

November 4, 2014

American Institute of CPAs (AICPA)
1211 Avenue of the Americas
New York, NY 10036-8775
USA

By email: EAQ@aicpa.org

ENHANCING AUDIT QUALITY: PLANS AND PERSPECTIVES FOR THE U.S. CPA PROFESSION

Dear Sir/Madam:

The International Federation of Accountants (IFAC) values the opportunity to comment on the AICPA's discussion paper, *Enhancing Audit Quality: Plans and Perspectives for the U.S. CPA Profession*.

Through its current membership of 179 professional accountancy organizations in 130 countries and jurisdictions, IFAC represents approximately 2.5 million accountants in public practice, industry and commerce, government, and education.

Importance of Audit Quality

IFAC recognizes the importance of high-quality auditing and acts to promote and enhance audit quality across the globe by, among other things, contributing to the development, adoption, and implementation of high-quality, internationally accepted auditing and quality control standards and guidance.

Efforts to maintain and improve audit quality are fundamental to serving and protecting the public interest, and these efforts should not be restricted to limited or specific segments of the audit market, e.g. listed entities. The importance of high-quality auditing applies to all audits regardless of the size, complexity, or type of the entity being audited.

A critical way in which audit quality can be promoted and enhanced is through robust, effective, and efficient quality assurance and review, and formal independent inspection arrangements, as appropriate. IFAC believes that professional accountancy organizations (PAOs) play, and should continue to play, an important role in the regulation of profession. With this in mind, PAOs' practice and peer review programs are a crucial part of any such regulation.¹

IFAC is encouraged to note the AICPA's endeavors to examine means by which to enhance audit quality, specifically through new and innovative practice review arrangements. IFAC also recognizes that there are many jurisdictions around the world that have recently examined or are currently examining the topic of audit quality, either directly or as an indirect consequence of other important programs.

¹ IFAC's views on the involvement of professional accountancy organizations in the regulation of the accountancy profession are outlined in IFAC's Policy Position Paper 1 [Regulation of the Accountancy Profession](#).



These programs and initiatives have been originated by the profession, regulators, and other key stakeholders and interested parties.²

Support for the AICPA's Approach and Initiative

IFAC applauds the AICPA's effort to seek to improve audit quality in the proactive manner outlined in this discussion paper. It strongly supports the AICPA's proposals to further strengthen its practice review arrangements and to make them more robust and efficient.

It is important for the profession to continually assess and consider the future of the profession and the services provided. Looking at innovative ways to enhance the relevance and role of the profession is an important element of this process. The AICPA's proposal for "Practice Monitoring of the Future," including the two-phased approach and roll-out plan, is a good example of such innovation.

IFAC is looking forward to keeping abreast of this initiative. In particular, IFAC is keen to become acquainted with the successes, challenges, and development and implementation issues of the initiative, so that it might potentially assist the AICPA in promoting the initiative more broadly, including examining potential opportunities for other jurisdictions to utilize and leverage the work in the future.

Please do not hesitate to contact me if you have any questions, or if there are ways in which you envisage that IFAC might assist you with this important initiative.

Regards,

A handwritten signature in black ink, appearing to read 'Faye Choudhury', is written over a light grey rectangular background.

Faye Choudhury
Chief Executive Officer

² These programs and initiatives, for example, have taken place at international (by the International Auditing and Assurance Standards Board through its publication [A Framework for Audit Quality: Key Elements that Create an Environment for Audit Quality](#)), regional (by the [Fédération des Experts Comptables Européens](#) in Europe through its discussion paper on the future of audit and assurance), and national (in the US by the [PCAOB](#) and [Center for Audit Quality](#) with respect to audit quality indicators; in [Canada](#) by the profession and the regulatory community working jointly on a consultative process to enhance audit quality; and in the [UK](#) and [Australia](#) where regulators have undertaken specific audit quality projects) levels.