those rules at the period end of the period and the relevant considerations"
Paragraph 69	We would welcome clarification of how evaluation risk differs from detection risk and how it fits into the assurance reporting model.
Paragraph 70	Question 4 to the consultation states that a CASS reasonable assurance report is not given in response to assertions but assertions are mentioned here, notwithstanding the fact that none of the items a to d here appear to be assertions. We would welcome further clarification of this guidance. If it is intended that the written representations from the firm required by paragraph 51 are assertions inferred, we suggest that this should be explicit.
Paragraph 71	It is not clear what is meant by point b since the FCA require an opinion on specific matters in relation to CASS only and these are the criteria on which the CASS Auditor reports. We would welcome



	further clarification as to what other applicable criteria the FRC expect the CASS Auditor to report on.
	<p>We would welcome clarification as to what is meant by “establishes appropriate quality control” in this context. Normally this is understood as engagement quality control and comprises review of the assurance work carried out. We suggest, if it is intended to mean this accepted definition, that the final two parts of this paragraph are amended to</p> <p>“d. Evaluates the firm’s system of controls against the control objectives,</p> <p>e. Carries out a risk assessment and establishes appropriate quality control to address detection and evaluation risk; and . Ddetermines the nature and extent of assurance procedures that will provide sufficient appropriate assurance evidence that the firm has met the relevant control objectives for the assertions and criteria.”</p>
Paragraph 72	<p>In our opinion this paragraph is difficult to understand and we believe will be difficult to apply. The objective of a reasonable assurance engagement is a reduction in assurance engagement risk to an acceptably low level in the circumstances of the engagement as the basis for a positive form of expression of the conclusion. This objective is met by the CASS auditor assessing the risk that the regulated firm does not have systems adequate to enable it to comply with the CASS rules during the period and/or the risk that the regulated firm was not in compliance with those rules at the period end and then designing and performing procedures in response to that assessed risk. We do not understand how the CASS auditor’s assessment of the risk the firm does not comply with the CASS rules, which is a function of inherent and control risk, is impacted by the detection risk.</p>
	<p>In light of our comments above we recommend a and b are reworded to:</p> <p>“a. Enable the CASS auditor to identify and assess the risk that firm has not maintained systems adequate to enable it to comply with the CASS Rules throughout the period;</p> <p>b. Enable the CASS auditor to identify and assess the risk that the firm was not in compliance with the CASS rules at the end of the period; and....”.</p>
	<p>We would welcome clarification as to which specific FCA rules the FRC believes are applicable here as the FCA reasonable assurance reports as required by SUP3.10 are given on the CASS Rules only.</p>
Paragraph 79	<p>We would welcome further clarification of this requirement. The FCA requires each breach of the CASS Rules identified by either the CASS auditor or the firm to be reported on the schedule of Rule Breaches. If one breach is identified the CASS auditor’s opinion will be modified. Therefore any breach is significant to the opinion of the CASS auditor as is any failure of the regulated firm to maintain adequate systems to enable it to comply with a CASS Rule.</p>



Paragraph 80	It is not clear what is meant by “assurance evidence”. We recommend this expression is replaced by “evidence” as the gathering of sufficient, appropriate evidence is a concept well understood in the context of assurance engagements.
Paragraph 81	In our opinion evaluation of the design and implementation of the system of internal control is part of the risk assessment process. Testing of the operation of internal controls is part of the response to the assessed risks.
Paragraph 83 to 86	Obtaining an understanding of the control environment is part of the information gathering stage of the risk assessment and comes before evaluation of the design of the system of internal controls and other more detailed risk assessment and other procedures. Therefore it would more useful to put these paragraphs before paragraph 74.
Paragraph 87 to 90	Understanding the monitoring activities employed by the regulated firm is part of the documentation and evaluation of the system of internal control.
Paragraphs 91 to 93	Evaluating the design of control activities is part of the risk assessment. If a system of internal controls is evaluated as likely to be effective then assurance over its effectiveness can be obtained by testing the operation of the system.
Paragraph 95	This paragraph could also include reperformance of controls or operations within the system. In our view the guidance on the types of testing that might be performed would be more usefully located after the requirements and guidance for selecting items for testing.
	We consider this guidance could be expanded to be more helpful. For example evaluation of the explanations for reconciliation differences is not included here but is included in paragraph 115.
Paragraph 99	This paragraph deals with the situation when the breaches identified indicate controls are not operating effectively whereas the following guidance paragraph focuses on deviations in the way controls have operated. Such deviations may not give rise to breaches of the CASS rules due to combinations of factors, as set out in paragraph 123. It would be useful to have more guidance in this area and more consistency between the bold paragraph and the related guidance.
Paragraph 112	It would be useful for more guidance to be provided to deal with situations where access provisions are not in place between the firm and the TPA.
Paragraph 115	We are not sure what is meant by the term “relevant considerations”. Examination of the contractual terms between the firm and the TPA is part of the information gathering and should be included as a requirement or guidance in relation to paragraph 108. b, c, and d are examples of the types of work the auditor may decide to do in response to the assessed risk.
	We would welcome further explanation/guidance on what is meant by “legitimate” in relation to the evaluation of explanations for reconciliation discrepancies.



Paragraph 116	<p>The objective of a reasonable assurance engagement is a reduction in assurance engagement risk to an acceptably low level in the circumstances of the engagement as the basis for a positive form of expression of the conclusion. This is done by assessing the risk and carrying out work in response to the assessed risk to obtain sufficient appropriate evidence on which to form the reasonable assurance opinion. Therefore auditor will continue to obtain evidence until sufficient appropriate evidence has been obtained. If the CASS Auditor is unable to obtain sufficient appropriate evidence it considers the implications for the CASS Report. We recommend this paragraph is reworded to address this objective or request further explanation as to what the requirements of this paragraph are and how they would be met.</p>
	<p>We do not understand what is meant by “The CASS auditor shall evaluate all relevant evidence, regardless of whether it appears to corroborate or to contradict its evaluation” This suggests the CASS auditor reaches the conclusion before evaluating the evidence it has obtained whereas we would expect the CASS auditor to evaluate all the evidence in reaching its conclusion.</p>
Paragraph 121	<p>We recommend this is included in paragraph 51 or that this paragraph is reworded to include “In addition to the representations referred to in paragraph 51, the CASS auditor shall request from appropriate officials of the firm that to the best of their knowledge and belief, either the list of breaches is complete or there have been no breaches identified.” which would be consistent with paragraph 161.</p>
Paragraph 129	<p>Whilst we are aware of the specifications in SUP 3 for the content of reasonable assurance reports these do not include:</p> <ul style="list-style-type: none"> • Identification of the applicable engagement letter; • The respective responsibilities of the Firm and the CASS auditor • Inherent limitations associated with the evaluation of the subject matter against the objectives • Restrictions on use. <p>We would welcome guidance on how these matters could be addressed.</p>