Q1 For whose benefit should audit be conducted? How is it of value to users?

- **For all stakeholders in the business but of particular value to investors and potential investors**

Q2: Should the audit be designed to enhance the degree of confidence of intended users in the entity or just in the financial statements?

- **It can only rely give confidence in the financial statements. The user then can interpret that to evaluate the business.**

Q3: Should UK law be amended to provide greater clarity regarding the purpose of an audit, and for whom it is conducted? If so, in what way?

- **No, it could only scope the limitations of an audit**

Q4: Do respondents consider there is an expectation gap?

- **Yes, if the expectation is that an audit will 'prove' the financial statements and the integrity of reporting, that is a gap. It can only validate the interpretation of accounting principles.**

Q5: If so, how would respondents characterise that gap?

- **As above**

Q6. Is there also a significant 'delivery' or 'quality' gap between auditors' existing responsibilities in law and auditing standards, and how those responsibilities are currently met?

- **No, I believe they deliver on their responsibilities in the main. It's the expectation that they will find wilful deception that is more challenging.**

Q7: What should be the role of audit within wider assurance?

- **It can only validate the integrity of accounting.**

Q8: Can the level of assurance that an audit provides legitimately vary in different circumstances, for example depending on the business sector in question, and the nature of the entity's business risks?

- **In my view, no.**

Q9. Are the existing boundaries between internal and external audit clear?

- **I would say not. I have never witnessed the two aspects clarify where their boundaries meet with any formality.**

Q10. To what extent should external auditors be able to use evidence obtained from work performed by internal auditors in drawing conclusions?

- **Could be a dangerous assumption.**

Q11. Do current eligibility requirements for external auditors focus too much on independence at the potential expense of market innovation and the quality of the audit product?

- **Potentially if it caused conflict of truly understanding the business.**

Q12: Should directors make a more explicit statement in respect of risk management and internal controls? If so, should such a statement be subject to audit?

- **Existing approach is adequate in my view and auditors would then appraise internal controls as part of a CFO report in my experience.**

Q13: Should auditors' responsibilities regarding assessing the effectiveness of an entity's system of internal control be extended or clarified?

- **No. I would doubt that would have found any of the existing issues being reported as internal audit clearly missed it too.**

Q14: Auditors are currently required to report to audit committees their views on the effectiveness of relevant internal controls for listed and other relevant entities. Should auditors be required to report publicly these views?

- **No.**

Q15: Is the current regulatory framework relating to going concern fit for purpose (including company law and accounting standards)?

- **There would be an argument to say it doesn't review potential forecast risk in enough detail to be sure.**

Q16: Should there be greater transparency regarding identified "events or conditions that may cast significant doubt on the entity's ability to continue as a going concern"?

- **Yes.**

Q17: Should directors make a statement about the sustainability of the entity's business model beyond that already provided in the viability statement?

- **I think that would be good practice, yes, but auditors would have to rely solely on those statements as they'd be in no position to validate.**

Q18: Should such a statement be subject to assurance?

- **As above**

Q19: Who might be capable of giving such assurance?

- **As q17**

Q20. Is there a case for a more forward-looking audit? What would be the main benefits and risks?

- **No, it would be massively misleading. Auditors are, in my opinion, not very good at assessing things that require opinion and are likely to be wrong to some degree or another….like any forecast or budget! There would be too much desire to 'prove' a forecast and that's impossible.**

Q21: Would audit or assurance over financial and non-financial information outside the annual financial statements (for example KPIs or non-financial metrics, payment practices or half-yearly reports) enhance its reliability and therefore be of benefit to users?

- **To some degree, yes, but only those derived from financial statements. Otherwise, the reconciliation from management reporting to statements would simply confuse.**

Q22. If so, what information might usefully be subject to audit or another form of assurance and why?

- **Standard financial metrics….ROCE, etc.**

Q23: Do respondents agree that the value and quality of the audit product should be considered separately from the effectiveness of the audit process?

- **yes**

Q24. Do respondents consider that emphasis placed by auditors on ‘completing the audit file’ for subsequent FRC inspection can eclipse the desired focus on matters requiring the exercise of considered judgment?

- **It can do, it depends on the quality of junior team members.**

Q25. What additional benefit might a switch from a binary audit opinion to a more graduated disclosure of auditor conclusions provide?

- **Nothing other than create potential doubt which would then need to be explained. This approach conflicts with saying something is ‘correct’.**

Q26. Could further narrative be disclosed alongside the opinion to provide more informative insights?

- **I would fear that too much of this would be heavily influenced by the client as they’d need to provide the evidence.**

Q27. What would prevent such disclosures becoming boiler plated?

- **As above.**

Q28: To what extent, if any, has producer-led audit (including standards-setting) inhibited innovation and development for the benefit of users?

- **It can restrict the legitimate adoption of revised policies because the business strategy has changed. Audit tends to prefer ‘like for like’**

Q29. What role should auditors play in determining whether the directors are complying with relevant laws and regulations, including with respect to matters of capital maintenance? Is it appropriate to distinguish between matters which may materially affect the financial statements and other matters?

- **Only to the current extent, any further would be too influenced by those directors.**

Q30. Does a perceived inconsistency between company law and accounting standards as regards distributable reserves inhibit auditors from meeting public expectations? How might greater clarity be achieved?

- **I wouldn’t say that public expectation is widely felt.**

Q31. Should distributable and non-distributable reserves be required to be disclosed in the audited financial statements?

- **Only if policy / legislation required it. It would require too much disclosure of opinion to add any value.**

Q32. How do auditors discharge their obligations relating to whether the entity has kept adequate accounting records? Are the existing statutory requirements effective in setting the bar for auditors at a high enough level?

- **They are limited by entity systems in many cases. They can only go so far and, if something was missed in a previous audit, how can they be expected to find it later?**

Q33. Should there be more open dialogue between the auditor and the users of their reports? For example, might an annual assurance meeting open to all stakeholders prove valuable?

- **My business invites the auditors to the AGM for that reason.**

Q34. Should more of the communication and resulting judgments that occur between the auditor and the audit committee be made transparent to users of the financial statements?

- **The final reports should be adequate in summarising all that traffic.**

Q35. Should there be enhancements to the extended audit report, such as an obligation to update on key audit matters featured in the previous audit report?

- **This is covered in our existing audit process anyway.**

Q36. Do you believe that users' expectations of auditors' role in fraud detection are consistent with the requirements in UK law and auditing standards? If not, should auditors be given greater responsibility to detect material fraud?

- **I'm not sure how they could? They can only validate what they are given.**

Q37. Do existing auditing standards help to engender an appropriate fraud detection mindset on the part of auditors?

- **Not particularly.**

Q38. Would it be possible to devise a 'reasonable person' test in assessing the auditor's work in relation to fraud detection?

- **Not really. Ultimately it must be relevant that some fraud is conducted by senior, experienced professionals who are, sadly, equipped to evade scrutiny.**

Q39. Should auditors be required to evaluate and report on an audited entity's systems to prevent and detect fraud?

- **They should, but they could still be misled.**

Q40. Is the audit profession's willingness to embrace change constrained by their exposure to litigation?

- **Currently, yes.**

Q41. If there were a quantifiable limit on auditor liability, how might this lead to improvements in audit quality and/or effectiveness?

- **It probably would have no impact.**

Q42. Should company law make auditors potentially liable, or otherwise accountable, to all stakeholders who reasonably rely on their audit work and their published auditor's report?

- **No**

Q43. How might quality of the audit product be improved if the approach to liability was altered, and what reform might enable the most favourable quality improvements?

- **I don't think that addresses the issues but will merely cause more constraints**

Q44. To what extent (if any) are firms unable to obtain the desired level of professional indemnity insurance to minimise the risk of being unable to meet a significant claim relating to their statutory audit work? How significant is this risk for both the largest firms and other firms undertaking audits of Public Interest Entities?

Q45. How far is new technology actually used in audits today? Does the use of technology enable a higher level of assurance to be given.

- **In my experience, only via data portals and some automated checking. It doesn't affect assurance.**

Q46. In what way does new technology enable assurance to be given on a broader range of issues than is covered by the traditional audit?

- **Not sure it does as it can still be open to abuse.**

Q47. Are there aspects of current audit procedures or output that are no longer necessary or desirable?

- **Not in my view**

Q48. Given that a zero failure regime is not attainable (and arguably not desirable) how should the Review calibrate the value of audit in relation to the limitation of potential failure?

- **I can't see how you materially improve on the current process.**

Q49. Does today's audit provide value for money?

- **No, as it's still simply a 'process'**

Q50.How should the cumulative costs of any extension of audit (whether stemming from this Review or other drivers of change) be balanced against the likely benefits to users?

- **The costs must be covered by the audit profession, and not passed to clients. It is their cost to improve on a faulty process.**

Q51. What use do shareholders currently make of audit reports? Are they read by shareholders generally? What role does AI play in reading and analysing such reports?

- **Limited use by shareholders.**

Q52. Would interaction between shareholders and auditors outside the AGM be practical and/or desirable?

- **None needed**

Q53. How could shareholders express to auditors their ex ante anxieties to help shape the audit plan? Should shareholders approve planning matters for each audit, including scope and materiality?

- **That depends entirely on your shareholder mix. As a family backed private business they are not in a position to comment.**

Q54. What assurance do shareholders currently obtain other than from audit reports?

- **Audit Committee review.**

Q55. In what way would it be possible for auditors to report on the culture of the entity whose financial statements are being audited?

- **That would be highly subjective, open to abuse and of no value in highlighting fraud.**

Q56. How can auditors demonstrate that appropriate scepticism has been exercised in reaching the judgments underlying the audit report?

- **With a challenging, high quality audit report.**

Q57. Should the basis of individual auditors' remuneration be made available to shareholders?

- **No.**

Q58. Do respondents view audit costs as generally too high, about right or insufficient?

- **Too high with any excuse for additional billing.**

Q59. Would users of financial statements wish more detail on the make-up of audit fees?

- **no**

Q60. Is the profitability of the audit function sufficient to sustain a high-quality audit industry?

It should be but I'd be pretty sure they have overheads they could re-evaluate. Are client entertainment suites good value for example?