



Chartered Accountants
Regulatory Board

The Linehall, 32-38 Linenhall Street,
Belfast, BT2 8BG

(from NI) Tel: 028 9043 5858

Fax: 028 9031 9320

(from ROI) Tel: 048 9043 5858

Fax: 048 9031 9320

Email: carb@carb.ie

Web: www.carb.ie

Ms Hazel O'Sullivan
The Auditing Practices Board Limited
5th Floor
Aldwych House
71-91 Aldwych
London
WC2B 4HN

27 January 2010

By email: h.osullivan@frc-apb.org.uk

Dear Ms O'Sullivan

CONSULTATION ON AUDIT FIRMS PROVIDING NON-AUDIT SERVICES TO LISTED COMPANIES THAT THEY AUDIT

The Ethics Committee of the Chartered Accountants Regulatory Board (CARB) is pleased to respond to your request for comments on the APB's consultation on audit firms providing non-audit services to listed companies that they audit, issued in October 2009.

The CARB is a body established by the Institute of Chartered Accountants in Ireland, in accordance with the provisions of its Bye-Laws, to regulate its members independently, openly and in the public interest.

We have confined our comments to the questions outlined in the consultation paper.

1. (a) **Do you think that the provision of non-audit services by accounting firms to their audit clients currently impacts confidence in the independence of auditors?**
- (b) **Are you aware of any instances where the provision of non-audit services by accounting firms to their audit clients has or may have adversely affected audit quality? Please give the reasons for your views.**

As far as Ireland is concerned, we have no evidence to suggest that the provision of non-audit services has adversely affected audit quality or currently impacts confidence in the independence of auditors.

We are not aware of any pressure or demand from interested parties such as the government, investors or oversight bodies to change the current position.

2. **If you do consider that the provision of non-audit services has adversely affected audit quality or currently impacts confidence in the independence of auditors please identify which non-audit services are of concern. Please give the reasons for your view.**

Not applicable.

3. **In the light of your answers to questions 1 and 2, do you think that there needs to be a change in the approach taken by APB to the setting of standards relating to the**

provision of non-audit services by auditors to the entities that they audit? Please give reasons for your view.

We do not believe that a change is needed in the approach taken by APB to the setting of standards relating to the provision of non-audit services by auditors to the entities that they audit.

As noted above, we do not believe that further restrictions on non-audit services are required. However, if there is a perception issue surrounding the provision of non audit services, this may be addressed by reviewing disclosure and reporting provisions within corporate governance requirements and clarifying current legislation.

4. If you think that there should be a change in the current arrangements, would you advocate:

- **Complete or more extensive prohibitions on the provision of non-audit services by accounting firms to their audit clients within the Ethical Standards for Auditors;**
- **The imposition of other requirements through the Ethical Standards for Auditors (and if so which);**
- **More active corporate governance – e.g. so that non-audit service engagements were required to be pre-approved by the company's board of directors or audit committee;**
- **Better (and more extensive) disclosure in financial statements.**

Please provide reasons for your views and any suggested solutions.

As stated above, we do not believe that further changes are needed to the non audit services provisions within the Ethical Standards.

If there is an issue of perception surrounding the provision of non audit services then greater clarity in the disclosure of audit fees would be helpful to assist the users of published financial statements. In particular further guidance as to the meaning of the terms "other assurance services" and "other non audit services" as used within the Eighth Directive should be considered.

We have no evidence to suggest that requiring pre-approval of all non audit services by the audit committee is necessary provided there is proper disclosure of any policy adopted by the audit committee.

5. In setting the standards relating to auditor independence, do you believe regard should be had to the perceived benefits that are derived by companies from the provision of non-audit services by their auditors? If your answer is yes, please provide specific examples of these benefits and indicate the magnitude of any cost savings that arise.

We note and agree with the benefits that are derived by companies from the provision of non-audit services by their auditors as listed in paragraphs 3.3 and 3.4 of the Consultation Paper.

6. Are there any other views that you would like the APB to take into account?

As stated in previous responses, we strongly support the harmonisation of national ethics codes with international standards. Any move further away from such harmonisation would not be encouraged.

If you have any queries please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'N Steele', written in a cursive style.

Noelene Steele
Head of Regulatory Policy
Chartered Accountants Regulatory Board