Dear Sirs

Consultation paper: A Framework for Audit Quality

Audit Scotland is the public sector audit agency responsible for the external audit of most parts of the public sector in Scotland and welcomes the opportunity to respond to the Consultation Paper issued in January 2013.

Overall we found the Framework to be a very useful step forward which should help to raise the standard of audit work internationally.

Our responses to the questions in the Consultation paper are as follows:

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

In general we believe that the framework covers all the areas of audit quality that we would expect. We would however observe that the framework appears to treat each audit as a stand-alone event and does not sufficiently recognise that financial audit is an annual occurrence where there can be links between years that can improve audit quality. For example we would expect auditors (both continuing auditors and new appointees) to consider the matters raised in the previous year’s reports to management and those charged with governance and to follow up whether any recommendations had been implemented. In the context of wider scope public sector audits we would also consider follow up of previous recommendations to be something that increased the overall quality of the audit work.

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?

The Framework reflects an appropriate balance given the role and remit of the IAASB. The Framework rightly makes reference to the various contextual and cultural factors that can have an impact on the quality of audit. Those factors can have a significant impact in some countries where for example bribery and corruption are an integral part of the environment.

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?
We have already used the Framework as the basis for revising our own Corporate Quality Framework. In particular we have used the descriptions of the factors contributing to a quality audit to help explain how we deliver audit quality and as a context for areas where we can improve. We have found that those factors are equally applicable to public sector financial statements’ audits and to the wider scope public sector audits that we undertake.

We trust that you will find our comments helpful.

Yours sincerely

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