

# Auditor Oversight, Auditor Liability and Legal Enforceability of Standards

*Financial Reporting & Auditing Conference  
Victoria University of Wellington*

*20<sup>th</sup> October 2010*

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# Goal - Sustainable high quality audit

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# *Drivers of Audit Quality*

Benefit of audit - a guide to audit quality

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# Australian Experience

## Auditor Oversight

- Approx 5,000 Registered Company auditors
- Government auditor oversight commenced 2005
- Team built as program developed (approx 15)
- Staged approach; independence then audit quality
- Tools used
- Firm and Practitioner

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# Australian Experience

## Auditor Oversight

- Communications
- Public Reporting
- Keeping focused
- Aligning stakeholders
- International regulators
- Measuring success

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# Australian Experience

## Auditor Oversight

- Role of the professional body
- Mutual recognition
- Future focus of ICAA
- Thought Leadership paper - Quality Review: Past Present and Future

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# Australian Experience

## Legal Enforceability of Auditing Standards

- Introduced July 2006
- Initial concerns
- Clear message to the market
- Communication
- Practical Implementation

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# Australian Experience

## Auditor Liability

- Scope across a range of professional services
- Shortage of insurance; improve availability and affordability
- Proportionate liability
- Supply of auditors
- Consumer confidence and protection
- Facilitating improvement in quality and risk management

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# European Union Green Paper

- Released 13 October 2010
- 38 questions raised
- Broad scope
- Submissions until 8 Dec 2010

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