

# Key Audit Differences

	EU	VS	UK
 <b>Regulatory Governance Structures</b>	Set out in European Parliament Directives, oversight from national regulators.		Set by UK government, oversight from Financial Reporting Council (FRC).
 <b>Statutory Reporting Standards</b>	International Financial Reporting Standards (IFRS).		IFRS, and Financial Reporting Standard (FRS) 102
 <b>Scope and Threshold for Statutory Audits</b>	<p>Mandatory for medium and large businesses. Micro and small businesses exempt.</p> <p>EU thresholds for size classification.</p>		<p>Mandatory for large, and some medium businesses. Micro and small businesses exempt.</p> <p>Some medium businesses exempt based on specific criteria.</p>
 <b>Audit Firm Rotation Policies</b>	Mandatory rotation after 10 years, extendable to 20 with public tender.		<p>Large businesses rotate at 10 years; may extend with safeguards.</p> <p>Publicly-listed companies must rotate every 5 years.</p>
 <b>Integration of Environmental, Social, and Governance (ESG) Auditing Practices</b>	Regulations set out in Corporate Sustainability Reporting Directive (CSRD).		Focus on incremental adoption of ESG audit regulations, such as Sustainability Reporting Standard (SRS).
 <b>Technology and Data Management Compliance</b>	General Data Protection Regulations (GDPR).		GDPR, with potential future divergence.
 <b>Audit Exemption for Small Entities</b>	<p>Micro and small businesses exempt.</p> <p>Size classification variation means exemption may vary by member state.</p>		<p>Micro, small, and some medium businesses exempt.</p> <p>No exemption for medium businesses meeting certain post-Brexit criteria.</p> <p>No exemption for EU subsidiaries in post-Brexit UK.</p>
 <b>Post-Brexit Dual Compliance Challenges</b>	Dual compliance requirements increase audit complexity and administrative burdens.		
 <b>Penalties and Non-Compliance Approaches</b>	<p>Penalties broadly unchanged post-Brexit.</p> <p>New ESG-related audit risks.</p>		Penalties set out in Ethical Standard and Internal Audit Code of Practice.
 <b>Adaptability to Evolving Standards</b>	Focus on ESG audit requirements, integration of ESG-related data.		Focus on audit requirements set out in UK Corporate Governance Code.