



Quality Control – Quality Management

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Group Chair

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Agenda Item 6–A

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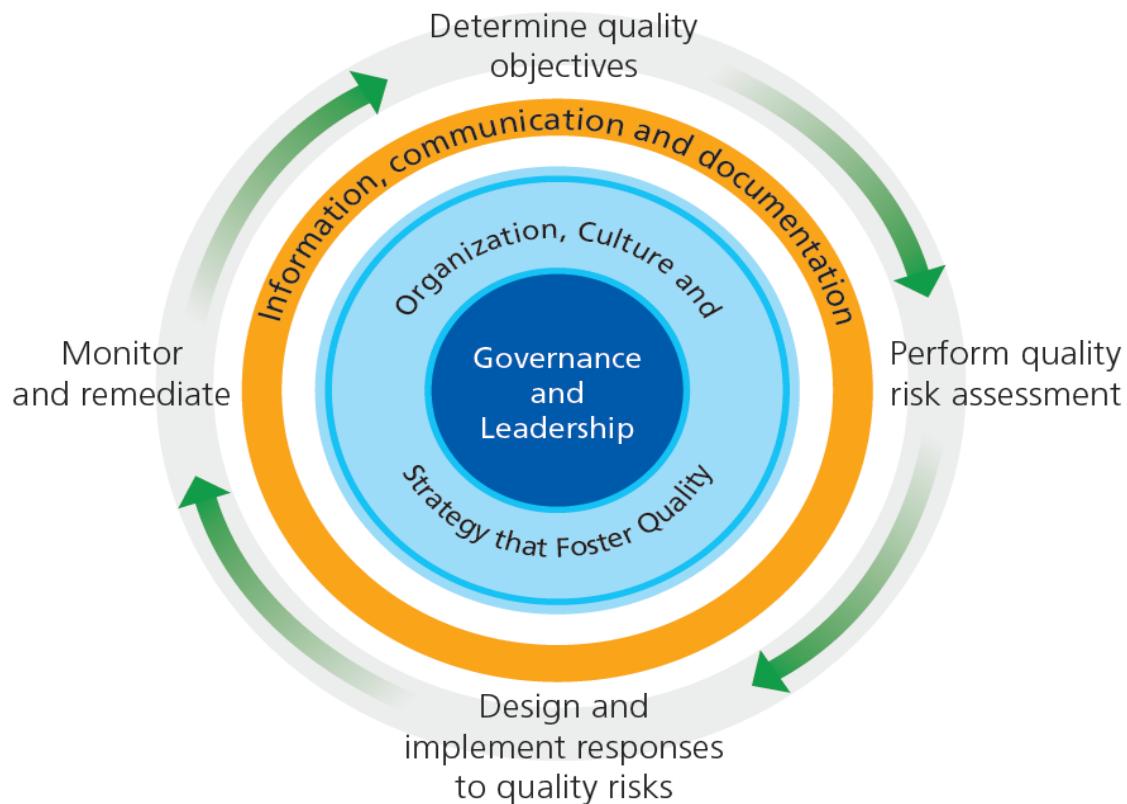
Small and Medium Practices Committee (SMPC) Feedback

- Overall concern – adding to existing requirements and keeping the standards scalable
 - Keep it clear and simple
 - Start with basics and add on for more complex firms
 - Agree with revised structure but upfront explanation needed in ISQC 1
 - Agree that proposals will help retain robustness, however QMA is a re-structure (could be perceived as an add-on)
 - Support for scalability
 - Examples helpful but placement needs consideration, possibly outside of the standard
 - Reliance on networks – impact of networks needs to be addressed
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Small and Medium Practices Committee (SMPC) Feedback

- Agree with foundational components and support proposals
 - Information, communication and documentation:
 - More explanation needed about what is “information”
 - Documentation – emphasis on the extent of documentation needed – should be enough to support the firm’s operation of the QM, not enough to support inspection
 - Clarification of documentation needed to evidence *verbal* communication
- QMP
 - Firms’ processes for risk identification:
 - Robustness of firm’s processes important
 - Recommend approach similar to IESBA, i.e., factors present that mean a risk does not exist,
 - Re-evaluation of the risks – approach where there are specific factors that trigger re-assessment, rather than a routine basis
 - “Minimum” objectives / responses – suggestion to rather explain attributes of firms

Quality Management Components



Incorporating Quality Management into ISQC 1

Scalable and proportional without diminishing the robustness

Quality Management

Foundational components

Governance and leadership

- Principles for governance, supported by requirements for leadership

Information, communication and documentation

- Requirements that are outcome based

Quality management process (QMP)

Requirements for firms to:

- Determine quality objectives
- Perform quality risk assessment
- Design and implement responses to quality risks
- Monitor and remediate

Applying the QMP

Minimum objectives and responses addressing:

- Law, regulation and relevant ethical requirements
- Acceptance and continuance of client relationships and specific engagements
- Resources
- Engagement performance



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