

**PRESS RELEASE**

# AUDIT QUALITY FRC 2022 AUDIT QUALITY INSPECTIONS

28 July 2022 | London

Retain International the leading resource and talent management cloud-based platform has reviewed the key findings relating to resourcing and talent management across the seven individual firm inspection reports complied by the Financial Reporting Council (FRC) in their audit quality inspections issued in July 22.

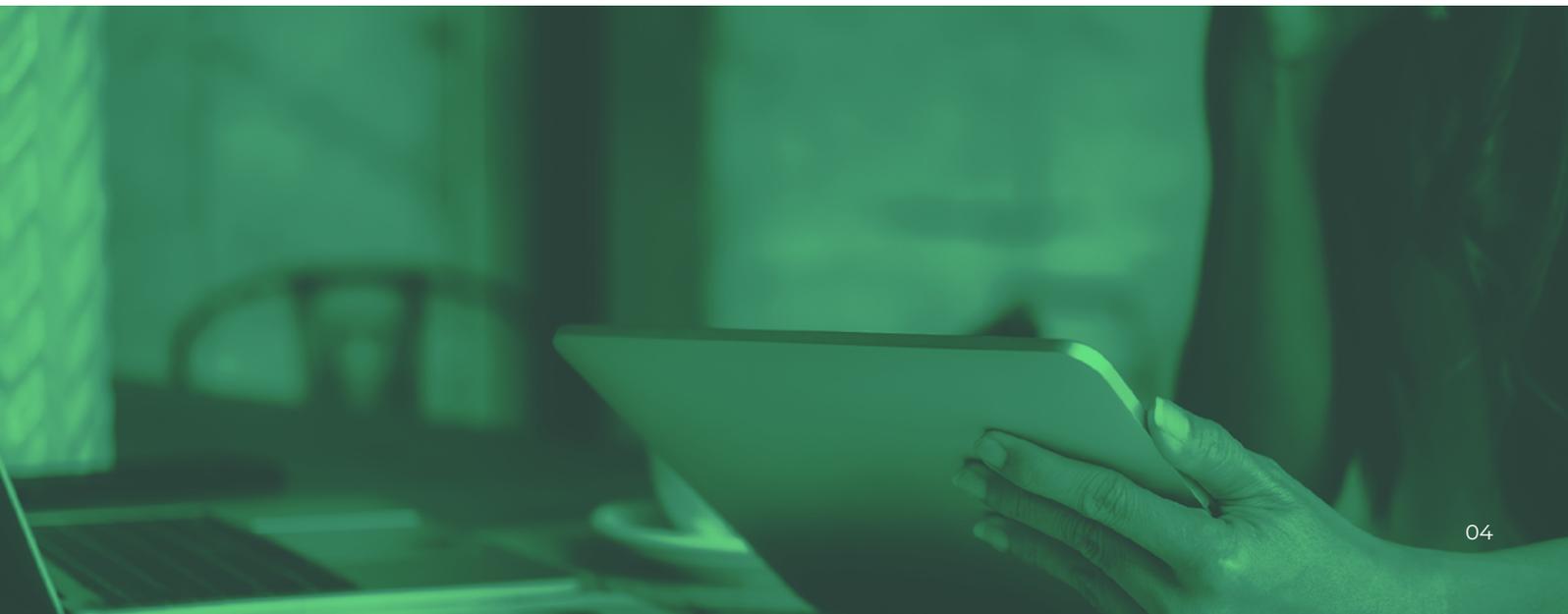
Retain is committed to work collaboratively with its clients and prospects to build functionality to improve audit quality. The attached table provides a commentary of key FRC 2022 findings (related to resource scheduling) and our views on Retain platform functionality, data and processes used by our leading clients.

<b>FRC FINDINGS 2022</b>	<b>HOW COULD RETAIN CLOUD IMPROVE AUDIT QUALITY</b>
<b>Allocation of talent across your audit portfolio</b>	<ul style="list-style-type: none"><li>• Regularly review the concentration and allocation of high performing talent and high rated individuals across your entire audit portfolio</li><li>• Ensure Retain Skills and experiences are up to date and accredited by professional bodies and peers</li><li>• Add a confidential accreditation in Retain - known only to the resource management and engagement partners</li><li>• Spread out talent and avoid high concentrations of talent unless addressing a high risk audit</li></ul>
<b>Fostering a culture and skills in challenging management e.g. estimates and judgements</b>	<ul style="list-style-type: none"><li>• Staff skills could be evaluated and graded for 'challenge' skills</li><li>• These can be included in the Retain skill taxonomy</li><li>• Personality profiles could be added to the resource profile</li><li>• Reviews and analytics can look at the balance of team composition</li></ul>
<b>EQCR accreditations, involvement and evidence</b>	<ul style="list-style-type: none"><li>• Use Retain to hold accreditations for those skilled experience and trained to perform EQCR roles</li><li>• Ensure EQCR partner involvement is scheduled in the graphical planner</li><li>• Monitor audit trial of schedule adjustments and plan to timesheet</li></ul>

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<b>First year audits</b>	<ul style="list-style-type: none"> <li>Utilise accreditations for higher risk situations e.g. first year audits. Determine which staff have the necessary skills, expertise and personal skills</li> <li>Search and filter using Retain skills to identify the most relevant talents for the task</li> </ul>
<b>Using and deploying audit specialists</b>	<ul style="list-style-type: none"> <li>All audit specialists can be onboarded on the retain system</li> <li>Audit specialists and general audit staff can all have graded skills aligned to specialisms in Retain</li> <li>Audit specialisms can be added to tailored skills taxonomy e.g Tax auditing, Property valuations, Pensions, Insurance valuations</li> <li>Audit specialists can be scheduled</li> <li>Audit specialists can have tailored hours considering other commitments</li> <li>Deviations from plan can be reported through Retain reporting</li> </ul>
<b>Using staff from member firm networks ensuring competence and independence</b>	<ul style="list-style-type: none"> <li>All member firm networks can utilise Retain with a common audit template, data structure, skills taxonomy</li> <li>Independence training compliance can be evidenced using accreditations</li> </ul>
<b>Deployed resources on an audit were not independent of the audit client</b>	<ul style="list-style-type: none"> <li>Those staff that have not completed CPD, independence and financial declarations can be marked in Retain as not available for scheduling on specific engagement</li> <li>Individual independence conflicts can be added in the individuals Retain resource profile</li> </ul>
<b>Going concern</b>	<ul style="list-style-type: none"> <li>Utilise accreditations or skills for those staff trained, skilled and experienced to challenge managements going concern assumptions and business plan</li> <li>Hold a specific “Going concern skill” linked to business training in Retain</li> <li>Consider the engagement teams strength in reviewing going concern in determining the team composition</li> </ul>
<b>Depth of sector skills e.g. banking, insurance</b>	<ul style="list-style-type: none"> <li>Utilise sector skills in resourcing and determining the composition of the audit team.</li> <li>Looking at individual skills and overall team sector skill composition</li> </ul>



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<b>Team composition – lack of appropriate skilled resources</b>	<ul style="list-style-type: none"> <li>• Required skills, qualifications and accreditations can be determined in the resource request in Retains workflow</li> <li>• Resource requests are based on skill and skill level</li> <li>• Engagement partners can review the individual resource profiles to ascertain skills against role</li> <li>• Analytics can be extracted at overall team composition</li> </ul>
<b>More effective coaching</b>	<ul style="list-style-type: none"> <li>• Coaching time can be added to the schedule as a distinct project type. This will be clearly visible in the schedule</li> <li>• Deviations from planned scheduled coaching can be identified</li> </ul>
<b>Sampling and issues associated with insufficient audit coverage</b>	<ul style="list-style-type: none"> <li>• Those with expertise and skills in statistical sampling can have qualifications added and or accreditations added within their Retain skill profile</li> </ul>
<b>Journal testing</b>	<ul style="list-style-type: none"> <li>• This could be added as a skill within the Retain skills taxonomy</li> <li>• The team composition could be checked to ensure depth and breadth of journal testing skills</li> </ul>
<b>Revenue / Accrued Revenue auditing</b>	<ul style="list-style-type: none"> <li>• This could be added as a skill within the Retain skills taxonomy</li> <li>• The team composition could be checked to ensure depth and breadth revenue and accrued revenue auditing skills</li> </ul>
<b>New Accounting Standards &amp; Rules e.g. IRFS 9, IFRS 13 and FRC Ethical standard</b>	<ul style="list-style-type: none"> <li>• New accounting standards represent a knowledge and implement challenge. Staff training can be recorded in accreditations or qualification and used as part of the Resourcing process in Retain</li> <li>• Completed staff training can be added within the resource profile</li> <li>• Accreditations or skills grading can be used to show expertise level or competence</li> </ul>



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<p><b>Long term contracts auditing</b></p>	<ul style="list-style-type: none"> <li>• Many industries such as construction have long term contracts. Auditors require industry expertise, accounting standard knowledge, technical skills in long term contracts and the necessary scepticism/ challenge skills</li> <li>• Staff with these skills can be accredited or you can add to the Retain skills taxonomy</li> <li>• Team composition can be reviewed to ensure sufficient depth and breadth of skills</li> </ul>
<p><b>Rebalancing and reducing workloads</b></p>	<ul style="list-style-type: none"> <li>• Resourcing based on skills versus grades provides a more efficient way to improve utilisation and employee growth</li> <li>• Actively manage the Retain to timesheet variance to encourage staff to provide transparency to un-booked time</li> <li>• Resource stranded time to reduce workloads on overworked team members</li> <li>• Identify and manage constrained and non-constrained skills</li> <li>• Allocate tasks and work from those with constrained skills where time is deployed on non-constrained skill areas</li> </ul>
<p><b>Workload and capacity due to resource pressures and extended timetables due to COVID-19</b></p>	<ul style="list-style-type: none"> <li>• Review the graphical schedule for overwork</li> <li>• Utilise Retain filters to search for overwork and underutilised resources</li> <li>• Dynamically replan based on events – late starts, illness, client delays, unplanned deep dives and or cancelled audits</li> <li>• Develop clear practice rules on client prioritisation and circumstances that would result in a delayed audit opinion</li> </ul>

**Please contact for more information,  
a workshop or demonstration**

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**Retain**