

## **NEXIA INTERNATIONAL - COVERING EXPLANATORY MEMORANDUM**

Response Template: Quality Management Covering Explanatory Memorandum

### Note to Respondents:

- The questions below are from the covering explanatory memorandum of the IAASB's exposure drafts related to quality management, which is available at [www.iaasb.org/quality-management](http://www.iaasb.org/quality-management). These questions address key issues pervasive to the three standards.
- Respondents are asked to respond separately to each of the exposure drafts and the overall explanatory memorandum.
- We request that comment letters do not include tables as they are incompatible with the software we use to help analyze respondents' comments.

### **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:

Consensus of member firms is that the implementation period should be more flexible, say 18 – 30 months, to cater for different jurisdictional needs and pressures, including having to deal with other regulatory etc. requirements, e.g. implementation of IFRS 9, 15 & 16.

- 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:

The information is disparate and difficult to assimilate. There is a need for more plain English especially because for many adopters English is not their working language so it is suggested that more use should be made of flowcharts and diagrams and plainer English.

### **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:

SMPs in developing countries rely on their local professional body to provide guidance and therefore there may be a greater time lag in implementing international standards.

- (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.

Response:

This is not a significant service line for the Nexia International

- (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.

Response:

There is a need to keep in mind when and who will provide appropriate translations. In the absence of translated material interpretations may well differ and could lead to misinterpretations.