



## International Federation of Accountants

545 Fifth Avenue, 14th Floor, New York, NY 10017 USA

Tel +1 (212) 286-9344 Fax +1 (212) 286-9570 [www.ifac.org](http://www.ifac.org)

September 10, 2007

Christina Trickett  
Professional Oversight Board of the FRC  
5<sup>th</sup> Floor  
Aldwych House  
71-91 Aldwych  
London WC2B 4HN

By Email: [c.trickett@frc-pob.org.uk](mailto:c.trickett@frc-pob.org.uk)

Dear Ms. Trickett,

### **REPORTING ON AUDIT QUALITY MONITORING – IMPLEMENTING A NEW APPROACH**

I am pleased to have the opportunity to comment on the Professional Oversight Board's Consultation Document *Reporting on Audit Quality – Implementing a New Approach*. This letter is a personal reaction, informed by the international context in which the IAASB operates.

The International Auditing and Assurance Standards Board (IAASB) is in the process of developing its strategy for the next few years. The proposed *Consultation Paper: IAASB Strategy 2009-2011*, which is expected to be approved later this month by the IAASB, refers to a need for us to develop a process for assessing the effectiveness of the implementation of new standards. This would allow us to determine whether there is any necessity for further refinement to new standards in order to achieve their intended effect. The experience of oversight bodies that monitor audit quality would be an important source of information to the IAASB about how standards are being implemented in practice.

The Audit Inspection Unit's annual public report on the principal themes and issues arising from its inspections is a good example of such a source of information. However, it is not clear from the proposal in paragraph 4.6 of the Consultation Document whether the expanded section in the Professional Oversight Board's annual report to the Secretary of State for Trade and Industry will contain the same type and level of information currently included in the Audit Inspection Unit's annual public report.

High-level reports on the findings of each inspection of the Big 4 firms and other larger firms subject to full scope inspections (as proposed in paragraph 2.5 of the Consultation Document) may be useful to audit committees, investors and the firms. However, from an

international standard-setting perspective, a summary of relevant issues arising generally from inspections is likely to be more useful. I therefore recommend that the Professional Oversight Board include the same type and level of information in the proposed expanded section of its annual report to the Secretary of State for Trade and Industry and that the information can be accessed without undue difficulty.

I should like to take this opportunity to say that we would always welcome views from the POB on matters that are relevant to audit standard setting.

Please do not hesitate to contact me should you wish to discuss the above.

Yours sincerely,

A handwritten signature in blue ink that reads "John Kellas". The signature is written in a cursive style with a blue ink color.

John Kellas  
Chairman, International Auditing and Assurance Standards Board