

Institute of Certified Public Accountants of Kenya
CPA Centre, Ruaraka, Thika Road.
P. O. Box 59963 – 00200 Nairobi, Kenya
Tel: (020) 2304226/7; 8068570/1
Mobile: (+254) 727531006 / 733856262 / 721469796
Fax: (020) 8562206
Drop in box no. 164 Revlon Professional Plaza



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Wednesday, 15 May 2013

James Gunn
Technical Director
The International Auditing and Assurance Standards Board (IAASB),
529 Fifth Avenue, 6th Floor,
New York NY 10017

Dear Sir

RE: CONSULTATION PAPER: A FRAMEWORK FOR AUDIT QUALITY

The Institute of Certified Public Accountants of Kenya (ICPAK) welcomes the opportunity to comment on the Consultation Paper: IA framework for audit Quality. This letter provides our comments on the International Auditing and Assurance Standards Board's ITC for consideration.

ICPAK commends the IAASB's initiative to develop the Framework at a time when the delivery of a high quality, robust, and independent audit is viewed as a fundamental aspect of credible financial reporting. We greatly back the IAASB's proposal to include "Key Interactions" and "Contextual Factors" in the Framework as they are essential to the general understanding of audit quality.

We attach hereto an appendix with our responses to questions for specific comment.

Should you wish to discuss the contents of this letter or require further elaboration on any of the items presented herein, please do not hesitate to contact us at icpak@icpak.com or alternatively the undersigned at nixon.omindi@icpak.com.

Yours faithfully,

Nixon Oindi
For: ICPAK-Professional Standards Committee

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

Yes, ICPAK considers that the Framework covers all the expected areas of audit quality. We would however wish to see additional guidance for instances whereby management may exert undue influence on the auditor selection process and audit fee negotiations thereby causing an inherent independence threat.

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?

Yes, ICPAK believes that the balance of the responsibilities for audit quality is fitting. We suggest that each responsible party should have clearly outlined statements of accountability in light of the audit and their contributions to audit quality so as to illuminate governance roles.

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?

Upon issuance of the Framework, ICPAK will:

- i. Advocate for use a reference document for assurance practitioners, especially small and medium practitioners, to assess whether they have achieved all elements required to undertake a quality audit;*
- ii. In discharging our regulatory mandate, as a reference point for monitoring programs*
- iii. Exposing to students and academicians for their research work.*

We however note that there is need for the Framework to explicitly state that public sector audit bodies may have no choice or discretion in relation to engagement acceptance and continuance.

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?

We are pleased with the suggested areas to explore and particularly the need for audit inspection activities so as to improve audit quality and transparency to users.

Improving information sharing between audit firms when one firm decides to resign from, or is not reappointed to, an audit engagement is also a significant area and we pose that the IAASB considers that limited information sharing between audit firms be limited to that relevant information considered necessary to enable the incoming auditor to form a basis of reliance on opening balances.