



1 February 2010

Our Ref.: C/RPG

Dear Mr. Cheung,

**Re: Consultation paper on proposed changes to auditing practices**

Thank you for your letter dated 29 December 2009. I am pleased to hear that you understand and agree with the proposals in the consultation paper. I will respond to your suggestions in the order that you made them:

1. The criteria that must be met for registration as a Registered Audit Practice are set out in general terms in the consultation paper and will be supported by further detailed guidance to be issued in due course (see Point 2).
2. Fit and proper criteria and competency requirements have been developed and will be made available to members in due course. Fit and proper requirements as applied to a practice are similar to those required by an individual when becoming a member of the Institute.
3. Ongoing eligibility refers to practices maintaining the criteria required at the point of initial registration. The assessment will be carried out in part by declarations (fit and proper) and also during the course of practice review visits.
4. The proposed changes are part of the Institute's overall aim to ensure that public trust in audit quality is maintained. The aim is to further demonstrate that members active in providing audit services are up to date in their understanding and application of current professional standards.
5. There will be no distinction under the proposed arrangements between "full time" and "part time" auditors. Any member active in providing audit services should and will be expected to meet the same standards of technical knowledge and competence.

As you may be aware the Institute is holding two information sessions on the consultation proposals, on 2 and 8 February. Given your interest in the subject I do hope that you will be able to attend one of the sessions and contribute to the discussions.

Yours sincerely,

Winnie C.W. Cheung  
Chief Executive

WCC/CJ/vs