

# Report on the Audit Board's activities during the year

30 September 2023



## 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 accordingly.
- 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 and implementation of ISQM1 in relation to the Audit practice.

### Monitoring culture

- Overseeing the culture programme 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 and desired outcomes under the operational separation of audit.
- Reviewing the performance of 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.



### In numbers

The Audit Board consists of five members.

These are three independent Audit Non-Executive members, including its Chair; two Elected or Nominated Members of the Board.

During the reporting period, the Audit Board held eight formal meetings.

### Our priorities for 2024

- Continue to monitor the firm's efforts to improve audit quality and assess the effectiveness of actions taken to address underlying issues. This will include enhancements to the root cause analysis process.
- Monitor the wider activities of the firm and its global network and assess their potential impact on audit quality and the resilience of the Audit practice.
- Monitor legacy regulatory matters and oversee the embedding of any actions the firm has taken to address issues which have arisen.
- Ensure compliance with the new Audit Firm Governance Code within the firm, particularly as it relates to the Audit Practice.
- Reviewing the adequacy of the firm's policies and procedures to support audit quality, with particular emphasis on the commitment of the Audit practice's people to provide high-quality audits in the public interest.

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