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Bennett Brooks &
Co Limited

Transparency
Report

2023

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Introduction

Welcome to our third Transparency Report. This has been a year of change for the audit team which saw inspections by the FRC AQR team of one audit file for the year ended 31 March 2022. The findings of the inspection have been taken on board and addressed during the audit for the year ended 31 March 2023. The FRC also performed an inspection between January and June 2023 of the firm's policies and procedures supporting audit quality. The findings raised have been addressed in the period following the review and no areas of non-compliance with Audit Regulations were identified.

Following the successful audit of our only PIE audit client, we took the decision to not seek re-appointment and to withdraw from PIE audit market. Our voluntary removal from the Public Interest Entity Auditor Register was approved with effect from 7 October 2023, allowing us to concentrate on our recurring non-PIE audit portfolio.

The year also saw significant work performed prior to implementation of the International Standard on Quality Management (UK) 1 in readiness of the December 2022 implementation date. A review of the implementation was performed both internally by the Individual Assigned Ultimate Responsibility and externally by a specialist third-party reviewer, both seeing pleasing results. Matters raised are being remediated during the current financial year.

2023 also saw a change in personnel as we said goodbye to our Audit Compliance Principal, Ashley Conway in October 2023. Following this change, I took on the role of IAUR and continue to lead the Audit Team.

Our external cold file reviews have continued to see pleasing results, with the 5 files reviewed receiving gradings of A or B, as detailed in the report. We have now fully transitioned our audit software to Inflo's Digital Platform, which helps us to harness the power of data analytics auditing techniques, which we are embracing with gusto. We expect this to support our drive for continual improvement in audit quality.

One of the continuing challenges we face and a key priority for us is securing and maintaining a talented pool of auditors and we welcomed five new joiners into the team during the year and since year-end. This included a new Client Director to strengthen the pool of Responsible Individuals. We are constantly recruiting new team members and embedding them into the Bennett Brooks way of life. The development of our people is fundamental to our audit quality, and you will find expanded information on our new training programmes for all grades of staff in the relevant sections of our report. These new programmes, which are facilitated by external specialists, focusses on the softer management skills, and complements our in-house technical training sessions perfectly. These new sessions have been well received by all attendees.

Finally, I would like to thank all members of the Audit Team for their hard work and dedication during this year – the way they have supported each other in these busy times and delivered quality audit results is truly commendable and very pleasing to see. We look forward to another year of managed growth and development of the team.



Jason Leach
Audit Director



Background

Bennett Brooks & Co Limited (the firm) is a limited liability company registered in England and Wales and operates as bennettbrooks.

bennettbrooks is a firm of chartered accountants and tax advisers with offices in various locations in the North West of England and North Wales. The firm has prepared this Transparency Report in accordance with the requirements of Article 13 of regulation (EU) No 537/2014 and covers the year ended 31 August 2023.

Legal structure and ownership

The firm is wholly owned by some of its directors. At the date of this report the firm had five Responsible Individuals, four of whom were directors of the firm. At the date of this report, three of the Responsible Individuals were actively signing audit reports. Shortly after the reporting date, one Responsible Individual left the firm. We have subsequently appointed a new client director who had been a Responsible Individual at a previous firm and will reobtain the licence with bennettbrooks.

The firm is registered to carry out audit work in the UK and regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales (ICAEW) and is a member of the ICAEW's practice assurance scheme.

International

The firm is neither a member of an international network nor an international association of accountancy firms. The management board continues to review the membership of such an organisation as the firm grows.

Governance

The firm's constitution is in the form of its articles of association and appointment of directors is determined in accordance with this constitution. The firm's managing director and management board are ultimately responsible for the firm's system of quality control and for the development and implementation of policies and procedures around governance. The management board meets quarterly to consider governance issues and, on an ad-hoc basis, as and when the need arises.

The management board delegates operational implementation of the agreed strategy to the Operational Leadership Team, which meets monthly.

An Audit Committee is in place which meets after the management board meetings. Matters covered include current issues in the profession, internal matters in respect of service delivery, any audit or accounting issues with audited entities, fees and training.

Quick response committee meetings are also convened when a pressing matter is identified. The matter is openly discussed amongst the committee members to share experience and formulate a unified view. The firm's governance structure for the year to 31 August 2023 is set out below:



1. From 1 March 2024, George Wood became Ethics Principal.

2. Ashley left Bennett Brooks with effect from 13 October 2023 when the Audit Compliance responsibilities were assumed by the Head of the Audit Division, Jason Leach.

Internal quality control systems

Culture and leadership

The culture of the firm reflects the integrity and principles of the leadership body. The firm promotes a strict adherence to quality control policies and procedures as laid down in the firm's Quality Manual.

Ultimate responsibility for quality control rests with the management board whereas day to day management of the firm's system of quality management rested with the IAUR, Ashley Conway until 13 October 2023 and Jason Leach since that date.

Ethical considerations

Yvonne Wood was the Ethics Principal in the year to 31 August 2023. Their role is to oversee the development and implementation of ethical policies. All ethical issues are referred to the Ethics Principal who will consider whether policies and procedures have been followed and whether existing safeguards are adequate.

The Ethics Principal is responsible for the communication of ethical policies and procedures to the management board along with any changes to the ICAEW's Code of Ethics and the FRC's Ethical Standard. Ethical considerations are addressed as part of the firm's annual compliance review.

From 1 March 2024, George Wood became Ethics Principal.

Audit methodology and performance

The firm has established policies and procedures to comply with the International Standard on Quality Control (UK) 1 and subsequently the International Standard on Quality Management (UK) 1. On 20 March 2024, the policies were reviewed by an external provider, who concluded that the firm's approach to the standard is appropriate.

During the year, the firm performed all audits on Inflo's Digital Audit Platform which harnesses data analytics techniques. Work programmes are designed in a bespoke fashion to address the risks identified at the planning stage of each audit and amended throughout the audit process as necessary. Responsible Individuals and managers are involved throughout the audit process and direct the audit to those areas requiring particular attention in responding to the circumstances of each audited entity.

All audit team members are trained extensively in the use of the Inflo audit software to ensure effective and efficient audit work. Audit work performed is reviewed by both the audit manager and responsible individual as necessary to ensure ISA compliance and audit quality.

The firm is constantly looking to maximise its use of technology in the performance of audit work, assisted by the implementation of Inflo. It is expected that the use of data analytics tools will support the firm's drive to deliver continuous audit improvement.

Acceptance and continuance

The firm performs a risk assessment before accepting a new audited entity to identify ethical, technical or resource issues which would preclude the firm from accepting appointment. This is discussed by the Audit Committee.

This risk assessment is also performed for existing audit work at the beginning and end of each audit assignment. Where there is any uncertainty about the acceptance or continuance of an audit engagement the related matters are referred to the Ethics Principal.

Human resource

Our Human Resource team reports to the management board. The recruitment and development of employees is a critically important role within the organisation and so considerable time and resource is dedicated to these matters. The professional development of staff members is addressed later in this report.

In recruiting new employees to the firm consideration is given to the development of audit services. The firm will identify opportunities for internal promotion but also will seek to recruit from outside the firm where it is considered that additional resource is required.

In planning for each audit assignment consideration is given to the mix of skills needed and experience held by the audit team to provide sufficient expertise and sector knowledge whilst allowing for training opportunities for less experienced team members.

Statement on the effectiveness of the firm's internal quality control system

The management board are satisfied that the firm's system of quality management is effective in all material respects.

Continuing education and training

The firm is committed to a culture of continuing education and training. All professional staff are required to undertake continuing professional development relevant to their roles using the methodology prescribed by ICAEW, which since November 2023 requires a certain amount of this time to be verifiable dependent on each individual's responsibilities. The firm has appointed George Wood, a Board Director, to the role of Qualified Person Responsible for Training (QPRT) taking responsibility for the development and delivery of a system of training tailored to the specific demands of each trainee. The firm has also appointed Claire Hills, a Board Director, to the role of People Development Director. Claire is responsible for the continued professional development of qualified members of staff.

The nature of training and continuing professional development continues to take many forms such as in-house training, webinars, and external presentations by specialist training firms. During the period covered by this report extensive audit training has been conducted on a range of areas, focussing on embedding the Inflo audit methodology and the use of its comprehensive suite of data analytical tools. We have also enjoyed a 3-day audit training programme developed and delivered by our specialist training partner, 3Qhub.

The firm subscribes to PwC Viewpoint as a technical learning and resource tool for all audit staff to make use of. All team members have full access to the suite of training material delivered by 2020 Innovation, and a detailed training programme is set out annually for all grades of audit staff.

A new “Introduction to Management” training programme was introduced during 2022 for qualified or soon to be qualified members of staff. This programme focuses on Management Skills, including project management, delegation and emotional intelligence and is delivered by 3Qhub, a specialist external provider. The programme includes two full day modules delivered in-house, followed by one-to-one progress review meetings with the external lead consultant that delivered the training to discuss the action plans arising. The firm implemented a similar programme for Managers and Senior Managers, “Leadership Essentials”, supporting them through key aspects of leadership. Directors participated in a new one-day course “Leading through change”, supporting the Directors and Client Director with ideas on creating an empowering and transformational culture. Initial feedback from all these soft-skills programmes continues to be extremely positive.

The training needs of all professional staff is monitored and reviewed every six months to ensure these needs are addressed. Each staff member is required to design their own development plan as a framework for future training activities.

Specific and targeted training is delivered to all audit team members involved in the audit of financial statements prepared under IFRS and FRS 102. Each audit team member meets with their career coach on a regular basis and a formal written appraisal documented and shared with the HR team annually.

Audit culture and behaviours

The audit engagement leaders are committed to the utmost standards of audit quality and this culture permeates throughout the audit team. The results of the external file reviews and regulatory visits are discussed in detail during dedicated training sessions, with actions for improvement put in place. The importance of applying professional scepticism is discussed during audit planning meetings, together with the areas where unpredictability can be built into the audit plan. The ICAEW training videos also support this drive to be sceptical. There are open communication channels at all levels and teams work together to discuss and resolve issues as they arise. There is a daily morning call including all team members to ensure resources are appropriately applied to each engagement and issues resolved in real time.

Quality monitoring

Regulatory inspections

The FRC's Audit Quality Review (AQR) team completed an inspection of the audit of the financial statements for one audit client for the year ended 31 March 2022 during the year. The findings raised by the AQR were taken on board fully and satisfactorily addressed during the audit for the year ended 31 March 2023.

The FRC's AQR team also completed an inspection of this firm's policies and procedures supporting audit quality, including audit methodology and training, independence and ethics, audit quality monitoring, tone at the top and staff appraisals. The key findings raised have been addressed during the financial year and to the date of this report. The inspection noted no instances of non-compliance with Audit Regulations.

Following our voluntary removal from the PIE Auditor Register, we will revert to the process of periodic inspection visits by the Quality Assurance Directorate of the ICAEW. The last visit took place in May 2022. The inspection considered two audit files and the results of the review were graded as generally acceptable. The firm is also an ATOL Registered Firm, with the first visit by the QAD taking place in May 2022 with satisfactory results.

Internal monitoring program

The firm undertakes an annual internal program of quality reviews which it outsources to an independent third-party consultant, Mercia. During this program, the firm seeks to include all active Responsible Individuals within the review to ensure audit skills of those responsible for audit work is maintained. The results of such reviews are communicated to the audit teams and the management board.

Areas for improvement are specifically incorporated into the on-going program of professional development.

During the year ended 31 August 2023, four files were reviewed by Mercia, and assessed to be a B grade. These files covered both active Responsible Individuals in the year and all recommendations identified have been communicated to the audit team with relevant action plans implemented. The firm's KPI is for all files to be graded at least a B, or considered to be generally acceptable, during regulatory visits.

In addition, the public interest entity was subject to an external hot file review with Mercia, with input by the reviewer at the planning, fieldwork, and completion phases.

One ATOL Reporting Accountant Report was also reviewed by Mercia and assessed to be an A grade.

Public interest entities

The firm has completed the audit of one public interest entity, an insurance company, during the year to 31 August 2023.

On 23 August 2023, the firm resigned as auditors following the successful completion of the audit for the year ended 31 March 2023 following a decision to withdraw from the PIE Audit market and not seek reappointment.

As a result of no longer having any PIE audits the firm voluntarily withdrew from The Public Interest Entity (PIE) Auditor Register with effect from 7 October 2023.

Independence policies and procedures

The firm has developed policies and procedures to ensure that its independence is always maintained. These policies and procedures address the requirements contained within the ICAEW's Code of Ethics and the FRC's Ethical Standard.

The Ethics Principal is responsible for ensuring all staff achieve the ethical objectives identified under the Code of Ethics and the firm's procedures. The firm maintains a register of involvement in all audited entities to identify any threats arising from the prolonged association with audited entities. This is also documented and confirmed within the planning procedures of each individual audit file.

As part of the firm's acceptance procedures and risk assessment for audited entities, consideration is made as to the existence of any threats to the firm's independence and objectivity. A new process has been introduced during the period documenting acceptance and continuance decisions for all audit clients, which are considered at Audit Committee level prior to accepting any new audit engagements and for continuance clients with heightened risk characteristics. In addition, all staff confirm their independence annually. All employees involved in audit work confirm their ongoing independence both before the commencement and at the completion of each assignment.

The assessment of independence during each audit assignment includes consideration of potential conflicts resulting in various types of threats. Key to this is the threat to the firm's independence arising from the provision of non-audit services to audited entities. Appropriate safeguards are implemented and discussed with those charged with governance where non-audit services are provided. The firm did not provide non-audit services to its one public interest audited entity.

A review of the firm's independence practices has been performed for the year ended 31 August 2023 by the Audit Compliance Principal with no issues or breaches being noted.

Key audit partner and staff rotation

In accordance with the Ethical Standard the engagement partner and other senior staff (including Client Directors and Senior Managers) are rotated after five years involvement in the audit of public interest entities, which are not listed. There is a cooling off period of at least two audit cycles before the engagement partner may return to the engagement.

For all audit engagements, which are not public interest entities, the firm considers the need to rotate the engagement partner after ten years. In exceptional circumstances, where rotation is deemed not necessary then appropriate safeguards are implemented.

Financial Information

The firm's revenue for the year ended 31 August 2022 can be analysed as follows:

	2023	2022
	£'000	£'000
Revenue from statutory audit work relating to public interest entities	30	22
Revenue from statutory audit work relating to other entities	1,538	1,258
Revenue from non-audit services provided to other entities that are audit- ed by the firm	541	539
Revenue from non-audit services to other entities	7,283	6,591
Total revenue	9,392	8,410

Remuneration of management board members

Remuneration of each board member is determined by reference to the role and the responsibilities undertaken. Remuneration also includes a bonus based on an agreed formula at board level. This formula considers various factors including the quality of work carried out and a range of financial performance measures of each department. There is a direct link between the results of the external file reviews and the bonus awarded to each audit partner. No bonuses are awarded in respect of the winning of any non-audit services provided to audited entities.

The level of bonus is determined following an appraisal of the performance of each member.

Bennett Brooks & Co Limited

April 2024