



Chartered Accountants  
Regulatory Board

Our Ref: Hb/pc

15 May 2013

**International Auditing and Assurance Standards Board**  
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Dear Sir or Madam

**IAASB Consultation Paper: A Framework for Audit Quality**

The Chartered Accountants Regulatory Board (CARB) is a body established by the Institute of Chartered Accountants in Ireland (the Institute) to regulate its members in accordance with the provisions of the Institute's Bye-Laws independently, openly and in the public interest. CARB is also responsible for setting the Code of Ethics with which Institute members must comply.

CARB is pleased to respond to your request for comments on the above named consultation.

**Comments**

CARB supports any measures which seek to enhance audit quality and the understanding and effectiveness of the statutory audit and welcomes the development of a framework for audit quality as a useful tool in this respect.

We have, as requested, responded below to the individual questions posed in the consultation paper.

**Q1. Does the Framework cover all of the areas of audit quality that you would expect? If not, what else should be included?**

The Framework covers factors which contribute to enhancing audit quality in considerable depth. However, it would be useful to preface the main body of the document with a separate section describing the nature and scope of an audit and, in particular, the limitations of an audit and the associated "audit expectation gap." Such a discussion would serve as a useful context for the subsequent discussion on audit quality, including initiatives to enhance the value of auditor reporting.

**Q2. 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?**

Although the Key Interactions section of the Framework covers interactions between auditors, management and those charged with governance, the responsibility of the audited entity for audit quality should be highlighted by reflecting the role of management and those charged with governance in the Inputs section of the Framework. Such discussion could also acknowledge some of the commercial challenges associated with the audit process – (e.g. funding the cost of increasing the informational value of auditor's reports).

We also believe that the Framework could be expanded to explore and distinguish the role of professional accountancy organisations that regulate audit firms vis-à-vis independent bodies responsible for oversight of those responsible for regulation.

**Q3. 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?**

Intended use of the Framework

We anticipate using the Framework in the following areas:

- as a tool in CARB's communications with its stakeholders (particularly members) when explaining and raising awareness of CARB's role in improving audit quality
- as a reference document when periodically reviewing the scope and adequacy of CARB's external audit inspection work programmes.

Changes that need to be made to the form or content of the Framework

See our responses to questions 1 and 2 above and 4 below.

**Q4. 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?**

CARB recognises that the individual Areas to Explore may be of varying relevance to particular stakeholders and we have confined our comments below to the areas most pertinent to CARB's functions and responsibilities. We understand that the Representation and Technical Department of the Institute is submitting a separate response and may comment on other aspects of this consultation paper.

**4. *Considering whether audit inspection activities can do more to improve audit quality and to make audit quality more transparent to users;***

Given the global nature of business, of statutory audit and of the largest audit firms, we strongly support the principle of increased international harmonisation of audit inspection activities as a means of improving audit quality. We encourage continued dialogue and co-operation between regulators and oversight bodies to maximise harmonisation and consistency of audit inspection activities.

In addition, harmonised audit inspection activities should facilitate the sharing of resources, the development of common training programmes, and reliance on one another's work by regulators and oversight bodies.

**5. *Exploring whether there would be value in national authorities responsible for determining sanctions on auditors exchanging information with a view to evaluating the relative effectiveness of their different arrangements;***

We agree with the above initiative. In certain cases, it may take some time to evaluate the relative effectiveness of particular sanctions on auditors (e.g. where a change in culture is required before an improvement in audit practices can be achieved). We would therefore support mechanisms which facilitate the sharing, internationally, of information on sanctions.

**6. *Considering 'root causes' and best practices by regulators, audit firms, and the wider audit profession in order to learn from past audit deficiencies and to identify and address systemic issues;***

We strongly support transparency in the timely disclosure by audit regulators and oversight bodies of investigations and disciplinary action, as a means of providing feedback to auditors and audit firms in relation to matters that may enhance audit quality. As noted above, CARB regulates its members openly and in the public interest and publishes details of regulatory and disciplinary actions and notifications in relation to public hearings in accordance with our publication policy.

Increased transparency and international collaboration by audit regulators and oversight bodies should assist in the identification of the 'root causes' of audit failings and in the determination of the most appropriate remedial action to take and, where relevant, the most effective sanction to impose (considering best practices observed). Anecdotal evidence of common audit failings, both nationally and internationally, points to the expected value of such initiatives.

Furthermore, such 'root causes' could actually be drawn out and commented upon in the Framework.

We are happy to discuss any of the above comments with you. Please contact the undersigned if you have any queries.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Heather Briers', with a long, sweeping horizontal line extending to the right.

**Heather Briers**  
**Director**  
**Chartered Accountants Regulatory Board**