



**LAUNCH OF THE AUDIT QUALITY REVIEW BOARD
THE MINT, SYDNEY**

17 FEBRUARY 2006

Good morning.

I'd like to thank Professor Rogers for inviting me to officially launch the Audit Quality Review Board, or AQRB. I'm delighted to be here this morning.

On the way up to Sydney, I was thinking about the Board's description as "the profession's own quality improvement initiative".

And I was reminded of the quip by the American novelist William S. Burroughs:

"You can't fake quality any more than you can fake a good meal."

Quality is something we all want — and indeed, expect — from the audit profession.

So it's apt that the Board's mission is to promote greater robustness and transparency in the quality monitoring processes for audits of publicly-listed entities.

The AQRB has come at the right time. It complements the dramatic changes in the auditing landscape over the last few years.

I see several challenges ahead for the profession, both at the domestic and international levels.

For example, the bedding down of the significant CLERP 9 audit and financial disclosure reforms...

The introduction of International Financial Reporting Standards, and the related issue of convergence with US Generally Accepted Accounting Principles...

And the work that the international accounting profession is undertaking to develop international auditing and assurance standards.

The importance and complexity of these issues makes it even more critical that the audit profession continues to work closely with the Government, ASIC and other bodies such as the Financial Reporting Council.

One of the most important contributions auditors can make, in the public interest, is to focus on the integrity and quality of the audit process. This, in turn, will enhance confidence and trust in their work.

I would like to commend the auditing profession on its initiative in establishing the AQRB.

This new undertaking represents a tangible commitment by the profession, and its major players, to enhance audit quality and integrity.

It also reflects the profession's desire to support the Government's audit and financial reporting reforms introduced under CLERP 9.

I understand that the AQRB had a fairly lengthy gestation period. As a strong proponent of partnerships and consultation myself, I appreciate the way the profession has been at pains to fully consult key stakeholders in developing the AQRB concept.

This strategy has clearly paid dividends. The AQRB model fits well into the overall framework established by CLERP 9, which envisaged a continuing role for the audit profession.

In that context, I am pleased to note that the AQRB aims to complement — but not displace or alter — the role of the Australian Securities and Investments Commission.

The AQRB also seeks to complement and support other professional bodies — such as CPA Australia, the National Institute of Accountants, and the Institute of Chartered Accountants in Australia — in their quality assurance activities.

I understand that the AQRB proposes that its review model for participating firms will evolve to encompass all aspects of the professional bodies' quality assurance review processes relating to the audit of publicly-listed entities.

This would be a desirable outcome. I would encourage the AQRB and the professional bodies to work together to achieve this goal.

In conclusion, I would like to congratulate Andrew Rogers on his appointment as the inaugural Chairman of AQRB.

I would also like to congratulate Alan Cameron, William Coad, Brigid Curran, Ian Gilmour, Professor Michael Lavarch, Bob Lynn, Professor Ian Ramsay and John Richardson on their appointments to the Board.

As you go about your work of realising the AQRB's objectives, you may like to recall the words of William S. Burroughs — "You can't fake quality"!

On a more serious note, I would once again like to congratulate everyone involved in this venture. And to wish you all every success in the future.

Thank you.

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