

# CASS Audit standard call for feedback by 4<sup>th</sup> March – One size fits all?



## One size rarely fits all well...

The window is now open to provide feedback to the Financial Reporting Council (FRC) on 9 specific questions (by 5pm on Friday 4<sup>th</sup> March 2019) [FRC post implementation review](#).

Our view is that the Standard has had an overall positive initial impact on the quality and value of CASS audits for most (albeit at significant cost to firms), it is also true that this positive impact has diminished in the second year of the Standard and we are seeing signs of CASS ‘fatigue’, see our [2018 CASS Survey](#) for full details.

Now seems an appropriate time for a review and perhaps to move away from one size fits all approach. Our 2018 survey highlighted the differences between firms Large and small/medium firms in particular which may merit consideration.

CASS Audits can sometimes seem a little heavy on smaller firms and perhaps not give some market sectors the focus on specific technical areas they may prefer. There is also a limited amount of CASS expertise in the market which is spread thinly at the moment. An approach that flexes by size or sector may be in the interest of everyone including, of course, the clients themselves.

### A few firms hold most of the assets

Even though there are fewer CASS large firms they account for the vast majority of client assets and money held. Should this be reflected in the approach to CASS audits?

#### Average CASS 6 Assets / £Bn\*

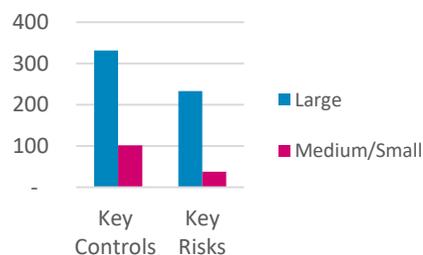


#### Average CASS 7 Money / £Bn\*



### They have more risks and controls\*

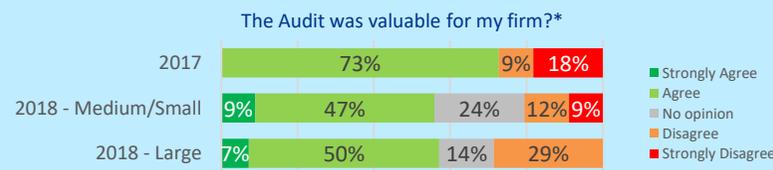
CASS Large firms have on average significantly more risks and controls documented. Does this lend itself to a more risk-based approach in Auditing Large firms in order to focus effort?



### What do firms think?

**75% of Large and 79% of Medium/Small firms believe their Auditor should be able to apply materiality\***

**The Audit is valuable** – the majority of all firms agree the audit was valuable but there is a significant reduction from 2017, as shown below



### Some questions we would consider:

- Would a targeted risk-based approach more effective for CASS Large firms?
- Would thematic reviews/deep dives on a periodic basis be a better way to focus greater assurance on particular areas for different size firms/sectors?
- Frequency: is annual still the right frequency, could a more detailed audit every 2 years with an intermediate check be more effective for some firms?
- Materiality: should Auditors have the ability to consider materiality in their reviews? – a view supported by many firms large and small.

Details of how to submit can be found here

[frc post implementation review](#)

\* Source Baringa 2018 CASS survey report