

## Results of monitoring visits to firms holding UK and Irish audit registration carried out in 2015

ACCA has recognition in the UK and Ireland to register firms as statutory auditors. In the UK it operates under the oversight of the Financial Reporting Council (FRC) and in Ireland under the oversight of the Irish Auditing and Accounting Supervisory Authority (IAASA). ACCA is required to undertake a comprehensive programme of monitoring visits to firms. This work is undertaken by ACCA's Monitoring department and is designed to examine compliance with auditing standards, ACCA's Global Practising Regulations (GPRs) and the Code of Ethics and Conduct.

ACCA uses risk factors to determine whether a firm should be visited within the normal cycle of every six years, or earlier. Risk factors taken into account include the outcome of the previous visit and the number and types of audit clients.

Where ACCA finds that a firm needs to make improvements to its audit work, the firm will normally be scheduled for a follow-up visit within four years; but where the audit work is found to be seriously unsatisfactory and significant improvements are required, the follow-up visit will normally take place within two years.

### The outcomes of monitoring of firms holding UK audit registration<sup>1</sup> carried out in 2015 were as follows:

| OUTCOME  | 2015       | 2015        |
|--|------------|-------------|
|  | No         | %           |
| Good or satisfactory                                 | 363        | 72%         |
| Unsatisfactory and improvements required             | 43         | 9%          |
| Unsatisfactory and significant improvements required | 21         | 4%          |
| Regulatory action required <sup>2</sup>              | 78         | 15%         |
| <b>Total</b>   | <b>505</b> | <b>100%</b> |

Of the 505 firms monitored above, 131 held no audit appointments, the majority of which were monitored on a desk-top basis. The desk-top monitoring confirmed the firms were eligible for registered auditor status and monitored compliance with the GPRs.

### The outcomes of monitoring of firms holding Irish audit registration<sup>1</sup> carried out in 2015 were as follows:

| OUTCOME  | 2015       | 2015        |
|--|------------|-------------|
|  | No         | %           |
| Good or satisfactory                                 | 86         | 66%         |
| Unsatisfactory and improvements required             | 10         | 7%          |
| Unsatisfactory and significant improvements required | 8          | 6%          |
| Regulatory action required <sup>2</sup>              | 27         | 21%         |
| <b>Total</b>   | <b>131</b> | <b>100%</b> |

Of the 131 firms monitored above, 12 held no audit appointments, the majority of which were monitored on a desk-top basis. The desk-top monitoring confirmed the firms were eligible for registered auditor status and monitored compliance with the GPRs.

<sup>1</sup> A number of firms hold both UK and Irish audit registration and will be included in both tables.

<sup>2</sup> "Regulatory action" includes referrals to the regulatory assessor and/or the Admissions and Licensing Committee, a referral to the Investigations department for a serious breach of an applicable standard or regulation, or both. Not all such referrals are the result of an unsatisfactory standard of work.