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Governance, Accounting and Auditing Policy Division,
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Consultation Paper
CP 56

Dear Sirs,

I write to you as an individual who chose to retire early to make a second career as a Non Executive Director (NED) and who, prior to retirement, was a Financial Services partner of a big 4 accountancy practice in Ireland. During my 25+ years as a partner I obviously had many dealings with boards and audit committees.

Apart from other directorships, I currently sit as an Independent Non Executive Director (INED) on the boards of six insurance companies (of which three are inside one group) in both Ireland and the UK and chair all of their audit committees. I also chair or have chaired a number of other audit committees in the public sector, private sector (including regulated companies) and the not-for-profit sector.

I note that in the draft Auditor Protocol, you are proposing a trilateral meeting (to include the Chairman of the Audit Committee) at the **planning** stage of the audit rather than at the post audit stage.

In my opinion, you would have a more productive result if you were to arrange to have:

- (i) a bilateral meeting with the external auditor after they had met with the audit committee for the pre audit planning meeting followed by

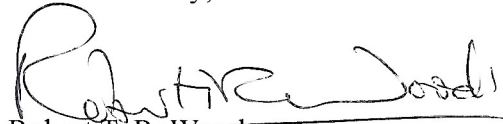
- (ii) a trilateral meeting after the audit is 'completed'. Such a trilateral meeting would thus take place **after** the audit committee had held its own post audit meeting with the auditors.

Issues that could then be discussed at the trilateral meeting might then include:

- Discussion of the nature and scope of the audit
- Confirmation that the auditors followed their intended audit plan and did not make changes based on the findings during the audit
- A review the findings of the auditors work, including any 'management letter matters'
- Compliance with accounting standards and any legal requirements
- Significant accounting policies and practices and confirmation that there have been no changes
- All issues dealt with under ISA (UK & Ireland) 260 – Communication of Audit Matters with Those Charged with Governance
- Significant adjustments, if any, resulting from the audit
- Decisions requiring a significant element of estimates and/or judgement
- Clarity and completeness of disclosures
- The going concern assumption
- Assessment of the independence and objectivity of the external auditor and the degree of scepticism exercised by the auditor
- Review the Directors' Report, including business review
- Review of the contents of the letter of representation from the Board to the Auditors
- Recommendations made by the Audit Committee to the Board

If you would like to discuss the suggestion to switch the trilateral meeting from **before** to **after** the audit process is completed, please do not hesitate to contact me.

Yours faithfully,



Robert F. R. Woods