

International Auditing and Assurance Standards Board
529 Fifth Avenue
New York, NY
10017

01 July 2019

Dear Sirs

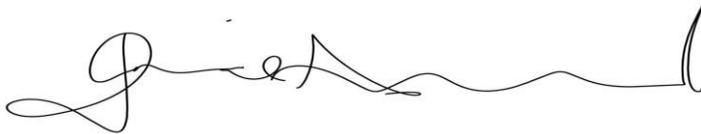
Request for comments – Quality Management Covering Explanatory Memorandum

PKF International Limited (“PKFI”), administers the PKF network of legally independent member firms. The PKF International network consists of member firms operating in over 100 countries providing assurance, taxation and business advisory services. PKF International Limited is a member of the Forum of Firms and is dedicated to consistent and high-quality standards of financial reporting and auditing practices worldwide. This letter represents the observations of PKF International Limited, but not necessarily the views of any specific member firm or individual.

We welcome the opportunity to comment on the International Auditing and Assurance Standards Board’s (IAASB’s) Quality Management Explanatory Covering Memorandum, which is a part of its project to produce Exposure Drafts for Quality Management at the Firm Level and at the Engagement Level, including Engagement Quality Reviews (collectively, “ISQMs”). Our detailed responses to the request for comments are set out in [Appendix 1](#) of this submission.

We would like to thank the IAASB for the efforts and consultations that went into producing the ISQM exposure drafts and their Explanatory Covering Memorandum.

Yours faithfully



Jamie Drummond

Director of Assurance
PKF International Limited

Appendix 1

Request for comments

Overall questions

Question 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

We support the rationale for the proposed implementation period of approximately 18 months after the approval of the three standards by the Public Interest Oversight Board.

Question 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

We are generally receptive to the provision of implementation materials, particularly those that are aimed at SMPs.

We believe that providing implementation materials that cover the practical means by which a firm can scale the standards to its own circumstances, would be very beneficial.

Additionally, we would welcome additional implementation materials covering the risk assessment process, including use of examples which cover a comprehensive range of circumstances for firms of different scales and size.

We believe a range of types of material would be helpful, including a series of webinars focusing on specific aspects of implementation (both live and available for download and with the opportunity for participants to raise questions) and narrative documents.

General questions

Question 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

Our two key concerns in this regard are:

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| i) | <i>Translation</i> – for firms located in all countries that adopt International Standards, there should be high quality translations available in all relevant languages. |
| ii) | <i>Scalability</i> – it will likely be very important to firms in developing nations, that the proposed standards on Quality Management are scalable to their circumstances. We encourage the IAASB to consider and address the points we have made on scalability within our response letters to ED-ISQM 1, ED-ISQM 2 and ED-ISA 220 (revised). |

Question 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

We have no additional remarks other than those set out in our response letters to ED-ISQM 1, ED-ISQM 2 and ED-ISA 220 (revised).
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Question 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

Other than our response to Question a. above, we have no additional remarks.
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Glossary of terms

ED-ISQM 1	Exposure draft February 2019: International Standards on Quality Management 1
ED-ISQM 2	Exposure draft February 2019: International Standards on Quality Management 2
ISQC 1	International Standards on Quality Control 1
IAASB	International Audit and Assurance Standards Board
ED-220	Proposed International Standard on Auditing 220 (Revised)
ISA	International Standards on Auditing