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11 February 2022

Attention: Doug Niven  
Chief Accountant  
Australian Securities and Investments Commission  
GPO Box 9827  
Sydney NSW 2001

Email: [auditsubmissions@asic.gov.au](mailto:auditsubmissions@asic.gov.au)

Dear Doug

**Consultation Paper 352 Communicating audit findings to directors, audit committees or senior managers**

CPA Australia appreciates the opportunity to comment on ASIC's proposals to communicate audit inspection findings directly to directors and certain other persons of audited entities. CPA Australia represents the diverse interests of more than 168,000 members working in over a 100 countries and regions around the world. We make this submission on behalf of our members and in the broader public interest.

We support direct communication of ASIC's audit inspection findings to entities as it promotes greater transparency and encourages greater dialogue and engagement between ASIC and directors and audit committees of entities. We support the change from communicating findings on an exception basis, as is done currently under RG 260, to communicating on a routine basis. We agree that routine communication should aim to stimulate engagement by directors and audit committees in supporting quality of the external audit and consistent communication as explained in CP 352 paragraph 14. We also agree that it will help to provide information for the directors to question the auditor on the matters identified in CP 352 paragraph 15.

However, we recommend that communication of findings should be in plain English, as far as practicable. The format and wording of the comment forms provided to auditors may not always meet the needs of Directors and audit committees as it sometimes contains excessive technical audit terminology. ASIC could also consider providing a glossary of terms used. Whilst directors and audit committees should be financially literate, audit terminology and meanings are not always intuitive and can be more specialised than usual financial terms.

If you require further information on the views expressed in this submission, please contact Ram Subramanian, Senior manager Reporting and Audit Policy at [REDACTED].

Your sincerely

[REDACTED]

**Dr. Gary Pflugrath FCPA**  
Executive General Manager, Policy and Advocacy

## Attachment

### Response to Specific Questions

**B1Q1 Should any of the types of audit quality findings outlined in paragraph 11 not be communicated?**

CPA Australia supports the inclusion of the four categories of matters identified in paragraph 11 of CP 352.

**B1Q2 Are there any additional types of audit quality findings that should be communicated?**

We are not aware of any other categories of audit quality findings which should be communicated.

**B1Q3 Do you have any other comments on the types of audit quality findings proposed to be communicated as set out in paragraph 11?**

No further comments.