

Ouagadougou, July 1, 2019

Mrs. Natalie Klonaridis

International Auditing and Assurance Standards Board
International Federation of Accountants
529 Fifth Avenue
New York, NY 10017
USA

Our ref.: ED/2019/03

ED: ED-ISQM1

Dear **Mrs. Natalie Klonaridis**

We appreciate the opportunity to comment on the International Auditing and Assurance Standards Board's (IAASB) Exposure Draft ISQM1

We have read the drafts with interest and have greatly appreciated that any stakeholder is given chance to express his view.

This letter and the bellow appendix represent the views of, the ETY on the subjected matter.

If you have any questions regarding its content, please do not hesitate to contact us at y.traore@ety-global.com or ety@ety-global.com.

Sincerely yours




ETY sas
Yacouba TRAORE, President

Appendix Responses to questions included in the Exposure Drafts

1. The IAASB's EDs for QM at the Firm and Engagement Level, Including EQRs (covering EM)

Section 7 Request for Comments

The explanatory memorandums for each of the standards include questions about the key issues considered by the IAASB in developing the exposure drafts, and are available at www.iaasb.org/quality-management. The questions below address key issues pervasive to the three standards. Comments will be most helpful if they include the reasons for any concern about the matters covered in the questions below.

Overall Questions

- 1) Do you support the approach and rationale for the proposed implementation period of approximately 18 months after the approval of the three standards by the Public Interest Oversight Board? If not, what is an appropriate implementation period?

Yes we do.

- 2) In order to support implementation of the standards in accordance with the IAASB's proposed effective date, what implementation materials would be most helpful, in particular for SMPs?

Implementation guidance and templates including video and audio materials for education and sensitization.

General Questions

In addition, the IAASB is also seeking comments on the general matters set out below for all three EDs:

- (a) *Developing Nations*—Recognizing that many developing nations have adopted or are in the process of adopting the International Standards, the IAASB invites respondents from these nations to comment on the proposals, in particular, on any foreseeable difficulties in applying it in a developing nation environment.

See below comments referring to SMPs

(b) Public Sector—The IAASB welcomes input from public sector auditors on how the proposed standards affect engagements in the public sector, particularly regarding whether there are potential concerns about the applicability of the proposals to the structure and governance arrangements of public sector auditors.

Not applicable

(c) Translations—Recognizing that many respondents may intend to translate the final ISQMs and ISA for adoption in their own environments, the IAASB welcomes comment on potential translation issues respondents may note in reviewing the proposed standards.

Not applicable

2. ISQM 1

Section 4 Request for Comments

Respondents are asked to comment on the clarity, understandability and practicality of application of the requirements and related application material of ED-ISQM 1. In this regard, comments will be most helpful if they are identified with specific aspects of ED-ISQM 1 and include the reasons for any concern about clarity, understandability and practicality of application, along with suggestions for improvement.

Overall Questions

- 1) Does ED-ISQM 1 substantively enhance firms' management of engagement quality, and at the same time improve the scalability of the standard? In particular:
 - (a) Do you support the new quality management approach? If not, what specific attributes of this approach do you not support and why?
 - (b) In your view, will the proposals generate benefits for engagement quality as intended, including supporting the appropriate exercise of professional skepticism at the engagement level? If not, what further actions should the IAASB take to improve the standard?
 - (c) Are the requirements and application material of proposed ED-ISQM 1 scalable such that they can be applied by firms of varying size, complexity and circumstances? If not, what further actions should the IAASB take to improve the scalability of the standard?

Yes the ED-SQM 1 enhance firms' management of engagement quality by including the quality management in the overall risk management framework taking account all its relevant components. The ED improve the scalability on the quality management by requiring the setting of the quality management system proportionate to the nature, situation and context of the engagement.

(a) Yes we do. However, think it would be a good idea to use the same terminology for the components where there are inspired by other framework like COSO for education, training and communication facilitation purposes.

(b) In our view, the proposals will general benefits as intended and support appropriate exercise of professional skepticism at the engagement level by emphasizing it in the standard and by explicitly requiring its use.

(c) The requirements and application material proposed by ED-ISQM 1 are scalable at the right extend

- 2) Are there any aspects of the standard that may create challenges for implementation? If so, are there particular enhancements to the standard or support materials that would assist in addressing these challenges?

No challenges for implementation expected.

- 3) Is the application material in ED-ISQM 1 helpful in supporting a consistent understanding of the requirements? Are there areas where additional examples or explanations would be helpful or where the application material could be reduced?

We find the application material helpful. Templates and illustrative examples on risk assessment component as well as Information and communication component.

Specific Questions

- 4) Do you support the eight components and the structure of ED-ISQM 1?

Yes, we do. Nevertheless, we believe using the same terminology, where relevant, like the risk management frameworks would be helpful in understanding and spreading the standard.

- 5) Do you support the objective of the standard, which includes the objective of the system of quality management? Furthermore, do you agree with how the standard explains the firm's role relating to the public interest and is it clear how achieving the objective of the standard relates to the firm's public interest role?

We do. We also agree with how the standard explain the firm's role relating to the public interest and how achieving the objective of the standard relates to the firm's public interest role.

- 6) Do you believe that application of a risk assessment process will drive firms to establish appropriate quality objectives, quality risks and responses, such that the objective of the standard is achieved? In particular:

(a) Do you agree that the firm's risk assessment process should be applied to the other components of the system of quality management?

(b) Do you support the approach for establishing quality objectives? In particular:

i. Are the required quality objectives appropriate?

ii. Is it clear that the firm is expected to establish additional quality objectives beyond those required by the standard in certain circumstances?

- (c) Do you support the process for the identification and assessment of quality risks?
- (d) Do you support the approach that requires the firm to design and implement responses to address the assessed quality risks? In particular:
- i. Do you believe that this approach will result in a firm designing and implementing responses that are tailored to and appropriately address the assessed quality risks?
 - ii. Is it clear that in all circumstances the firm is expected to design and implement responses in addition to those required by the standard?

Yes. Firm are already using enterprise risk management frameworks, and this new quality management approach lead them in a known environment where they used to have great achievements.

- (a) Yes, for global and overall consistency
- (b) Yes, for an integrated quality management system. It clear that additional quality objectives can be established.
- (c) Yes. See (b)
- (d) Yes. See (b)

- 7) Do the revisions to the standard appropriately address firm governance and the responsibilities of firm leadership? If not, what further enhancements are needed?

Yes, they do.

- 8) With respect to matters regarding relevant ethical requirements:
- (a) Should ED-ISQM 1 require firms to assign responsibility for relevant ethical requirements to an individual in the firm? If so, should the firm also be required to assign responsibility for compliance with independence requirements to an individual?
 - (b) Does the standard appropriately address the responsibilities of the firm regarding the independence of other firms or persons within the network?

- (a) No. It would lead to difficulties in implementation for SMPs due to lack of resources and scalability issues.
- (b) Yes.

- 9) Has ED-ISQM 1 been appropriately modernized to address the use of technology by firms in the system of quality management?

Yes. The requirement allows the use of technology by firm even in an evolving environment due to the way it is worded.

- 10) Do the requirements for communication with external parties promote the exchange of valuable and insightful information about the firm's system of quality management with the

firm's stakeholders? In particular, will the proposals encourage firms to communicate, via a transparency report or otherwise, when it is appropriate to do so?

Yes. Every information and communication channel is addressed to cover any firm needs.

11) Do you agree with the proposals addressing the scope of engagements that should be subject to an engagement quality review? In your view, will the requirements result in the proper identification of engagements to be subject to an engagement quality review?

Yes. As stated, it ease the scalability and proportionality of the standard and enhance its adoption and implementation by all the firms of whatever size and structure.

12) In your view, will the proposals for monitoring and remediation improve the robustness of firms' monitoring and remediation? In particular:

(a) Will the proposals improve firms' monitoring of the system of quality management as a whole and promote more proactive and effective monitoring activities, including encouraging the development of innovative monitoring techniques?

(b) Do you agree with the IAASB's conclusion to retain the requirement for the inspection of completed engagements for each engagement partner on a cyclical basis, with enhancements to improve the flexibility of the requirement and the focus on other types of reviews?

(c) Is the framework for evaluating findings and identifying deficiencies clear and do you support the definition of deficiencies?

(d) Do you agree with the new requirement for the firm to investigate the root cause of deficiencies? In particular:

i. Is the nature, timing and extent of the procedures to investigate the root cause sufficiently flexible?

ii. Is the manner in which ED-ISQM 1 addresses positive findings, including addressing the root cause of positive findings, appropriate?

(e) Are there any challenges that may arise in fulfilling the requirement for the individual assigned ultimate responsibility and accountability for the system of quality management to evaluate at least annually whether the system of quality management provides reasonable assurance that the objectives of the system have been achieved?

Yes. See 6) (b) above

13) Do you support the proposals addressing networks? Will the proposals appropriately address the issue of firms placing undue reliance on network requirements or network services?

Yes, as it maintains the firm responsible for its system for quality management.

14) Do you support the proposals addressing service providers?

Yes, as it does not remove the firm responsibility for its quality management system.

15) With respect to national standard setters and regulators, will the change in title to “ISQM” create significant difficulties in adopting the standard at a jurisdictional level?

No difficulty in adopting the standard due to the change in the title expected in the jurisdiction.