

**Supervision**

# Chapter 3

## Auditors

## 3.6 Firms' cooperation with their auditors

- 3.6.1** **R** A *firm* must cooperate with its auditor in the discharge of his duties under this chapter.

### Auditor's access to accounting records

- 3.6.2** **G** In complying with **■** SUP 3.6.1 R, a *firm* should give a right of access at all times to the *firm's* accounting and other records, in whatever form they are held, and *documents* relating to its business. A *firm* should allow its auditor to copy *documents* or other material on the premises of the *firm* and to remove copies or hold them elsewhere, or give him such copies on request.

- 3.6.3** **G** Section 341 of the *Act* (Access to books etc.) provides that an auditor of a *firm* appointed under **■** SUP 3.3.2 R:

- (1) has a right of access at all times to the *firm's* books, accounts and vouchers; and
- (2) is entitled to require from the *firm's* officers such information and explanations as he reasonably considers necessary for the performance of his duties as auditor.

- 3.6.4** **G** Section 389A of the Companies Act 1985 where applicable, otherwise sections 499 and 500 of the Companies Act 2006, section 79 of the Building Societies Act 1986 and section 75 of the Friendly Societies Act 1992 give similar rights to auditors of companies, *building societies* and *friendly societies* respectively.

- 3.6.5** **G** Section 413 (Protected items), under which no person may be required under the *Act* to produce, disclose or permit the inspection of *protected items*, is relevant to **■** SUP 3.6.1 R and **■** SUP 3.6.3 G.

### Access and cooperation: appointed representatives, material outsourcing, employees

- 3.6.6** **G** In complying with **■** SUP 3.6.1 R, a *firm* should take reasonable steps to ensure that each of its *appointed representatives* or, where applicable, *tied agents* gives the *firm's* auditor the same rights of access to the books, accounts and vouchers of the *appointed representative* or *tied agent* and entitlement to information and explanations from the *appointed representative's* or *tied*

agent's officers as are given in respect of the *firm* by section 341 of the *Act* (see also ■ SUP 12.5.5 R (3)).

3.6.7 **G** In complying with ■ SUP 3.6.1 R, a *firm* should take reasonable steps to ensure that each of its suppliers under a *material outsourcing* arrangement gives the *firm's* auditor the same rights of access to the books, accounts and vouchers of the *firm* held by the supplier, and entitlement to information and explanations from the supplier's officers as are given in respect of the *firm* by section 341 of the *Act*.

3.6.8 **G** In complying with ■ SUP 3.6.1 R, a *firm* should take reasonable steps to ensure that all its employees cooperate with its auditor in the discharge of his duties under this chapter.

**Provision of false or misleading information to auditors**.....

3.6.9 **G** *Firms* and their officers, *managers* and *controllers* are reminded that, under section 346 of the *Act* (Provision of false or misleading information to auditor or actuary), knowingly or recklessly giving false information to an auditor appointed under ■ SUP 3.3.2 R constitutes an offence in certain circumstances, which could render them liable to prosecution. This applies even when an auditor is also appointed under an obligation in another enactment.