

**ENHANCING AUDIT QUALITY IN THE PUBLIC INTEREST: A FOCUS ON  
PROFESSIONAL SKEPTICISM, QUALITY CONTROL AND GROUP AUDITS****TEMPLATE FOR RESPONSES—OVERVIEW**

The following template is intended to facilitate responses to the IAASB's Overview of the Invitation to Comment (ITC), *Enhancing Audit Quality in the Public Interest: A Focus on Professional Skepticism, Quality Control and Group Audits*. The questions set out below are replicated from the questions in the Overview on pages 30–31. Question numbers are coded to the consultation topics as follows:

- **G = General Question**
- **PS = Professional Skepticism**
- **QC = Quality Control**
- **GA = Group Audits**

**RESPONDENT'S INFORMATION**

<b>Name:</b> <i>(Please also fill in name in header for ease of reference)</i>	Krishna Kumar Turaga
<b>Description of the capacity in which you are responding (e.g., preparer, audit committee member, investor, IFAC member body, audit oversight body, firm, SMP, individual, etc.)</b>	Individual
<b>Name of contact person at organization (if applicable):</b>	NA
<b>E-mail address:</b>	krishnatkumar@gmail.com

**Name of Respondent: KRISHNA KUMAR TURAGA**

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?
- (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.
- (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.

G1(a)	Yes.
G1(b)	Yes. The auditors need to maintain independence and ethical in their approach to the audit of an entity which needs attention as a top priority. Independent Regulators of Government perception also need to be factored in the standards.
G1(c)	The global Professional institutes acting as regulators needs to focus more on imparting the importance of maintaining Independence of the auditors and also take punitive action against any professional deviating/violating so that the various regulators handling different aspects of finance and accounting appreciate the role of professional accountants and their doubts are dispelled. Further, the regulators perception on each aspect are detailed in the Standards so that the professional accountants assimilate not to miss any aspect's which needs reporting

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 believe should be taken into account? If yes, what are they and how should they be prioritized?

G2	Yes. Since the global opportunities are opened to all countries professional accountants, the IAASB needs to develop a uniform code of ethics and standards to be applied and implemented so that the confidence of the other stakeholders and requirements are suitably incorporated to avoid different interpretations and confusion in all aspects relating to the entity.
----	---

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	I am not aware.
----	-----------------

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	Yes.
-----	------

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	Firstly, all professionals involved in accounting and audit have to practice professional skepticism without any deviation. The internal instructions in a firm/entity has to encourage the
-----	---

Name of Respondent: KRISHNA KUMAR TURAGA

	practicing professional skepticism resulting in best practices.
--	---

PS3. 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 International Accounting Education Standards Board, the International Ethics Board for Accountants, other international or national standards setters, those charged with governance (including audit committee members), firms, or professional accountancy organizations)?

PS3	Business employed accountants have to develop the concept of implementing professional skepticism and firmly deliberate with those charged with governance, audit committees and board of directors the importance of practicing professional skepticism which helps accountability to follow ethical practices. The concept needs to be widely exposed and discussed at length. To impress that integrity of professional is of more importance than diluting for the benefit of a few handful unethical persons damaging the reputation of the organization. In this context IAESB, IEBA and all other standard setters both national and international to associate together to develop mechanism for implementing professional skepticism uniformly.
-----	--

QC1. We support a broader revision of ISQC 1 to include the use of a quality management approach (QMA) as described in paragraphs 51–66.

- (a) Would use of a QMA help to improve audit quality? If so why, and if not, why? What challenges might there be in restructuring ISQC 1 to facilitate this approach?
- (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 paragraph 65, are there other elements that should be included? If so, what are they?
- (c) In your view, how might a change to restructure ISQC 1 impact the ISAs, including those addressing quality control at the engagement level?
- (d) If ISQC 1 is not restructured to require the firm’s use of a QMA, how can we address the call for improvements to the standard to deal with differences in the size and nature of a firm or the services it provides?

QC1(a)	The major challenge is adaptability of change in QMA which will be resisted.
QC1(b)	The QMA for firm use needs to be uniform in all engagements and no dilution is to be allowed.
QC1(c)	Refer my comment given in QC1(a). The standards need to be more comprehensive and specific to the needs of QMA compliance.
QC1(d)	Refer my comment given in QC 1(b).

QC2. We are also thinking about revising our quality control standards to respond to specific issues about audit quality (see paragraphs 67–83).

- (a) Would the actions described in paragraphs 68–83 improve audit quality at the firm and engagement level? If not, why?
- (b) Should we take other actions in the public interest to address the issues in paragraphs 67–83?
- (c) Should we take action now to tackle other issues? If yes, please describe the actions, why they need priority attention, and the action we should take.

**Name of Respondent: KRISHNA KUMAR TURAGA**

QC2(a)	I do not think so, since the mindset of the engagement partners/auditors relating to entity needs a total turnaround. The role of engagement partner is to identify all critical issues impacting the entity's performance has to be reported and not be diluted. Personal gain over the firm's reputation needs to be seriously viewed. The benchmarking of standards considering all the personal benefits overriding scuttled can to an larger extent improves the quality of audit management.
QC2(b)	Yes. All stakeholders views are to be called for and deliberated thread bare and standards needs to be tough to avoid any dilution in implementation in QMA.
QC2(c)	Yes. All issues needs to be tackled in one go instead going on a phase wise which impacts the quality of audit and its management and leads to laxity in following the requirements as and when incorporated which results in wastage of time, money and energy.

GA1. We plan to revise ISA 600 (and other standards as appropriate) to respond to issues with group audits.

- (a) Should we increase the emphasis in ISA 600 on the need to apply all relevant ISAs in an audit of group financial statements? Will doing so help to achieve the flexibility that is needed to allow for ISA 600 to be more broadly applied and in a wide range of circumstances (see paragraphs 84–97)? If not, please explain why. What else could we do to address the issues set out in this consultation?
- (b) Would the actions we are exploring in relation to ISA 600 improve the quality of group audits? If not, why?
- (c) Should we further explore making reference to another auditor in an auditor's report? If yes, how does this impact the auditor's work effort?
- (d) What else could the IAASB do to address the issues highlighted or other issues of which you are aware? Why do these actions need priority attention?

GA1(a)	The main problem is the selection of the right team with expertise and experience to handle the assignment which is lacking in all firms. The reason being cost increases and firm dilutes the expertise to reduce costs which in turn is impacting the performance of the audit which the standard has to explicitly prescribe to follow and then accept the assignment.
GA1(b)	The human attitude and perceptions vary and leads to different interpretations leading to varied decisions affecting the quality of audit and results in litigations etc.
GA1(c)	The quality review needs to be carried out by an independent expert/firm other than the audit firm doing the audit which brings out the deficiencies effectively in conduct of audit and can be rectified before signing the audit report to avoid legal suits etc.
GA1(d)	There is no fool proof solution to all the audit issues but prevention is better than cure. Hence, IAASB has to carefully consider all the issues and address them with the right aptitude to ensure that audit quality of group audits are adhered to without any dilution.