

Kreston International Response: Quality Management Covering Explanatory Memorandum

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?

Response: The approach and rationale for the proposed implementation period of 18 Months is appropriate. However, in order for implementation to be effective preparations will need to begin whilst the finalization of the standards is being undertaken. Clear and early communication especially of any potential substantive changes to the exposure drafts would be helpful.

- 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?

Response: Templates that give a structure to SMPs to work through the various risks to quality with a range of responses that can be tailored to the needs of the firm would be helpful.

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.

Response: Kreston as a network of independent accounting firms has members in developing nations. The key challenges that are seen in these countries are identifying sufficient qualified individuals to perform engagement quality reviews and internal monitoring. Firms that are part of networks can obtain assistance in these areas but it may be difficult for other firms to access these resources. The regulatory structure both through professional bodies and external regulators is not always well resourced and this can lead to inconsistent implementation across firms.

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.

Response: No comment

- (b) 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.

Response: The language used in the original versions of the exposure drafts is very complex. This will be difficult to translate and maintain meaning. There will also be many countries where translated versions will not be available. Simplification of the original English version will assist in both translation and implementation.