

Current Affairs Noticeboard

‘Cheap shot’ at IAASB

A member of the International Auditing & Assurance Standards Board has branded as a ‘cheap shot’ criticisms that the international auditing standards are formulated without consideration of the public interest.

IAASB member Ian McPhee – one of three members selected to represent the public interest – told a meeting of the Auditing & Assurance Standards Board in Australia that the criticisms of the IAASB’s processes were baseless.

He says the international auditing standard setter has embedded in its constitution that it must have the public interest at heart and its membership reflects the public interest objective.

McPhee’s concerns were expressed during the inaugural meeting of the statutory auditing standards board chaired by Merran Kelsall, a professional director and consultant. Those concerns related to criticisms contained in the minutes of a meeting of the auditing standards taskforce of the Financial Reporting Council.

The minutes, which were not available to members of the public gallery in attendance at the meeting, were discussed during the board’s public session and McPhee – a senior executive within the Commonwealth Department of Finance and Administration – told the board suggestions the IAASB was a lesser body than the International Accounting Standards Board because it was constituted by part-time members that had the potential for conflict were without substance.

The previous audit board chairman, PricewaterhouseCoopers partner Bill Edge, confirmed the concern about the IAASB’s auditing standards existed in part because of the perception that the IASB is an independent standard setter with full-time standard setters and the international audit standard setter is still a part of an organisation that is funded by professional accounting bodies.

The minutes of the taskforce meeting discussed at the board also raised the issue of the domestic auditing standard setters strategic direction. The position advocated by the auditing taskforce of the FRC is that the audit board should not merely adopt the standards of the IAASB on face value.

The FRC taskforce enunciated a position in the minutes of the meeting that the audit board should set auditing standards that reflect global best practice after

the AuASB had subjected the standards to both public consultation and its own detailed review of a proposed auditing standard.