

## Thought Leadership: CASS Audit Opinion Statistics for last year



### CASS Audit Opinion Statistics for Last Year

Under a Freedom of Information request, the FCA has recently published that in the period 1 January 2017 to 31 October 2017, it received **133 adverse** CASS audit opinions (**out of a total 2,942 audit opinions**). **572 opinions were qualified**; and (a worrying) **2,237 audit opinions were clean**. The statistics are staggering on several fronts and at both extremes of the spectrum.

Auditor's Opinion		Month										Grand Total
		Jan '17	Feb '17	Mar '17	Apr '17	May '17	Jun '17	Jul '17	Aug '17	Sep '17	Oct '17	
of which:	Qualified	37	35	17	242	50	19	90	39	10	33	572
	Adverse	3	8	5	40	13	6	29	14	7	8	133
	Clean	63	65	139	1,146	104	95	357	96	58	114	2,237
Grand Total		103	108	161	1,428	167	120	476	149	75	155	2,942

A main contributor to the number of adverse opinions is likely to have been the way controls failings, or the lack of readiness for the new audit approach were each reported under the 'new FRC audit standard'. Notwithstanding



this, a high number of adverse opinions were also expected due to prevalent industry level issues in 2016/7 which dominated many firms' interactions with the regulator at that time.

In our opinion (perhaps rather controversially), the number of clean opinions seems more concerning, even after you factor in the fact that a number of clean opinions may be for limited assurance reviews. Whilst a clean audit opinion should be an aspiration, it is unlikely that any firm which holds either cash, or non-cash assets for its clients, or avoids doing so, through the use of exemptions within CASS will be fully capable of truly being able to qualify for one. This is certainly the case if the levels of audit and self-review are well informed and conducted by skilled resources. Given the fact that all breaches of the rules must be reported, irrespective of materiality or identifying party, and the high number of controls that are required across a firm's entire business activities, the fact so many firms are getting clean audit opinions raises some difficult questions around the consistency and quality of the audits (and the level of self-review) being conducted.

For those firms with adverse or qualified opinions, it is very likely that the FCA may do some follow up (if it hasn't already done so) to see how breaches or issues were dealt with.

## Contacts

Please reach out to us if you want to discuss our thoughts on the above, voice your own concerns or discuss any other matters that you may require our help or advice on.

Perhaps you may want a second opinion, or a bit of help understanding some of this year's more challenging audit points.

[www.rosediem.com](http://www.rosediem.com)



**Nisha Sanghani**  
CEO & Managing Director

[nisha.sanghani@rosediem.com](mailto:nisha.sanghani@rosediem.com)

07930 323 758



**Joseph Wood**  
Senior Manager

[joseph.wood@rosediem.com](mailto:joseph.wood@rosediem.com)

07837 294 397