ISQC 1 – Documentation

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- Needs to support a sustainable system

- Sufficient in order that firm personnel understand their responsibilities and how to discharge those responsibilities

- Link with communication, i.e., if it doesn't need to be communicated (e.g., no one needs to know it, unlikely that it needs to be documented)

- Possibility of a risk-based approach: what documentation is needed to support the operation of the system

- Documentation of process would be burdensome
  - However in some cases documentation of process is needed to support the outcome

SMPC Feedback

- Clarification of documentation is in stakeholders' interests

- Documentation important and has many benefits

- Emphasized need for proportional requirements that are not excessive

- Support overarching requirement

- More emphasis that the facilitation of a consistent and appropriate understanding, as well as communication, may be achievable without the need for formal documentation
  - Also the requirement in X1 and application material in AX2 appear contradictory on this point

- Concerned with references to expectations of external oversight authorities in application material (AX2)

- Do not support requirement that firms must document processes – in some instances how the firm gets there is self-evident

- Documentation should cover all components, but shouldn't specify matters in relation to each component – instead support application material that explains type of documentation in relation to components (i.e., how it has been addressed in AX3-AX4)

Questions

The IAASB is asked to share their views regarding the proposed requirements and application material addressing documentation that would be incorporated in the draft of ISQC 1 (Revised), including:

(a) Whether the proposed requirements clearly set out how firms are expected to document matters related to the system of quality management   and whether the documentation requirements would result in appropriate documentation.

(b) Whether the documentation requirements should require the firm to document the processes relating to the system of quality management, including the firm's processes for establishing quality objectives, identifying and assessing quality risks and designing and implementing responses to the quality risks.

(c) Whether there should be specific documentation requirements in relation to all components of the system of quality management.

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