

Companies Act 2006 requirements for RSBs

Issue	Companies Act 2006 ref	Comment
Holding of appropriate qualification	Schedule 10, Paragraph 6	<p>The body must have rules to the effect that a person is not eligible for appointment as a statutory auditor unless they meet the requirements either as individuals or as a firm</p> <ul style="list-style-type: none"> a) Individuals hold an appropriate qualification (and meet the additional requirements for EEA Auditors) b) Firms ensure each responsible individual is eligible as a statutory auditor and the firm is controlled by qualified persons.
Auditors to be fit and proper persons	Schedule 10, Paragraph 8	<p>The body must have adequate rules and practices designed to ensure that the persons eligible under its rules for appointment as a statutory auditor are fit and proper persons to be so appointed</p> <ul style="list-style-type: none"> a) Individuals who have completed a course of theoretical instruction in the prescribed subjects, or b) Individuals who have a sufficient period of professional experience (i.e. not less than seven years' experience in a professional capacity in the fields of finance, law and accountancy).
Professional integrity and independence	Schedule 10, Paragraph 9	<p>The body must have adequate rules and practices designed to ensure that—</p> <ul style="list-style-type: none"> a) statutory audit work is conducted properly and with integrity, b) persons are not appointed as statutory auditors in circumstances in which they have an interest likely to conflict with the proper conduct of the audit. c) persons appointed as statutory auditors take steps to safeguard their independence from any significant threats to it, d) persons appointed as statutory auditors record any such threats and the steps taken to safeguard the proper conduct of the audit from them, and e) remuneration received or receivable by a statutory auditor in respect of statutory audit work is not— <ul style="list-style-type: none"> i. influenced or determined by the statutory auditor providing other services to the audited person, or ii. on a contingent fee basis. <p>The body must also have adequate rules and practices designed to ensure that—</p> <ul style="list-style-type: none"> a) no firm is eligible under its rules for appointment as a statutory auditor unless the firm has arrangements to prevent any person from being able to exert any influence over the way in which a statutory audit is conducted in circumstances in which that influence would be likely to affect the independence or integrity of the audit; b) any rule of law relating to the confidentiality of information received in the course of statutory audit work by persons appointed as statutory auditors is complied with; and c) a person ceasing to hold office as a statutory auditor makes available to his successor in that office all relevant information which he holds in relation to that office

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Technical standards	Schedule 10, Paragraph 10	<p>The body must have rules and practices as to</p> <ul style="list-style-type: none"> a) the technical standards to be applied in all statutory audit work, and b) the manner in which those standards are to be applied in practice.
Public interest entity independence requirements	Schedule 10, Paragraph 10C	<p>The body must have adequate rules and practices designed to ensure that</p> <ul style="list-style-type: none"> a) an individual does not accept an appointment by a public interest entity as statutory auditor if— <ul style="list-style-type: none"> i. he has been the statutory auditor of the entity for a continuous period of more than seven years, and ii. less than two years have passed since he was last the statutory auditor of the entity; b) where a firm has been appointed by a public interest entity as statutory auditor, an individual may not be a key audit partner if— <ul style="list-style-type: none"> i. he has been a key audit partner in relation to audits of the entity for a continuous period of more than seven years, and ii. less than two years have passed since he was last the key audit partner in relation to an audit of the entity.
Procedures for maintaining competence	Schedule 10, Paragraph 11	<p>The body must have rules and practices designed to ensure that persons eligible under its rules for appointment as a statutory auditor continue to maintain an appropriate level of competence in the conduct of statutory audits.</p>
Monitoring and enforcement	Schedule 10, Paragraph 12	<p>The body must</p> <ul style="list-style-type: none"> a) have adequate resources and arrangements for the effective monitoring and enforcement of compliance with its rules, and b) ensure that those resources operate independently and may not be influenced improperly by the persons monitored. <p>The arrangements for monitoring may make provision for that function to be performed on behalf of the body (and without affecting its responsibility) by any other body or person who is able and willing to perform it.</p> <p>The arrangements for enforcement must include provision for sanctions and making available to the public information relating to steps it has taken to ensure the effective enforcement of its rules.</p>

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<i>Membership, eligibility and discipline</i>	Schedule 10, Paragraph 14	The rules and practices of the body relating to <ul style="list-style-type: none"> a) the admission and expulsion of members, b) the grant and withdrawal of eligibility for appointment as a statutory auditor, and c) the discipline it exercises over its members, must be fair and reasonable and include adequate provision for appeals.
<i>Investigation of complaints</i>	Schedule 10, Paragraph 15	The body must have effective arrangements for the investigation of complaints against <ul style="list-style-type: none"> a) persons who are eligible under its rules for appointment as a statutory auditor, and b) the body in respect of matters arising out of its functions as a supervisory body.
<i>Independent investigation for disciplinary purposes of public interest cases</i>	Schedule 10, Paragraph 16	The body must <ul style="list-style-type: none"> a) participate in arrangements within paragraph 24(1), and b) have rules and practices designed to ensure that, where the designated persons have decided that any particular disciplinary action should be taken against a member of the body following the conclusion of an investigation under such arrangements, that decision is to be treated as if it were a decision made by the body in disciplinary proceedings against the member.
<i>Transfer of papers to third countries or third country competent authority</i>	Schedule 10, Paragraph 16A and 16AA	The body must have adequate rules and practices designed to ensure that a person eligible under its rules for appointment as a statutory auditor transfers audit working papers to a third country competent authority only in accordance with the requirements of The Companies Act 2006 (Transfer of Audit Working Papers to Third Countries) Regulations 2010 (S.I. 2010/2537), regs. 1(2), 5 <ul style="list-style-type: none"> a) transfer to approved third country competent authority, or b) transfer for purposes of investigation c) the Secretary of State has approved the transfer for the transfer to a third country competent authority

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Transfer for purposes of investigation of auditor	Schedule 10, Paragraph 16AB	<p>The body must have adequate procedures to ensure that the transfer to the third country competent authority is made for the purposes of an investigation of an auditor or audit firm, and the following conditions are met.</p> <ul style="list-style-type: none"> • The first condition is that the authority has requested the audit working papers for the purposes of an investigation which has been initiated by itself or another third country competent authority established in the same third country. • The second condition is that the audit working papers relate to audits of companies that have issued securities in that third country, or form part of a group issuing statutory consolidated accounts in that third country. • The third condition is that, where the authority has made the request for the audit working papers directly to the statutory auditor, the authority has given the Secretary of State advance notice of the request, indicating the reasons for it. • The fourth condition is that the authority has entered into arrangements with the Secretary of State
Meeting of claims arising out of audit work	Schedule 10, Paragraph 17	The body must have adequate rules or arrangements designed to ensure that persons eligible under its rules for appointment as a statutory auditor take such steps as may reasonably be expected of them to secure that they are able to meet claims against them arising out of statutory audit work
Register of auditors and other information to be made available	Schedule 10, Paragraph 18	The statutory auditor must appear in the Joint Audit Register
Taking account of costs of compliance	Schedule 10, Paragraph 19	The body must have satisfactory arrangements for taking account, in framing its rules, of the cost to those to whom the rules would apply of complying with those rules and any other controls to which they are subject
Promotion and maintenance of standards	Schedule 10, Paragraph 20	<p>The body must be able and willing</p> <ul style="list-style-type: none"> • to promote and maintain high standards of integrity in the conduct of statutory audit work, and • to co-operate, by the sharing of information and otherwise, with the Secretary of State and any other authority, body or person having responsibility in the United Kingdom for the qualification, supervision or regulation