

CAR Consultation
Securities and Markets Supervision Division
Central Bank of Ireland
Block D
Iveagh Court
Harcourt Road
Dublin 2

31st October 2013

Dear Sir/Madam

**Chartered Accountants Ireland response Central Bank of Ireland Consultation Paper 71
“Client Asset Regulations and Guidance”**

The Audit and Assurance Committee of Chartered Accountants Ireland (AAC) is pleased to respond to the above consultation. We have considered questions 30 and 31 in particular as they pertain to the client asset examination (CAE) which is to be performed by external auditors.

**Q.30 Do you agree that Regulation 8 (3) provides for what should be included in the CAE?
If not please explain why.**

AAC would welcome the opportunity to discuss with you the detailed wording of the report which will be required pursuant to Regulation 8 (3).

In particular we would like to discuss the following:

- We would like to clarify what is meant by the term “assessment” (auditors normally provide “opinions”).
- We have some concerns about auditors being asked to comment on the “adequacy” of processes and systems and would like to discuss this in more detail.

- There would appear to be some contradiction in asking auditors to comment on matters “as at the period end date” but also “throughout the period concerned”.
- It will be useful to discuss what is meant by the terms “reasonable assurance” and “limited assurance” to ensure they are clearly understood and whether the Central Bank is using them in the context of International Standard of Assurance Engagements (ISAE) 3000 “Assurance Engagements Other than Audits or Reviews of Historical Information” issued by the International Auditing and Assurance Standards Board (IAASB). We understand the ISAE was considered in the course of discussions prior to release of the paper but this is not apparent from the Consultation Paper.
- On a specific point, we would have some concern that the requirement on page 25 for the auditor to carry out, twice yearly, “external confirmations *of any balances held* in respect of client assets by other financial institutions” may be unduly onerous. An appropriately designed sampling approach should provide sufficient evidence.
- It is not clear what is meant by the ‘auditors’ technical standard’. It is important to clarify the framework against which the examination will be undertaken. For example we draw your attention to Bulletin 2011/2 “Providing assurance on Client Assets to the Financial Services Authority” issued by the Financial Reporting Council in the UK context.

We note that the Financial Conduct Authority in the UK has recently closed a consultation in relation to the client assets regime for investment business in that jurisdiction. It is useful to consider the developments in this area.

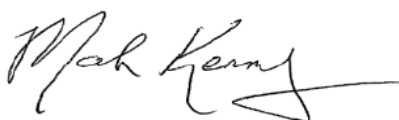
Q.31. Should this review be carried out more frequent than annually? If so, please explain why.

AAC considers that an annual review is sufficient.

We understand that there will be a further consultation which addresses in more detail the reporting by auditors in relation to client assets and we look forward to engaging with you again at that time in order to develop an effective structure for such reporting.

Please contact Karen Flannery at karen.flannery@charteredaccountants.ie or on (01) 637 7389 if you would like to discuss these comments any further.

Yours faithfully



Mark Kenny
Secretary
Audit and Assurance Committee
Chartered Accountants Ireland

I311013cp71
