

APB research into the Ethical Standards for Auditors

Background

1. In January 2003 the Secretary of State for Trade and Industry published a report entitled '*Review of the Regulatory Regime of the Accountancy Profession*'. One of the recommendations was that the Auditing Practices Board (APB) should assume responsibility for setting standards for the integrity, objectivity and independence for auditors.
2. In November 2003 the APB published a consultation paper and five draft Ethical Standards for Auditors (ESs), setting out proposed standards for auditors' integrity, objectivity and independence. The APB noted in the consultation paper that the development of the draft ESs had involved it in balancing the views of users, preparers and auditors of financial statements in what it believed was the public interest.
3. In October 2004 the APB finalised ESs 1 to 5 and at the same time issued an exposure draft of a further standard providing areas of relief in relation to the audits of small entities.
4. In December 2004 the APB approved ES – Provisions Available for Small Entities (ES – PASE) and a small number of consequential and drafting changes to ESs 1 to 5 were approved at the same time. All ESs became effective for audits of financial statements for periods commencing on or after 15 December 2004.
5. At the time it finalised the ESs, the APB stated that it believed that use of the standards for at least two audit cycles (i.e. completion of December 2005 and December 2006 audits) would be needed before it would be appropriate for it to undertake a systematic review of those standards.
6. The APB commenced this review in spring 2007. The review will take into account:
 - Changes to ethical standards needed for the UK to comply with the EC Statutory Audit Directive¹,
 - Changes to international ethical standards for auditors²,
 - Practical experience of the implementation of the ESs, including responses to Frequently Asked Questions about the ESs published by the accountancy bodies on their websites,

¹ Directive 2006/43/EC on Statutory Audits of Annual and Consolidated Accounts (the Statutory Audit Directive) was finalised on 29 June 2006. The DTI published a consultative document on its implementation in the UK in March 2007.

² In December 2006 IFAC's International Ethics Standards Board for Accountants (IESBA) published an exposure draft of changes to section 290 of the IFAC Code of Ethics.

- The findings of academic research and studies undertaken by the UK accountancy bodies, and
 - The findings of APB's own research and discussions. In addition to a number of discussions with interested parties, the APB has undertaken two specific research studies, the results of which are described in this paper:
 - (a) a questionnaire survey of company directors, and
 - (b) an analysis of fee disclosures in the published financial statements of listed companies.
7. The APB expects to publish a consultation paper explaining its findings and an exposure draft setting out revisions to the ESs arising from its review in late autumn 2007. The goal is to complete the revision of the ESs in April 2008 to coincide with changes in the law to support the implementation of the Statutory Audit Directive.

Executive summary of the findings of APB research

- Most audit committee chairs and finance directors of listed companies thought there had been a decrease to the threats to auditor independence over the last five years. This view was less pronounced for non-listed companies where the majority of respondents thought that the position had not changed.
- A clear majority of respondents (68%) thought there had been an increase in the transparency of the relationship between a company and its external auditor over the last five years. Again this view was most strongly held by audit committee chairs and the finance directors of listed companies.
- A substantial majority of respondents (82%) thought that communication between the auditor and those charged with governance of the audit client relating to significant facts and matters that bear upon the auditors' objectivity and independence is working effectively.
- Most directors reported that they had not seen much of a change in the relationship between the company and its external auditors. Where a change was reported it largely related to the types of non-audit services provided by the audit firm (38%) or the rotation of key audit partners (35%).
- Of those who had witnessed the rotation of the audit partner (mostly in listed companies), 80% thought that audit quality was unaffected. 13% thought that audit quality had increased.
- An analysis of the auditor remuneration information disclosed in the published financial statements of 62 FTSE 100 and 250 companies with 30 September and 31 December 2006 year ends showed that non-audit fees paid to a company's external auditor had decreased by 19% between 2005 and 2006. Additionally, non-audit fees expressed as a percentage of audit fees had decreased from 83% in 2005 to 69% in 2006.
- Although the disclosures in company financial statements show that fees for non-audit services paid to a company's auditor have fallen, most respondents to the APB survey reported that fees for non-audit services had remained about the same

over the last three years and more directors (even of listed companies) reported that fees for non-audit services had increased than reported that they had fallen.

- Over a half of audit committee chairs responding to the survey reported that the audit committee had concluded that, in some instances, the external auditor would not be an appropriate supplier of some non-audit services for reasons of auditor independence.
- The analysis of the fee information disclosed in 2006 published financial statements shows that the main categories of non-audit services relate to other services provided pursuant to legislation, taxation services and corporate finance transactions.

APB questionnaire survey

8. A questionnaire³ was sent in early April 2007 to the following sample of company directors:

Table A – Sample selection

	Sample	Sample selection
Audit committee chairs	150	Names selected at random from KPMG's Audit Committee Institute membership which includes both listed and non-listed entities.
Finance directors of listed companies	100	Names selected at random from a list of FTSE 100 and FTSE 250 finance directors.
Finance directors of non-listed companies	100	Names selected at random from an extract of the Companies House FAME database.
Directors of smaller companies	200	Small business respondents to the 2004 APB consultation on the small entity reliefs ⁴ .

9. A total of 96 responses were received with an overall response rate of 17%. An analysis of these is given below:

Table B – Analysis of responses received

	Total responses	Response rate	Entity information
Audit committee chairs	16	11%	Turnover range £1m to £22bn 1 non-listed entity 2 dual listed companies (both US) 88% audited by Big 4
FTSE 250 finance directors	31	31%	Turnover range £200m to £250bn 10 dual listed companies (7 in US, 3 elsewhere) 1 multi-listed (UK, US and another country) 100% audited by Big 4
Non-listed company FD equivalents ⁵	20	14%	Turnover range £25m to £1bn 45% audited by Big 4, 22% by mid-tier, 33% by small firms
SME respondents	29	18%	Turnover range £10,000 to £22m 7% audited by Big 4, 45% by mid-tier, 48% by small firms

³ A copy of the questionnaire and covering letter is included in the Appendix to this paper.

⁴ In autumn 2004 the APB received a large number of letters from smaller companies relating to the need for relief from some of the provisions of the ESs. The majority of these letters expressed concerns about the implications of the ESs for smaller companies.

⁵ Some companies included in this category were respondents to the 2004 consultation on the Small Entity reliefs.

General questions

10. The questionnaire sought views on whether, over the past five years, there had been:

- A reduction in threats to auditor independence,
- An increase in the transparency of the company/auditor relationship, and
- An impact on overall fees paid for audit and other services as a result of new ethical requirements

Table C – Responses on views about trends over the past five years

		Aud comm chairs	Listed FDs	Non-listed FDs	SMEs	Overall
Reduction in threats to auditor independence	Strongly agree	6%	3%	0%	0%	2%
	Agree	50%	45%	25%	21%	34%
	Neither agree or disagree	19%	29%	60%	59%	43%
	Disagree	13%	19%	15%	7%	14%
	Strongly disagree	6%	0%	0%	7%	3%
	No response	6%	4%	0%	6%	4%
Increased transparency of the company/ auditor relationship	Strongly agree	6%	3%	0%	0%	2%
	Agree	56%	87%	45%	62%	66%
	Neither agree or disagree	25%	6%	40%	31%	24%
	Disagree	6%	0%	10%	3%	4%
	Strongly disagree	0%	0%	0%	3%	1%
	No response	7%	4%	5%	1%	3%
No significant impact of new ethical requirements on overall fees	Strongly agree	0%	3%	0%	0%	1%
	Agree	25%	35%	30%	24%	29%
	Neither agree or disagree	19%	29%	15%	34%	26%
	Disagree	31%	26%	40%	34%	32%
	Strongly disagree	6%	3%	10%	7%	6%
	No response	19%	4%	5%	1%	6%

11. More respondents thought there had been a decrease to the threats to auditor independence over the last five years (36%) than thought there had been an increase to them (17%), although most responses to the question were neutral (43%). The view that there had been a decrease to the threats to independence was most strongly held by audit committee chairs and the finance directors of listed companies. However, the counter view was also strongly held by these groups.

12. A considerable majority of respondents in all categories thought there had been an increase in the transparency of the relationship between a company and its

external auditor over the last five years (68%). Again this view was most strongly held by audit committee chairs and the finance directors of listed companies.

13. Views on whether there had been an impact on overall fees paid for audit and other services as a result of new ethical requirements were almost evenly balanced. Overall 30% of directors stated that they did not think there had been a fee impact but 38% thought there had been. The finance directors of large non-listed companies were stronger in their view that the new ethical requirements had resulted in fee increases (50%) than the directors of smaller companies (41%).

Communications with those charged with governance

14. Most respondents (82%) thought that communication between the auditor and those charged with governance of the audit client relating to significant facts and matters that bear upon the auditors’ objectivity and independence was working effectively. The survey results indicate that both the amount of information provided by the auditors and the amount of time spent by the audit committee (or equivalent body) had increased over the past three years. However, 75% of respondents thought that this amount of information was ‘about right’.

Table D – Views on communications about auditor independence

		Aud comm chairs	Listed FDs	Non-listed FDs	SMEs	Overall
Opinion concerning the amount of information provided by the auditors	Too much	31%	10%	10%	34%	21%
	Too little	0%	0%	10%	3%	3%
	About right	63%	90%	80%	62%	75%
	No response	6%	0%	0%	1%	1%
Communication works effectively	Proportion who agree	69%	97%	85%	72%	82%

Changes in the relationship between the company and the external auditor

15. Most respondents from non-listed companies reported that they had not seen a change in the relationship between the company and its external auditors⁶. Overall, where a change was reported it mostly related to the types of non-audit services provided by the audit firm (38%), the process for their approval (32%) and the rotation of key audit partners (35%).

⁶ The overall lack of awareness of changes in the relationship on the part of directors and management in SMEs is supported by research undertaken by the accountancy bodies.

Table E – Proportion of respondents reporting changes in the company/auditor relationship

	Aud comm chairs	Listed FDs	Non- listed FDs	SMEs	Overall
Financial relationships	0%	0%	0%	10%	3%
Business relationships	13%	3%	5%	21%	10%
Employment situations	31%	13%	5%	0%	10%
Secondment situations	25%	26%	0%	3%	14%
Rotation of key audit partners	63%	68%	10%	3%	35%
Types of non-audit services provided	50%	55%	35%	14%	38%
Company practice for approving non-audit services	63%	58%	5%	7%	32%
Company practice for agreeing non-audit services fees	38%	32%	10%	10%	22%

Audit partner rotation

16. Of the respondents who had witnessed the rotation of audit partner (mostly in listed companies) 80% thought that this did not have an impact on audit quality, 13% thought that audit quality had increased and 7% thought it had decreased (in part explained as being due to a reduction in the cumulative audit knowledge brought to bear).

APB analysis of the audit and non-audit fees of listed companies

17. In 2005 the Government introduced new regulations⁷ which require more specific disclosures in the financial statements of audit fees and fees for non-audit services. This became effective for accounting periods commencing on or after 1 October 2005.
18. APB staff has analysed the fee information contained in the published financial statements of 62 FTSE 100 and 250 companies with 30 September and 31 December 2006 year ends⁸. The primary purposes of the exercise were to identify the main categories of non-audit services being disclosed and to understand the relationship between the magnitude of the fees charged for non-audit services and the fees charged for the audit.

Relationship between the magnitude of the fees charged for non-audit services and the fees charged for the audit

19. Overall, in the companies reviewed, non-audit fees paid to a company's external auditor decreased by 19% between 2005 and 2006. Additionally, non-audit fees expressed as a percentage of audit fees decreased from 83% in 2005 to 69% in 2006. This decrease was most marked in the FTSE 100 companies.

Table F – Relationship between audit and non-audit fees

	No of cos	2006 Audit fees	2006 Non-audit fees	2005 Audit fees	2005 Non-audit fees
FTSE 100 companies	29	£154.2m	£99.0m	£153.3m	£123.4m
% change		+0.6%	-19.8%		
Non-audit fees as % of audit fees			64.2%		80.5%
FTSE 250 companies	33	£24.9m	£24.5m	£28.4m	£28.2m
% change		-12.2%	-13.3%		
Non-audit fees as % of audit fees			98.1%		99.4%
Total	62	£179.1m	£123.5m	£181.7m	£151.6m

20. This demonstrates a continuation of the trend identified in previous years. Surveys published in Finance Director magazine over the past few years have shown the following pattern for FTSE 100 companies:

	2003	2004	2005	2006
Audit fees	£244.4m	£283.5m	£326.0m	£371.3m
Non-audit fees	£440.4m	£347.9m	£327.4m	£329.3m
Non-audit fees as % of audit fees	180%	123%	100%	89%

⁷ Companies (Disclosure of auditor remuneration) Regulations 2005

⁸ The study comprised FTSE 100 and FTSE 250 companies that had posted their 2006 annual accounts to their website by 5 April 2007.

Main categories of non-audit services

21. The main category of non-audit fees relates to other services provided pursuant to legislation. Details of such services are not always disclosed in the published financial statements. Those disclosures that are made show that the category includes such matters as fees relating to reporting to the FSA on regulatory returns for some UK financial institutions and, for companies that are also listed in the US, fees for reporting on internal controls pursuant to the Sarbanes Oxley requirements.
22. The other main categories of non-audit services relate to taxation services and corporate finance transactions. Fees relating to a number of categories of non-audit service prescribed by the regulations are either very small or non-existent but the category ‘other’ is relatively large. The category ‘other’ is especially large in 2005; this may represent fees paid to the auditors in relation to the companies’ conversion to IFRS.

Table G – Types of non-audit fees as a % of total non-audit fees

Type of service	2006	2005
Other services pursuant to legislation	42.9%	32.7%
Taxation services	21.8%	22.1%
Information technology	1.3%	0.6%
Internal audit	-	-
Valuation and actuarial	0.1%	0.1%
Services relating to litigation	-	-
Recruitment and remuneration	0.4%	-
Corporate finance transactions	15.7%	15.2%
Other	17.8%	29.3%

23. The category ‘Other services pursuant to legislation’ is less significant for FTSE 250 companies than for FTSE 100 companies. This probably reflects the number of FTSE 100 companies that have US listings and the associated cost of auditing the statements made about control effectiveness in relation to the Sarbanes Oxley legislation and a greater proportion of financial services companies in the FTSE 100 where there is regulatory reporting.

Table H – Analysis of non-audit fees comparing FTSE 100 and FTSE 250 companies

Type of service	2006				2005			
	FTSE 100 cos.		FTSE 250 cos.		FTSE 100 cos.		FTSE 250 cos.	
	£m	%	£m	%	£m	%	£m	%
Services pursuant to legislation	48.4	49	4.6	19	41.9	34	7.6	27
Taxation services	18.9	19	8.1	33	25.5	21	8.1	28.5
IT	0.8	1	0.8	3	0.5	-	0.5	2
Valuation and actuarial	-	-	0.2	1	-	-	0.1	-
Recruitment and remuneration	-	-	0.5	2	-	-	-	-
Corporate finance	11.3	11	8.0	33	16.3	13	6.8	24
Other	19.6	20	2.3	9	39.3	32	5.3	18.5

Information on non-audit services obtained from APB questionnaire survey

24. The finding that listed company fees for non-audit services continue to fall was not validated by the responses to the APB survey where most directors reported that fees for non-audit services had remained about the same over the last three years and more directors (even of listed companies) reported that fees for non-audit services had increased than reported that they had fallen.

Table I – Trend in non-audit service fees

	Aud comm chairs	Listed FDs	Non-listed FDs	SMEs	Overall
Increased	31%	32%	50%	38%	38%
Decreased	19%	26%	5%	7%	15%
The same	50%	42%	45%	52%	47%

25. When asked about the factors that have caused the trends in fees paid to the external auditor for non-audit services, directors reported the following:

- Changes in the company’s demand for non-audit services was the main factor noted in all the groups (51% of entities overall).
- Debate and decisions within the executive management concerning the purchase of non-audit services (24% overall).
- The impact of APB ethical standards (23% overall), with greater influence amongst audit committee chairs (31%) and non-listed FDs (35%).
- The activities of, and decisions within, the audit committee concerning the purchase of non-audit services (18% overall).

26. Audit committee chairs viewed the activities of the audit committee as having had a more significant influence than other groups and 56% of audit committee chairs reported that the audit committee had concluded in some instances that the external auditor would not be an appropriate supplier for reasons of auditor independence.

27. In some cases the decrease in non-audit services had been achieved by switching to another supplier. In the case of listed companies this was generally from one ‘Big 4’ firm to another. However, of the 10 listed companies who reported switching their supplier, 3 had moved some or all of these to a mid-size firm.

28. Where a company’s auditor had concluded that it could not provide a service due to auditor independence requirements (15% of respondents overall), this was predominantly related to valuations, accountancy or some other work that created a self-review threat.

Appendix: Covering letter and questionnaire sent by APB

Dear []

Review of APB Ethical Standards for Auditors

Following the Government's post-Enron review of UK audit and accountancy issues in 2003, the Auditing Practices Board (APB) was given the responsibility for issuing standards on external auditor independence, objectivity and integrity. At the same time the Government endorsed reviews undertaken by Sir Derek Higgs and Sir Robert Smith which then led to changes to the Combined Code. Two of these changes involved audit committees:

- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process; and
- developing and implementing a policy on the engagement of the external auditor to supply non-audit services.

The APB issued Ethical Standards for Auditors in 2004. These standards will need relatively minor changes to be made to them in 2008 to reflect the requirements of the EC Statutory Audit Directive. At the same time as making these changes the APB has decided that it should consider whether other changes are needed based on practical experience of applying the standards over the last two audit cycles and other developments. In order to obtain information to support this review the APB has decided to undertake a survey of a sample of finance directors (of listed and large companies), of audit committee chairs and of contacts in mid-sized and small companies.

I would be extremely grateful if you would complete and return the attached questionnaire before 4th May 2007. Individual responses will be treated as confidential and should be addressed to Hazel O'Sullivan at Auditing Practices Board, Aldwych House, 71-91 Aldwych, London WC2B 4HN or fax to 020 7492 2399.

Yours sincerely



RJH Fleck

Chairman

QUESTIONNAIRE ON APB ETHICAL STANDARDS FOR AUDITORS

All information obtained via this questionnaire will remain strictly confidential

BACKGROUND INFORMATION

In what capacity are you completing this questionnaire? (Please indicate one category only):

Finance Director

Audit committee chair

Other

If 'other', please describe your position

.....

Please provide information regarding your company:

Approximate annual turnover

£

million

Does the company have an audit committee?

Yes

No

Is the company listed on a recognised stock exchange?

Yes

No

If yes, please indicate all those markets where your company has a listing:

UK

US

Other

If 'other', please state the jurisdiction of this listing

.....

Please indicate the type of audit firm that acts as the main auditor for your company:

One of the 'Big Four'

One of the mid-sized accountancy firms

A small accountancy firm

QUESTIONS

1 Over the last three years what has the trend been in the fees paid to your external auditor? Please indicate one trend in each category of fees below.			
Audit fees (including fees relating to the implementation of IFRS and, for US registered companies, the Sarbanes Oxley requirements)	<input type="checkbox"/> Increased	<input type="checkbox"/> Decreased	<input type="checkbox"/> Stayed about the same
Fees for non-audit services	<input type="checkbox"/> Increased	<input type="checkbox"/> Decreased	<input type="checkbox"/> Stayed about the same
Total fees (i.e. audit fees and fees for non-audit services) paid to your external auditor	<input type="checkbox"/> Increased	<input type="checkbox"/> Decreased	<input type="checkbox"/> Stayed about the same

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2 Please indicate which of the following factors you consider to have caused the changes in fees paid to your external auditor for non-audit services. Please indicate all that you consider to have been influential.		
A change in the company's demand for non-audit services	<input type="checkbox"/> Yes	<input type="checkbox"/> No
A change in your audit firm's ability to provide non-audit services	<input type="checkbox"/> Yes	<input type="checkbox"/> No
The activities of and decisions within the audit committee concerning the purchase of non-audit services	<input type="checkbox"/> Yes	<input type="checkbox"/> No
The debate and decisions within the executive management concerning the purchase of non-audit services	<input type="checkbox"/> Yes	<input type="checkbox"/> No
The impact of the APB Ethical Standards for Auditors	<input type="checkbox"/> Yes	<input type="checkbox"/> No
The impact of regulatory requirements relating to auditor independence from another country e.g. the US	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Other (please describe)		

3 If there has been a decrease in the fees paid to your external auditor for non-audit services, does this indicate that certain services are now obtained from another accountancy firm?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not applicable
If 'Yes' please describe the nature of those services purchased from another accountancy firm:			
If 'Yes' what type of accountancy firm are these services now purchased from? Please indicate all that apply.	<input type="checkbox"/> One of the 'Big Four'	<input type="checkbox"/> One of the mid-sized accountancy firms	<input type="checkbox"/> A small accountancy firm

4 Have there been any examples of non-audit services you company wished to purchase from your external auditor but the accountancy firm concluded that it could not provide due to auditor independence requirements?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
If 'Yes' please describe the nature of those services:		

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5 Have there been any examples of non-audit services where the audit committee concluded that the external auditor would not be an appropriate supplier for reasons of auditor independence?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
If 'Yes' please describe the nature of those services:		

6 APB Ethical Standards require that the audit engagement partner should ensure that those charged with governance of the audit client are appropriately informed on a timely basis of significant facts and matters that bear upon the auditors' objectivity and independence. ⁹		
Please indicate one alternative in respect of each of the following over the past three years:		
What has happened to the amount of information provided by the auditors to those charged with governance relating to auditor independence?	<input type="checkbox"/> Increased <input type="checkbox"/> Decreased <input type="checkbox"/> Stayed about the same	
What is your opinion concerning the amount of information now provided to those charged with governance?	<input type="checkbox"/> Too much <input type="checkbox"/> Too little <input type="checkbox"/> About right	
What has happened to the amount of time spent by the audit committee (or equivalent body) on discussing matters relating to auditor independence?	<input type="checkbox"/> Increased <input type="checkbox"/> Decreased <input type="checkbox"/> Stayed about the same	
Do you consider that this communication is working effectively?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Comments:		

7 Has your audit firm needed to change the audit engagement partner as a result of rotation requirements in the APB Ethical Standards for Auditors?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
If 'Yes', please indicate what you believe has been the impact of this change on audit quality.	<input type="checkbox"/> Increased <input type="checkbox"/> Decreased <input type="checkbox"/> Stayed about the same	
Please explain the reasons for this impact on audit quality:		

⁹ The nature of this communication is specified in greater detail for listed companies.

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8 Over the past three years, are you aware of changes in the relationship between the company and your external auditors with respect to any of the following? Please indicate all those that apply.		
Financial relationships (e.g. shareholdings, loans) between the company, its management or its affiliates and the audit firm.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Business relationships between the company, its management or its affiliates and the audit firm, a member of the audit team or a partner of the firm.	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Employment situations where a partner or employee of the firm joins the company and vice versa	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Secondment situations where a member of the accountancy firm joins the company on a temporary basis	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Rotation of key audit partners	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Types of non-audit services provided by the audit firm	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Practices within the company for approving the non-audit services provided by the audit firm	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Practices within the company for agreeing the fees for non-audit services provided by the audit firm	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Other (please describe):		

9 Please could you indicate your level of agreement with the following statements:	
Over the past five years the threats to auditor independence have reduced.	<input type="checkbox"/> Strongly agree <input type="checkbox"/> Agree <input type="checkbox"/> Neither agree or disagree <input type="checkbox"/> Disagree <input type="checkbox"/> Strongly disagree <input type="checkbox"/> Don't know
Over the past five years the transparency of the relationship between a company and its external auditor has increased.	<input type="checkbox"/> Strongly agree <input type="checkbox"/> Agree <input type="checkbox"/> Neither agree or disagree <input type="checkbox"/> Disagree <input type="checkbox"/> Strongly disagree <input type="checkbox"/> Don't know
Over the past five years the need for auditors to comply with new ethical requirements has not had a significant impact on overall fees paid for audit and other services purchased from accountancy firms.	<input type="checkbox"/> Strongly agree <input type="checkbox"/> Agree <input type="checkbox"/> Neither agree or disagree <input type="checkbox"/> Disagree <input type="checkbox"/> Strongly disagree <input type="checkbox"/> Don't know

10 Do you have any other observations regarding auditor independence that you wish to communicate to the APB?

Thank you for taking the time to complete this questionnaire. Please return to Hazel O'Sullivan at Auditing Practices Board, Aldwych House, 71-91 Aldwych, London WC2B 4HN or fax to 020 7492 2399