
STATUTORY INSTRUMENTS

2007 No. 3494

The Statutory Auditors and Third
Country Auditors Regulations 2007

PART 4

RECOGNISED SUPERVISORY BODIES

Monitoring of audits

23. For paragraph 13 of Schedule 10 to the Companies Act 2006⁽¹⁾ (independent monitoring of audits of listed companies and other major bodies) substitute—

“Monitoring of audits

13.—(1) The body must—

- (a) in the case of members of the body who do not perform any statutory audit functions in respect of major audits, have adequate arrangements for enabling the performance by its members of statutory audit functions to be monitored by means of inspections;
- (b) in the case of members of the body who perform any statutory audit functions in respect of major audits, participate in arrangements within paragraph 23(1); and
- (c) have rules designed to ensure that members of the body take such steps as may reasonably be required of them to enable their performance of any statutory audit functions to be monitored by means of inspections.

(2) Any monitoring of members of the body under the arrangements within paragraph 23(1) is to be regarded (so far as their performance of statutory audit functions in respect of major audits is concerned) as monitoring of compliance with the body’s rules for the purposes of paragraph 12(1) and (1A).

(3) The arrangements referred to in sub-paragraph (1)(a) must include an inspection which is conducted in relation to each person eligible for appointment as a statutory auditor at least once every six years.

(4) The inspection must be conducted by persons who—

- (a) have an appropriate professional education;
- (b) have experience of—
 - (i) statutory audit work, or
 - (ii) equivalent work on the audit of accounts under the law of an EEA State, or part of an EEA State, other than the United Kingdom;
- (c) have received adequate training in the conduct of inspections;

- (d) do not have any interests likely to conflict with the proper conduct of the inspection.
- (5) The inspection must review one or more statutory audits in which the person to whom the inspection relates has participated.
- (6) The inspection must include an assessment of—
 - (a) the person’s compliance with the body’s rules established for the purposes of paragraphs 9 (professional integrity and independence), 10 (technical standards), 10A (technical standards for group audits) and 10C (public interest entity independence requirements);
 - (b) the resources allocated by the person to statutory audit work;
 - (c) in the case of an inspection in relation to a firm, its internal quality control system;
 - (d) the remuneration received by the person in respect of statutory audit work.
- (7) An inspection conducted in relation to a firm may be treated as an inspection of all individuals responsible for statutory audit work on behalf of that firm, if the firm has a common quality assurance policy with which each such individual is required to comply.
- (8) The main conclusions of the inspection must be recorded in a report which is made available to—
 - (a) the person to whom the inspection relates, and
 - (b) the body.
- (9) The body must, at least once in every calendar year, deliver to the Secretary of State a summary of the results of inspections conducted under this paragraph.
- (10) In this paragraph—
 - “major audit” means a statutory audit conducted in respect of—
 - (a) a public interest entity, or
 - (b) any other person in whose financial condition there is a major public interest;
 - “statutory audit function” means any function performed as a statutory auditor.”.