

ICAS ISSUES PRACTICAL GUIDANCE FOR AUDIT COMMITTEES - 20 June 2003

The Institute of Chartered Accountants of Scotland (ICAS) has today published practical guidance for audit committees, to help them carry out their additional responsibilities efficiently and effectively.

'Appraising your Auditors: A Guide to the Assessment and Appointment of Auditors', is intended to provide useful and practical assistance to audit committees.

Additional responsibilities are being given to audit committees following the proposed guidance developed by a group appointed by the Financial Reporting Council (FRC) and chaired by ICAS Past-President Sir Robert Smith which was published in January of this year. As a result, audit committees are taking an even more critical role in monitoring the relationship between company and auditor, and overseeing the independence and objectivity of the auditors.

In identifying a need for practical guidance, the ICAS Business Law Committee has prepared this booklet to provide assistance to audit committees in overseeing the company/auditor relationship and, when appropriate, selecting new auditors.

In the foreword to the guide, Sir Robert Smith affirms the importance of practical guidance in assisting audit committees in their new, expanded role, and commends the booklet for the help and guidance that it gives to listed companies in their relationship with auditors.

Ian Paterson-Brown, Chairman of the ICAS Business Law Committee Working Party which developed the guidance said:

"We hope that, not only will this booklet provide guidance on the means by which listed companies monitor the performance of their auditors and their relationship with the company, but it will also lead to an environment of continuous improvement in the standard and disclosure of corporate governance practice and, in particular, those issues in which the audit committee plays a pivotal role."

"It also provides guidance on the issues to consider when appointing auditors, with suggestions for appropriate procedures and criteria which might be applied in selecting the new auditor."

NOTES TO EDITORS

1. The Institute of Chartered Accountants of Scotland is the oldest professional accountancy body in the world, receiving its Royal Charter in 1854. The Institute has over 15,000 members worldwide. The CA designation in the UK is reserved exclusively for use by the members of ICAS.
2. Under the Royal Charter, the Institute works in the public interest. The objective of ICAS is to uphold the integrity and standing of the profession of chartered accountancy in the interests of society and membership, through excellence in education and the development of accountancy and through service to members and the enforcement of professional standards.