Dear Mr Gunn

Consultation Paper: A Framework for Audit Quality

CPA Australia welcomes the opportunity to comment on the Consultation Paper: A Framework for Audit Quality (CP). CPA Australia is one of the world’s largest accounting bodies and represents the diverse interests of more than 144,000 members in finance, accounting and business in 127 countries throughout the world. Our vision is for CPA Australia to be the global professional accountancy designation for strategic business leaders. We make this submission on behalf of our members and in the broader public interest.

CPA Australia commends the International Auditing and Assurance Standards Board (IAASB) for undertaking a project to design and develop an Audit Quality Framework (AQF) that achieves universal recognition. Whilst we support the efforts of the IAASB in developing the AQF proposals as presented in the CP, we make the following recommendations to assist the IAASB in further developing and finalising the AQF.

- As currently drafted, the proposed AQF can be readily understood by the auditor community, but CPA Australia does not believe the language and focus of the document is readily understandable by other stakeholders who do not possess similar detailed knowledge of the auditing profession. We suggest that in further developing the AQF, it should be drafted to be understood not only by auditors, but all relevant stakeholders as well.

- We are of the opinion that there is a disproportionate attention to Input factors relating to the audit firm and its components and insufficient consideration of Outputs, Interactions and Contextual factors. A more balanced approach that comprehensively describes the components of the other three factors should assist in addressing some of the concerns regarding understandability raised above.

- The status of the proposed AQF within the IAASB suite of pronouncements is unclear at present. Along with a wider purpose in facilitating understanding and dialogue on audit quality, we recommend that the core principles within the AQF, particularly in respect of Input factors, be eventually incorporated into other IAASB pronouncements that are concerned with audit quality (for example, within ISQC 1).

If you require further information on any of our views expressed in this submission, please contact Ram Subramanian, CPA Australia by email at ram.subramanian@cpaaustralia.com.au.

Yours sincerely

Alex Malley FCPA
Chief Executive

cc: A Ghandar