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## CASS Audit Regime New CASS A Assurance Standard

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The CASS audit regime has been updated with the publication of the Financial Reporting Council's (FRC) new CASS assurance standard. The changes take effect for **reporting periods commencing 1 January 2016** and are expected to have a significant impact on all regulated firms. Those with a December 2016 year end will be the first to be affected.

The FRC has stated that the development of this standard was in direct response to a series of well publicised cases regarding the safe keeping of client assets, as well as the comprehensive revision of the client asset regime by the FCA following the release of Policy Statement 14/9.

The new standard will have a significant impact on both firms without permission to hold client money and assets and those firms that do have these permissions. However, it is apparent that the largest impact will be felt by firms who do hold client money and assets.

The new standard places an emphasis on the ensuring that firms have detailed documented systems and controls in place to ensure the safeguarding of client assets and money. One of the key ways in which firms will be required to evidence their systems and controls is by documenting a risk assessment for all CASS rules. In practice, this means that firms will have to document how the rules apply, providing demonstrable evidence to substantiate this application and detail what controls or procedures are in place to mitigate each particular rule.

This will also include an explanation as to why certain rules are not applicable. Failure to document all of these rules will likely result in a qualified CASS report.

Other key changes include that management must be able to demonstrate a culture of honesty and ethical behaviour, by demonstrating senior management's involvement in the CASS environment. Firms must also have robust training and monitoring programmes in place for relevant staff operating in the CASS environment. Staff training programmes will now form part of the CASS Audit.

We appreciate that this change may result in significant additional work for you and that you may not have the available resource to mitigate all of these changes before 31 December 2016.

Accordingly, if you require any assistance with complying with the new regime, we would be happy to assist. If required, we can also look to conduct interim reviews of your firm's CASS procedures before the year end to identify areas where the firm may be in breach of either the CASS rules or the new assurance standard to enable the firm to have time to put these breaches right before the year end, allowing the firm to have an unqualified opinion at the year end.

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**Please do not hesitate to contact us should  
you wish to discuss further**

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