

Report on the Audit Board's activities during the year

For the year ended 30 September 2024

Areas of oversight

During the year under review, the Audit Board maintained its oversight of the following key priorities within the Audit practice:

Monitoring Audit Quality

- Monitoring the adequacy of the firm's policies and procedures which underpin Audit Quality, including the commitment of individuals within the Audit practice to perform audits of the highest standard in the public interest, and making recommendations to the LLP Board as appropriate.
- Reviewing the firm's performance in relation to both internal and external regulatory assessments and overseeing root cause analysis and lessons learned from inspections, assessments, investigations or legacy matters as outlined in the Public Report and Single Quality Plan.
- Overseeing the firm's Quality Management System in relation to the Audit practice.

In numbers

- During the reporting period, the Audit Board held a total of eight meetings, including two ad hoc meetings.



Monitoring culture

- Overseeing the culture programme and its embeddedness within the Audit practice and receiving updates on the results of the Audit practice's people survey results and associated action plan.

Conflict of Interest and Independence

- Receiving reports from the Head of Ethics and Independence regarding ethics and independence matters arising within the Audit business.
- Overseeing the firm's protocols for dealing with actual, potential or apparent conflicts of interest or independence.

Strategy and Investments

- Reviewing and challenging the Audit practice's strategy (and its implementation) to ensure its alignment with the pursuit of regulatory objectives.
- Overseeing the implementation of the Principles for Operational Separation of Audit Practices.
- Reviewing the performance of the Audit practice, including the adequacy and quality of resources, overseas delivery centres and its ability to attract and retain talent.
- Receiving updates on the Audit practice's technology investments and developments.
- Understanding of global audit strategy and the impact on the UK audit strategy.

Risk Management and Regulation

- Reviewing data to ensure that the Audit business is being supervised in accordance with the established risk tolerance, including the annual risk review and the audit regulatory compliance plan.
- Discussing the firm's assessment of key risks, including those that could jeopardise the Audit practice's operational framework, future performance and resilience.
- Receiving updates on regulatory changes and key consultations the firm has responded to which relate to the Audit business.

The Audit Board Remuneration Committee

Role

The Remuneration Committee ("RemCo") is chaired by an ANE and all members of the RemCo are ANEs. The Committee's role is to oversee the policy and processes for Audit partner remuneration, as well as to oversee the criteria and selection processes for both Audit partner promotion and the designation of Responsible Individual (RI) status.

Activities during the year ended 30 September 2024

During the year, the RemCo focused on several key areas related to the Partner and RI promotion process and outcomes. These included:

- Overseeing the process of performance management and remuneration of Audit partners and RIs.
- Reviewing Audit Quality Monitoring reports to ensure alignment with performance standards.
- Ensuring a strong link between audit quality, performance and remuneration by establishing principles for the remuneration of Audit partners and RIs.
- Focusing on succession planning to ensure continuity of leadership.
- Monitoring the RI appointment process.

Overseeing the process of Partner and RI balanced scorecard implementation oversight.

The RemCo met on three occasions during the reporting period.

Looking ahead to FY25

The Audit Board will:

- Continue its monitoring of the firm's efforts to enhance audit quality. This will involve considering the adequacy of the firm's policies and procedures supporting audit quality, as well as evaluating the effectiveness of the measures taken to address the underlying issues, including those aimed at strengthening the root cause analysis and remediation process.
- Gain insight of the interactions between the UK and Swiss Audit practices and ensure that the UK Audit practice maintains its commitment to the delivery of high-quality audits.
- Understand how the firm incorporates regulatory requirements into its processes and controls.
- Monitor the broader activities of the firm and its global network to assess their potential impact on audit quality and the resilience of the Audit practice.
- Monitor the resolution of legacy regulatory issues, ensuring that any corrective actions are effectively implemented. Furthermore, understand how the Audit practice will enhance risk management procedures to effectively navigate the complex and interconnected risk environment.
- Understand how the Audit practice will adapt to digital disruption and advancements in artificial intelligence (AI) and its management of the associated risks.