

Audit Executive

Audit Executive Roles and Responsibilities

Purposes

To monitor, challenge and provide oversight to the strategic direction and operational activities of the firm's audit practice to meet the firm's needs and ensure the firm's public interest obligations can be properly discharged to audit clients and other key stakeholders. The Audit Board is a sub-committee of the Executive.

To ensure the firm follows the Audit Firm Governance Code ('Code') effective 1 April 2023. The Code applies to the governance of the whole firm, not just the audit practice. Its key principles are:

- to promote audit quality;
- to ensure firms take account of the public interest in their decision-making, particularly in audit; and
- to safeguard the sustainability and resilience of audit practices and of firms as a whole.

Its functions will include:

- Ensure the firm's audit strategy endorses the firm's commitment to audit quality.
- Ensure the firm's audit practice is adequately managing audit risk in line with ISQM1 and oversee the effectiveness, assessment, actions arising and reporting from the monitoring and remediation process.
- Confirm there is adequate investment and audit resources available to deliver the audit strategy and receive regular updates on the development of our technology and tools.
- Ensure there is evidence in the partner reward system that Audit Quality has been a primary factor in assessing remuneration.
- Evaluate the appointments of RIs and make sure a robust assessment is in place.
- Scrutinise the Audit Quality and Behaviours assessment prior to partner promotions and external audit partner appointments.
- Oversight of audit training including both technical and personal development skills to ensure it meets the requirements of the Practice and responds on a timely basis to changes in legislation.
- Ensure an appropriate selection of PIE auditors are registered and that annual accreditation training and development is given to achieve a high standard of Audit Quality.
- Ensure ethical practice is upheld and there is evidence of independent monitoring of compliance with the Ethical Standards.
- Confirm the sustainability of the Audit Practice by receiving reports from the Head of Audit on the national financial performance of the service line and a resources report to highlight any concerns with constraints in the practice which may affect audit quality.
- Oversee the management, effectiveness and timeliness of the firm's Audit Quality Action Plan to include responses arising from external and internal quality review process and RCA exercises.

- Engagement, where appropriate, with the firm's Head of Practice Assurance, QAR Team and members of the NAS, on matters relating to audit quality.
- Engagement, where appropriate, with the FRC including the firm's Audit Supervisor, on matters relating to audit quality.
- Ensure the timely delivery of the firm's response to the AQR private report from the FRC, Audit Supervisor's letter and any other regulatory body and the findings from internal quality reviews.
- Oversee the process for, review and approve the firm's annual Transparency Report.
- Monitor the appropriateness of the firm's engagement with its Regulators ensuring this is in an open and constructive way in line with the Regulators expectation.

Structure and Authority

The Audit Executive is a sub-committee of the Executive and receives its authority to act from this Executive and reports regularly to the Executive, the Supervisory Board and Public Interest Committee and provides regular updates to the Audit Partner Group at the national meetings and wider partnership and firm as necessary.

The Audit Executive has authority to review any matter within its Terms of Reference and obtain such information as it may require for such purpose from any member of the LLP, officer or employee.

Composition

The Audit Executive shall comprise of practising RIs from the firm with the relevant skills and experience to undertake the role.

The Audit Executive shall be formed of up to 6 members (which shall include the Head of Audit and at least two members (including the Chair) of the Executive). The Head of Practice Assurance, Ethics Partner, members of the NAS and members of the Public Interest Committee, may be invited to attend the Board but are not members. 3 members shall form a quorum provided that one is the Chair.

The Chair shall be appointed by the CEO. Other Executive members of the Audit Executive shall from time to time be determined from discussion between the Chair and the CEO and agreement by the wider Executive.

Members (outside the Chair, Executive and Head of Audit) appointed by invitation should be recommended by the Chair and ratified by the Executive.

The Partnership Secretary shall act as Secretary to the Board and attend all meetings.

Decision making

The Audit Executive shall reach decision by a simple majority vote on an issue with the Chair holding a casting vote. If a member has a conflict of interest, they should disclose this and recuse themselves concerning that matter.

Duration of appointment

Membership of the Audit Executive will be determined by either appointment to other roles (i.e. Head of Audit, Executive Members) or appointment by invitation (as outlined above). Due to the nature of

membership and appointment there will be no fixed term of office for members but there is an expectation that the membership of the Audit Executive should be subject to regular review whilst ensuring, from time to time, balance experience, continuity and succession.

Frequency of meetings

The Audit Executive shall meet monthly or more frequently if necessary.

Reporting

Minutes of each meeting shall be prepared and reviewed at the subsequent meeting for approval.

Chair of the Audit Executive and Head of Audit shall report to the Executive, Supervisory Board and Public Interest Committee as required.

An annual review of the Audit Executive's work shall be prepared for the review of the Supervisory Board and Public Interest Committee.

Last reviewed: May 2024