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Dear Keith

**Response to Exposure Draft Practice Note 15 (Revised): The Audit of Occupational Pension Schemes**

We welcome the opportunity to respond to the Exposure Draft Practice Note 15 (Revised): The Audit of Occupational Pension Schemes and have set out below our general observations as well as our response to the questions in the Exposure Draft.

**Overall comment**

Firstly we welcome the reduced number of pages in the Exposure Draft. However with the removal of large sections of the document this has resulted in an inconsistent approach, with some areas including a lot of detail and other not including any detail where it would be expected. A more consistent approach would be beneficial. There are also some areas of development since the last update of Practice Note 15 which should be addressed or addressed more fully in the Practice Note.

**Responses to specific questions**

**Question 1: Overall do you agree with the proposed revision to the Practice Note? If not please explain why.**

The Exposure Draft does not sufficiently cover some pension specific areas, for example auto enrolment, master trusts, special purpose vehicles, investment risk disclosures, longevity swaps, buy ins and buy outs, and defined contribution scheme Chair's Governance Statements. There are also some pension specific issues relating to going concern which are not fully addressed.

**Question 2: Is the included guidance appropriate? If you believe it should be amended please explain why and how.**

The guidance given in the following areas should be reviewed:

1. The definition of maser trusts in paragraph 8.
2. The approach to the Key Characteristics of schemes is not very clear or easy to follow.
3. With regard to the Statement about Contributions, more guidance is required on how to consider the number of days and the amount in the context of materiality.
4. There is not enough guidance on earmarked schemes and which scheme arrangement are covered by this definition and which are not.

**ISA210 – Terms of audit engagement**

5. Guidance in paragraphs 88 and 89 on at what point to resign as auditors on scheme windup would be useful.

**ISA 240 - Fraud**

6. On the conditions or events which may increase the risk of fraud, paragraph 93 is not a definitive list nor is it up to date for the latest developments in the industry.

**ISA 250 – Section B – Report to regulator**

7. There should be more guidance is in relation to the defined contribution Chair's Governance Statement.

**ISA 540 – Accounting estimates**

8. It would also be helpful if there was more guidance on which parts of Practice Note 23 are most relevant to pension schemes, given the lack of any investment auditing guidance in the Practice Note.

**ISA 570 – Going Concern**

9. There is a requirement for the auditor to make an assessment of going concern for twelve months from the date of signing the audit report. It is questionable as to whether this approach is relevant to pension schemes. There needs to be more guidance to ensure consistency of approach by scheme auditors. There are two scenarios where a scheme may not be a going concern: when a wind up event is triggered; or a scheme enters the PPF assessment period. There is however no reference as to whether employer events over the coming 12 months would impact on this assessment. The going concern guidance may be more applicable to master trusts and there is no reference to these scenarios.

**ISA 720 – Other information**

10. In relation to the auditor's Statement about Contributions, there is insufficient guidance on auto-enrolment and master trusts.
11. Paragraph 272 states that there cannot be a Payment Schedule and Schedule of Contributions, however some schemes do have both.
12. There should be more guidance in paragraph 276 on what material is and when it is appropriate to qualify, specifically in relation to number of days late and the amounts.

**Question 3: Has any extant guidance been deleted that you believe should be retained? If yes, please explain why it should be retained and whether, and if so how, it should be updated.**


The removal of the example audit reports is not helpful and is likely to result in inconsistencies amongst the audit firms, in particular with the introduction of the going concern considerations for pension schemes. It would be helpful to illustrate how the going concern concept should be applied to pension schemes given their specific considerations.

**Question 4: Are there any other matters in relation to the audit of occupational pension schemes that you believe should be covered in the Practice Note and, if so, what do you believe the guidance should address.**

As noted above, with the developments in the pensions sector, we would expect to see more guidance on auto enrolment, master trusts, special purpose vehicles, investment risk disclosures, longevity swaps, buy ins and buy outs, and defined contribution Chair's Statements.

We are unsure whether the FRC plan to publish responses to the Exposure Draft however Crowe Clark Whitehill is happy for this response to be published if this is the case.

Yours faithfully



**Crowe Clark Whitehill LLP**