

Christina Trickett

From: John Roques [roques@dial.pipex.com]
Sent: 28 August 2006 12:08
To: Christina Trickett
Subject: Audit Quality Monitoring

Dear Ms Trickett,

I am responding to your consultation paper. I am a non-executive director and Chairman of the Audit Committee at BBA Group, Henderson Group and Premier Farnell. I was the Senior Partner of Deloitte & Touche which may enable me to provide useful insight or cause prejudice in support of the "big four". You will have to decide.

Question 1. I attach most weight to the argument that the public reports could tend to become anodyne and thus of limited value. I believe that it would weaken the essential purpose of audit inspection, which is to improve audit quality. I do not believe that a "firm" report would provide useful information to audit committees whose assessment of performance is focussed primarily on the engagement team not the firm.

Question 2. I would support Option C. I can hardly imagine this situation arising in practice but if a firm declines to co-operate with the AIU then it deserves to be "named and shamed". My reasons for this conclusion are in substance provided in my response to question 1.

Question 3. I think that this is the most interesting and difficult question. On the one hand the provision of the report could lead to all the problems of general publication. On the other hand I cannot see how it can be in the public interest that an audit committee is not made aware that its audit has been defective and that presumably as a consequence there is a risk of a company misleading its shareholders. I conclude that when and only when the AIU considers that the defects in the audit could lead to errors in the annual accounts a report should be provided to the audit committee.

Question 4. My responses to the questions take account of the cost/ benefits i.e I would see little value in the alternative proposals.

John Roques