

# Enhancing Audit Quality in the Public Interest

## GENERAL QUESTIONS

G1. Table 1 describes what we believe are the most relevant public interest issues that should be addressed in the context of our projects on professional skepticism, quality control, and group audits. In that context:

*(a) Are these public interest issues relevant to our work on these topics?*

a. As referred in the document under review, the issues addressed are relevant for inclusion in the standard.

*(b) Are there other public interest issues relevant to these topics? If so, please describe them and how, in your view, they relate to the specific issues identified.*

b. We recognize that the matters are satisfactorily covered in the time we live in, the most relevant aspects of public interest.

*c) Are there actions you think others need to take, in addition to those by the IAASB, to address the public interest issues identified in your previous answers? If so, what are they and please identify who you think should act.*

c. Yes, we understand that the specific actions to be undertaken are very strongly dissemination and training of items approved in the standard. The biggest drawback in several countries is the lack of actors (entrepreneurs and professionals accounting) of IFAC standards themselves are of high technical level. Its intensive application is lacking.

*G2. To assist with the development of future work plans, are there other actions (not specific to the topics of professional skepticism, quality control, and group audits) that you.*

G2. Effectively, at America's level, standards and other documents of IFAC, as the guides are very little known. A concrete action in this regard is to facilitate the arrival of such documents to as many professionals accounting and entrepreneurs as possible, so it would be helpful for the acceptance of these developments consider that IFAC remission make it feasible to all Entity members countries, of all standards, guidelines, guidance and other documents issued by it and which are of public interest.

*G3. Are you aware of any published, planned or ongoing academic research studies that may be relevant to the three topics discussed in this consultation? If so, please provide us with relevant details.*

G3. We are not aware of any specific academic level publications on the topics covered in this consultation. However, the Inter-American Conferences Accounting organized by the Interamerican Accounting Association uninterruptedly for 64 years in area 2 Audit, currently in charge of the Committee on Standards and Practices Audit has a rich history of work inter-American and national dealing globally on these three issues (professional skepticism, Quality Control and Auditing Group), specifically in the 2001 Panamá Conference one of the research agendas was "Quality Control".

## PROFESSIONAL SKEPTICISM

*PS1. Is your interpretation of the concept of professional skepticism consistent with how it is defined and referred to in the ISAs? If not, how could the concept be better described?*

PS1. To our knowledge the concept of professional skepticism used in the query is consistent with the definition used in the ISAs, specifically ISA 200.

*PS2. What do you believe are the drivers for, and impediments to, the appropriate application of professional skepticism? What role should we take to enhance those drivers and address those impediments? How should we prioritize the areas discussed in paragraph 37?*

PS2. The main obstacle, we believe, is the lack of integrity of the professionals and the lack of control of Organizations members on the active practice, make that often practitioners ignore the skepticism or considered only half way, to decrease costs of their service. Definitely, IFAC can play an important role if it requires timely compliance with the Statements of Membership Obligations (DOM). Professional associations can also cooperate for this purpose if it controls the level of practice of its adherents, especially with regard to the observance of professional skepticism of auditors.

*PS3. Is the listing of areas being explored in paragraph 38–40 complete? If not, what other areas should we or the Joint Working Group consider and why? What do you think are the most important area to be considered?*

PS3. We believe that the list of areas mentioned in paragraphs 38-40 is very complete.

*PS4. Do you believe the possible actions we might take in the context of our current projects relating to quality control and group audits will be effective in promoting improved application of professional skepticism? If not, why?*

PS4. Effectively, we believe that the actions to be taken, relating to quality control and audits group will be effective not only in promoting better application of professional skepticism if not better effective practice, since strengthening both areas require necessarily a strengthening of professional skepticism, otherwise no action taken in the quality control and audit groups would not be real. They would cause effect.

*PS5. What actions should others take to address the factors that inhibit the application of professional skepticism and the actions needed to mitigate them (e.g., the IAESB, the IESBA, other international standards setters or NSS, those charged with governance (including audit committee members), firms, or professional accountancy organizations)? Are there activities already completed or underway of which we and the Joint Working Group should be aware?*

PS5. To achieve break barriers to proper application of the concept of professional skepticism and to mitigate the deficit, actions that could be taken are:

- Massive and appropriate dissemination of professional standards, especially those issued by IFAC, and the benefits they generate a correct application of such standards.
- Make known the existence and benefits of government rules at country level, especially in the Americas.
- Require professional associations, members of IFAC, effective and comprehensive implementation of the DOM.
- Require professional associations, IFAC members, issuers of local regulations, strengthen its rules regarding the consideration and actual implementation of the concept of professional skepticism in practice independent audit.

## QUALITY CONTROL (INCLUDING QUESTIONS EXPLORING CROSSOVER ISSUES/ISSUES RELEVANT TO MORE THAN ONE PROJECT)

*The following questions relate to quality control matters set out in paragraphs 45–190. If you believe actions relating to quality control beyond those discussed in these paragraphs should be prioritized, please describe such actions and your supporting rationale as to why they require priority attention.*

QC1. *We support a broader revision of ISQC 1 to include the use of a QMA as described in paragraphs 45–67.*

QC1. Quality control

- (a) Would use of a QMA help to improve audit quality? If not, why not? What challenges might there be in restructuring ISQC 1 to facilitate this approach?*
  - a. Absolutely an approach would apply quality management to improve the quality of our audits. We understand that the biggest challenge to implement the change would be the dissemination and training, above all to understand the scope of the amendments.
  - (b) If ISQC 1 is restructured to require the firm's use of a QMA, in light of the objective of a QMA and the possible elements described in paragraphs 64 and Table 3, are there other elements that should be included? If so, what are they?*
    - b. We are sure that additional elements than listed in paragraphs 64 and Table 3 of the project will rise, which ascend from its application in the field. In that case it is a matter of learning from experience and if justifies its inclusion, change for a second time ISQC1
- (c) In your view, how might a change to restructure ISQC 1 impact the ISAs, including those addressing quality control at the engagement level?*
  - c. Definitely the quality management approach will positively impact best practices of quality control firms by applying appropriate potential ISA requirements of this project.
- (d) If ISQC 1 is not restructured to require the firm's use of a QMA, do you believe that we should otherwise address the matters described in paragraph 59 and table 2, and if so, how?*
  - d. We cannot imagine a scenario without restructuring the ISQC1, enthused us with the project, we understand perfectly necessary and feasible it is.

In other aspects we share the proposal of the Accounting of International Public Sector Standards Board (AIPSASB), because we understand that responds to a need for adjustments to adapt, especially to the proposed changes and the adequacy requires the current time