



Changes to the Joint UK Audit Regulations effective 1 June 2025: schedule of amendments

GENERAL

1. Amendments to the joint UK Audit Regulations are proposed to address policy matters which ICAEW considers necessary to reflect changes in the regulatory environment including the requirement for notification of the movement of certain audits and appointment of alternates for sole practice auditors.
2. The changes made are set out below in more detail but can be summarised as follows;
 - new notification requirements for audit firms talking on potentially complex or risky audits; and
 - the introduction of a requirement for an audit firm that is a sole practice to appoint an alternate.
3. The regulations for the most part will take effect from 1 June 2025, but the requirements associated with the appointment of an alternate have a further six months (to 1 December 2025) to enable compliance.

NOTIFICATION OF MOVEMENT OF CERTAIN AUDITS

4. The transparency of which firm audits companies in the UK has been the subject of recent government attention. In Summer 2024, ICAEW in its role as a regulator of statutory audit consulted on a change to the audit regulations to give greater visibility over the movement of certain audits between registered audit firms. These changes are designed to improve the effective regulatory oversight of audit to ensure high quality audits in the UK.
5. The requirement is for a registered audit firm to notify the Institute within 21 business days of being appointed as auditors for certain entities, and also where a registered audit firm continues as auditor, but the entity meets criteria that were not previously met.
6. The audited entities that would be caught include listed entities; non-listed entities with a turnover in excess of £750 million or are Other Entities of Public Interest (as defined by the FRC); entities where the expected first year audit fee is twice the audit firms existing highest audit fee, subject to a de minimis of £25,000; and firms with three or fewer responsible individuals where the audited entity or group has turnover in excess of £750 million. The notification requirements do not apply to audits that are retained by the FRC as there are existing requirements for these audits.
7. There is a waiver mechanism that registered audit firms may apply for, to ensure that the requirements do not impose an undue reporting burden on firms. However, firms that are granted a waiver will be required to report on an annual basis audits that would be notifiable in the absence of the waiver.

8. Following a decision by the CAI Professional Standards Board to reject this amendment, there is a carve out, so the requirement only applies to firms registered by ICAEW or ICAS.

APPOINTMENT OF AN ALTERNATE

9. In April 2022 the Audit Regulations in respect of the Republic of Ireland were issued by Chartered Accountants Ireland which introduced the requirement for sole practitioners fulfilling the role of a Responsible Individual to have an alternate registered auditor appointed. The alternate is an appointment that enables a practitioner to step in promptly where a sole practitioner is incapacitated by illness or other major event that would disrupt and disadvantage the service to their clients.
10. The appointment of alternates is currently compulsory across all three institutes for firms holding client monies, but this new regulation extends its application to audit. The additional requirement is set out at 2.02A and the definition of alternate is in the table of definitions.
11. It is recognised that in some cases it may be difficult to appoint an alternate and the following modifications have been made to the requirement following consultation. It is now possible to appoint a member from any Institute (defined as ICAEW, ICAS or CAI) or ACCA rather than a registered auditor, as the policy aim is to ensure continuity of service for clients and staff, with no expectation that the alternate will undertake the business of the sole practitioner, but could instead effect an orderly transition of clients to a new auditor.
12. As it is recognised that arrangements for the appointment of an alternate may take some time a transitional period of six month is allowed before the obligation becomes compulsory.

DETAILED CHANGES

The amendments are described individually in the table below. They are set out in the order in which they arise in the document.

Reference	Change and reason for change
Cover pages	Updated effective date to 1 June 2025 Updated year of copyright reference to 2025 Updated version number to 11
Contents pages	Updated
INTRODUCTION	
Para 4	Reference to ISDX replaced by Aquis Stock Exchange (AQSE)
HOW TO BECOME AND CONTINUE TO BE A REGISTERED AUDITOR	
Becoming a registered auditor	Updated for a sole practitioner to identify an alternate prior to making an application under regulation 2.02A.
Remaining a registered auditor	Updated to include the notification of certain non-retained audits in regulations 3.15A – 3.15D.
	Addition of regulation 2.02A for sole practitioners in relation to meeting eligibility criteria.
Telephone numbers	ICAEW contact updated to “Regulatory Support”
Chapter 1- GENERAL	
General	Clarification that AQSE was previously ISDX.
Transitional arrangements 1.04	Amended as appropriate for the current revision of the Audit Regulations – new effective date 1 June 2025, apart from 1.05 and new 1.05A.

Reference	Change and reason for change
Transitional arrangements 1.05	Tense updated for rules regarding majority control which must be in place by 1 April 2025.
Transitional arrangements 1.05A	Introduced to recognise the additional time needed to secure alternates – i.e. 1 December 2025, six months from when the regulations come into effect.
Sch 1: Definitions “Alternate”	Inclusion of definition of alternate, which does not need to be a responsible individual, but which can be a member of an Institute or ACCA.
Sch 1: Definitions “Appropriate qualification”	Updated to reflect qualifications obtained in Switzerland, Norway, Iceland and Liechtenstein as approved third country qualifications.
Sch 1: Definitions “Controller”	Updated definition to reference the exercise or control of 15% or more of the voting rights.
Sch 1: Definitions “Professional Qualifications Act”	Updated to include reference to The Recognition of Professional Qualifications and Implementation of International Recognition Agreements (Amendment) (Extension to Switzerland etc) Regulations 2024.
Sch 1: Definitions “Recognised Qualifying Bodies”	Amended to clarify that for the purposes of UK legislation the Institutes, ACCA and the Association of International Accountants (AIA) are RQBs.
Sch 1: Definitions “Retained audit”	Updated to reflect the renaming of ISDX to Aquis Stock Exchange (AQSE).
Chapter 2- ELIGIBILITY, APPLICATION FOR REGISTRATION, CONTINUING OBLIGATIONS AND CESSATION OF REGISTRATION	
2.02	Guidance updated to reflect differences between the Codes of Ethics of the Institutes.
2.02A	Introduction of requirement for sole practices to appoint alternates in accordance with revision of policy to align with best practice.
2.11 (d)(6)	Regulation added setting out the reporting obligation for sole practitioners where there is a change in the name or address of an alternate, including if an alternate arrangement ceases.
Chapter 3 - CONDUCT OF AUDIT WORK	
3.08	Amendment to guidance to clarify that “relevant legislation” can include the Financial Services and Markets Act 2000.
3.09	Guidance updated to include reference to the Department for Business and Trade, instead of the Department for Business, Energy and Industrial Strategy and the Department for Business, Innovation and Skills.
3.13	Guidance updated to refer to reciprocal arrangements between the FRC and the competent authorities in Switzerland, the US, Canada and Japan.
3.15	New heading inserted and guidance to clarify that where regulation 3.15 applies, then regulations 3.15A – 3.15D are not applicable.
3.15A and guidance	New heading inserted and regulation added setting out the criteria for notification of certain non-retained audits. Also clarifying that regulations 3.15A – 3.15D only apply to firms registered by ICAEW or ICAS.
3.15B	Regulation added setting out the timing for notification of the movement of certain non-retained audits.

Reference	Change and reason for change
3.15C	Regulation added regarding the application for a waiver from compliance with regulation 3.15A.
3.15D	Regulation regarding the requirement for firms that have been granted a waiver to inform the Institutes on an annual basis of movements of audits that would have been notifiable under regulation 3.15A but for the waiver.
Chapter 4 – APPROPRIATE QUALIFICATIONS AND RESPONSIBLE INDIVIDUALS	
4.08	Reference in 4.08(c) to the rules of the ACCA added.
4.08	New 4.08(e) added which details a further circumstance where an individual's RI status may cease i.e. where membership or affiliate status of an Institute or ACCA has ceased and this is a requirement for RI status.
4.08	Subsections renumbered due to the addition of new 4.08(e).
Chapter 6 – THE COMMITTEES	
6.02	New 6.02(o) adding the granting of waivers under regulation 3.15C as a responsibility of the Registration Committee.
6.02	Subsections renumbered due to the addition of new 6.02(o).
6.04	Guidance amended to include waiver applications under regulation 3.15C to those matters with the Registration Committee may delegate to staff.
Chapter 7 – REGULATORY ACTION	
7.09	Reference to regulation 3.15C added.
7.10	Revised reference to 4.08(g) added.