

1 September 2023



**Response to FRC
Consultation Paper: Proposed
International Standard on
Auditing (UK) 505 (Revised)
External Confirmations**

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1. Introduction

ICAS is a professional body for more than 23,600 world class businesspeople who work in the UK and in more than 80 countries around the world. Our members have all achieved the internationally recognised and respected CA qualification (Chartered Accountant). We are an educator, examiner, regulator, and thought leader.

Over half of our working membership work in business; the others work in accountancy practices ranging from the Big Four in the City to the small practitioner in rural areas of the country.

We currently have over 4,400 students striving to become the next generation of CAs under the tutelage of our expert staff and members. We regulate our members and their firms. We represent our members on a wide range of issues in accountancy, finance and business and seek to influence policy in the UK and globally, always acting in the public interest.

ICAS was created by Royal Charter in 1854. The ICAS Charter requires its Boards to act primarily in the public interest, and our responses to consultations are therefore intended to place the public interest first. Our Charter also requires us to represent our members' views and to protect their interests, but in the rare cases where these are at odds with the public interest, it is the public interest which must be paramount.

We have considered the FRC Consultation Paper: 'Proposed International Standard on Auditing (UK) 505 (Revised) External Confirmations' and I am pleased to forward our comments.

Any enquiries should be addressed to James Barbour CA, Director, Policy Leadership.

2. Key Points

We are supportive of the proposed revisions to ISA (UK) 505 'External confirmations'.

We believe that for enhanced clarity to the user, consideration be given to making clear at paragraphs 15 and A23 that negative confirmations are prohibited under ISAs (UK). This would be in addition to the statement already included in the definitions section of the proposed revised standard at paragraph 6(c). This could be achieved by a direct statement, a cross reference to paragraph 6(c), or by way of footnote. We also question whether footnote 12 should include reference to paragraph 6(c) as this would appear to disapply the proposed prohibition.

3. Responses to the specific questions

Question 1

Do you agree with the additional material included in respect of digital means of confirmation? If not, please provide your reasons.

Yes, we agree with the proposed inclusion of the additional material in respect of digital means of confirmation.

Question 2

Do you support the prohibition on negative confirmations? If not, please provide your reasons.

Yes, we are supportive of the proposed prohibition on the use of negative confirmations. We do not believe that such confirmations are commonly used in the UK and do not expect this prohibition to have a significant impact in practice.

We believe that for enhanced clarity to the user, consideration be given to making clear at paragraphs 15 and A23 that negative confirmations are prohibited under ISAs (UK). This would be in addition to the statement already included in the definitions section of the proposed revised standard at paragraph 6(c). This could be achieved by a direct statement, a cross reference to paragraph 6(c), or by way of footnote.

We also question whether footnote 12 should include reference to paragraph 6(c) as this would appear to disapply the proposed prohibition.

Question 3

Do you support the enhanced requirements in relation to auditors investigating exceptions? If no, please provide your reasons.

We are supportive of the proposed enhanced requirements.

Question 4

Is the proposed effective date appropriate? If not, please give reasons and indicate the effective date that you would consider appropriate.

We believe that the proposed effective date is appropriate.



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