



สภาวิชาชีพบัญชี ในพระบรมราชูปถัมภ์
FEDERATION OF ACCOUNTING PROFESSIONS
UNDER THE ROYAL PATRONAGE OF HIS MAJESTY THE KING



May 14, 2013

Prof. Arnold Schilder
Chairman
International Auditing and Assurance Standards Board
529 5th Avenue, 6th Floor
New York 10017

Dear Prof. Schilder,

Request for Comments – Consultation Paper, A Framework for Audit Quality

The Federation of Accounting Professions of Thailand (FAP) is pleased to provide comments on the Consultation Paper, *A Framework for Audit Quality*, issued by the International Auditing and Assurance Standards Board (IAASB). Our responses to the specific questions are set out in the appendix to this letter.

We believe that the Framework contains useful information and has structured key attributes that contribute to audit quality into categories but it is difficult to follow through due to the write up is more or less the checklist style. In addition, there is less emphasis on the roles and responsibilities of management and those charged with governance and on how they should involve with the audit process to enhance audit quality. The Areas to Explore are very useful and we strongly support further work and analysis in these areas.

We appreciate and fully support the IAASB's intentions in taking the initiative in leading this project. We hope that you will find the comments helpful. Should you require any further clarification, please contact myself at vilai.ch@fap.or.th or Nangnoi Charoenthaveesub at nangnoi.ch@fap.or.th.

Yours sincerely,

Vilai Chattanrassamee
Secretary General
Federation of Accounting Professions of Thailand

Copy to: The Chairman of the Auditing Committee

APPENDIX

Comment on IAASB Consultation Paper: A Framework for Audit Quality

Prepared by Federation of Accounting Professions, Thailand (“FAP”)

14 May 2013



Introduction

Before responding to each question, we would like to comment on the Framework in general as follows.

The objective of the Framework is unclear. The framework may be useful but it contains no fundamental differences from the standards. Moreover it is in the checklist style and may cause confusion to practitioners how it relates to ISA 220 or ISQC1.

The target audience of the Framework is unclear. Based on the objectives stated in the Framework, we understand that it is intended to raise the level of awareness and understanding among stakeholders of the important elements of audit quality and also to enable stakeholders to recognize those factors. However, we noted that there are less emphasis on the roles and responsibilities of other stakeholders e.g. management and Audit Committee who will play an important role in supporting the audit quality. We would suggest more write up on this part so that key stakeholders will not leave auditors alone with quality and it will help in communicating with these stakeholders. Perhaps the Key Interactions part can be expanded. Otherwise, it is likely that the audience of this Framework will only be auditor who has to more or less be aware of the content of this Framework anyway.

Responses to the questions

1. Does the Framework cover all of the areas of audit quality that you would expect? If not, what else should be included?

Generally, the Framework covers all of the areas of audit quality except as stated in our comments in the introduction part. However, we would like to add on the following points.

- **1.8.5 Rigorous Quality Control Procedures are Established and Audit Quality is Monitored and Appropriate Consequential Action is Taken**, it should be added that the audit quality is monitored in order to proactively identify emerging risk and create opportunity in developing the audit quality.
- For Public Sector Audits, there should be a discussion in the Framework about sharing of information between auditors who perform Performance audit, Procurement audit and Financial audit.

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2. Does the Framework reflect the appropriate balance in the responsibility for audit quality between the auditor (engagement team and firm), the entity (management and those charged with governance), and other stakeholders? If not, which areas of the Framework should be revised and how?

We do not think that the Framework reflects the appropriate balance. As mentioned earlier, the Framework emphasizes and gives detail on the auditor's roles and responsibilities whereas gives less detail for the entity and other stakeholders. As the objectives of the Framework include encouraging key stakeholders to explore ways to improve audit quality, the input factors of the 3 areas, i.e. (i) Values, ethics, and attitudes, (ii) Knowledge, experience and time, and (iii) Financial reporting process and controls, should be expanded to include how other stakeholders (management and those charged with governance) should involve in audit quality as well as how they should interact with audit engagement team in order to improve audit quality.

3. How do you intend to use the Framework? Are there changes that need to be made to the form or content of the Framework to maximize its value to you?

The Framework contains useful information, captures all area of audit quality and structures them in categories. However, the write up style does give the impression of another checklist of quality rather than what so called “concept of quality“. Also, a lot of details and too many reference numbers can easily lose the readers’ focus and attention.

We suggest that the content should include the emphasis on the roles and responsibilities of management and Audit Committee as relating to audit quality. The draft Framework currently mentions on the improvement of audit quality mostly driven by auditor.

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4. What are your views on the suggested Areas to Explore? Which, if any, should be given priority and by whom? Are there additional Areas to Explore?

8 out of 10 Areas to Explore relate to the auditor's responsibilities and accountability. Only 2 areas are of Audit Committee and none is of management who is the preparer of the financial reporting. Often management views that the audit is simply a cost burden of the company and they may not be interested in the audit process. Therefore, we suggest another area to explore to be "How management should involve with the audit process to ensure audit quality?".

We agree with Areas to Explore **No. 3 Improving information sharing between audit firms when one firm decides to resign from, or is not reappointed to, an audit engagement**. The consideration should also be given on what information to be shared and how, given that auditor has the duty to keep client's information confidentially.

On **No. 9. Striving for greater international harmonization in the role of audit committees with regards to the evaluation of the quality of the external audit**, we consider that the global guidance for Audit Committee on how to evaluate and select qualified external auditor should be established.