COMPANION MANUAL

Guide to Quality Control for SMPs
Guide to Using ISAs in the Audits of SMEs
Guide to Review Engagements
Guide to Compilation Engagements

This Manual includes many examples for illustrative purposes only and does not reflect any policy positions of IFAC.

These Guides were prepared by the International Federation of Accountants® (IFAC®) with support from its Small and Medium Practices Committee. The Committee represents the interests of professional accountants operating in small- and medium-sized practices and other professional accountants who provide services to small- and medium-sized entities.

IFAC serves the public interest and strengthens the accountancy profession by:

- Supporting the development of high-quality international standards;
- Promoting the adoption and implementation of these standards;
- Building the capacity of professional accountancy organizations; and
- Speaking out on public interest issues.

For further information, please email Christopher Arnold, Head of SME/SMP and Research at ChristopherArnold@ifac.org.

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ISBN: 978-1-60815-367-1
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1. Introduction and Objectives

The Guide to Quality Control for Small- and Medium-Sized Practices, Guide to Using International Standards on Auditing in the Audits of Small- and Medium-Sized Entities, Guide to Review Engagements and Guide to Compilation Engagements were commissioned by IFAC to promote consistent application of ISQC™ 1, ISA™ 2, ISRE™ 2400 (Revised), and ISRS™ 4410 (Revised) respectively to assist practitioners in providing services to small- and medium-sized entities (SMEs). The Guides provide non-authoritative guidance on applying ISQC 1, ISA, ISRE 2400 (Revised), and ISRS 4410 (Revised), developed exclusively by the International Auditing and Assurance Standards Board® (IAASB®), and are intended as a supplement to help the practitioner apply the standards consistently and effectively when developing their quality control systems and performing audit, review, and compilation engagements for SMEs. See the IAASB Handbook for access to the standards.

As a federation of member organizations, IFAC’s primary focus is on helping its member organizations support their SMP constituents. Accordingly, this Companion Manual was developed to help member organizations to encourage high-quality practices and service delivery among their membership, and is likely to be particularly useful to member organizations in those jurisdictions where the profession has limited or no access to similar guides.

This Companion Manual presents ways for IFAC member organizations and other professional accountancy organizations to use the Guides, including translating or tailoring the Guides to suit national and jurisdictional needs. The content in the Guides can be used to enhance or supplement existing material and/or continuing professional development (CPD) activities. Organizations may also develop derivative products from the Guides, such as training materials, journal articles, customized checklists and forms, and software for their members. Before reproducing, adapting, or translating the Guides in any of the ways illustrated in the following pages, IFAC member organizations and professional accountancy organizations must first seek permission from IFAC (see section 2).

2. Reproduction, Adaptation, and Translation

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the PDF version on our website were generated). However, the content/formatting of the Word files may differ from the PDF; in which case the PDF versions should be followed in the event of any discrepancies.

Level 1—Reproduction as Co-Publication

With permission, and the relevant agreement in place, an IFAC member organization may choose to simply co-brand the Guides with minor modifications, where such suggested changes may include:

- Inserting the member organization’s logo alongside the existing IFAC logo on the cover;
- Customizing the Preface while retaining appropriate acknowledgements;
- Removing the Request for Comments page or replacing it with member body’s feedback page;
- Removing the Use by IFAC member organizations page; and/or
- Updating the Contents page

These simple changes will allow a member organization to publish the Guides electronically or in print form with minimal additional work. Making such changes will require the member organization to add to the copyright statement to acknowledge reproduction with permission of IFAC. The amended copyright statement will be provided by IFAC once permission is granted.

Level 2—Adaptation

In the event further changes are needed, for example after adopting some of the level 1 suggestions, a member organization may incorporate the following additional changes:

**Inclusion of local jurisdictional guidance:** The Guides are based on international standards as issued by the IAASB. If your jurisdiction has supplemented or otherwise modified the IAASB standards, it may be necessary to do some customization to improve the suitability of the guidance to your members. Use the search feature in Adobe or MS Word software to find all instances of the word “jurisdiction,” which has been used to indicate potential areas for review and customization.

**Adoption of localized terminology/grammar:** Customize the Guides to include local terminology, spelling, and/or grammar by using the search feature in the Adobe or MS Word software to find and replace selected words as appropriate. Please note, trademarks used by IFAC and its committees, as well as the independent standard-setting boards it supports should not be translated into the local language except in exceptional circumstances.

**Acknowledgement of local cultural issues:** The Guides may need to be adjusted to reflect some cultural practices that vary between jurisdictions, for example, in the case studies.

**Maximizing use of existing intellectual capital of your member body:** Your member organization may have already invested substantial resources in developing tools and resources for members in practice. Think about how you may utilize tailored versions of the Guides as a means of reminding members about your guidance material. The following are examples of modifications that could be made to the Guides to enhance the visibility to your organization’s resources:

- Add call-out boxes to draw attention to quotes from your organization’s related guidance.
- Insert a “References, further reading, and resources” section at the end of each chapter to include a listing and/or links to your existing member resources, including previously published journal articles that are still relevant, other publications, the website as a whole or an online library, and CPD courses or tools.
Add or customize web hyperlinks throughout the Guides to lead readers to your organization’s resources where pertinent.

Level 3—Translation

Member organizations will need to obtain the necessary permission from IFAC before beginning translation (see section 2 of this Manual). For reference, please see the IFAC Translations Database at www.ifac.org/about-ifac/translations-permissions/translations-database to find all current translations of all IFAC publications—both completed and in progress.

For ease of translation, the Guides have been written in clear, concise, and simple English. The Guides use IFAC terminology (for example, the terms defined in the glossary of the IAASB Handbook) to the maximum extent possible. Where this terminology was not available, terms that can be easily translated have been used. Key terms in the Guides are also defined in the Glossary or Description of Terms in each Guide.

3. Orientation Materials

IFAC has developed an orientation PowerPoint slide deck, including instructor notes, for each of the Guides. Member organizations may use these slide decks to develop or deliver introductory training to those in their organizations and/or among their membership who will use the Guides. Member organizations have permission to use the slides for training purposes as is. Member organizations should request permission to adapt, translate, or embed the slides on their websites.


4. Development of Derivative Products

A member organization may wish to utilize some of the content of individual modules or chapters to develop a derivative product. Derivative products could include: an audit methodology and/or work programs, checklists and forms, interactive tools, software, or smartphone applications. If there is a need for such development, a permission request must be submitted via IFAC’s online permission request and inquiry management system.

5. Continuing Professional Development Opportunities

The content of the Guides may be incorporated into member organizations’ continuing professional development (CPD) activities, which are required in order to achieve and maintain membership with IFAC, as stated in the Statements of Membership Obligations (SMOs). SMOs are issued by the IFAC Board and establish requirements for members and associates. See especially SMO 2, International Education Standards for Professional Accountants and Other IAESB Guidance, which sets out the obligations of member organizations in relation to the IES™ issued by the International Accounting Education Standards Board® (IAESB®).

The Guides may assist member organizations with implementing IES 7, Continuing Professional Development: A Program of Lifelong Learning and Continuing Development of Professional Competence. IES 7 requires that professional accountants develop and maintain their competence and that member organizations facilitate and enforce CPD programs.
Structured Learning and Certification Programs

Some member organizations have developed formal certification programs to support the implementation of auditing and quality control standards. Such programs may take many different forms, for example, full- or part-day training seminars, conferences, congresses or conventions, distance learning, e-learning (i.e., webinars), online, face-to-face, or residential programs. Structured programs help practitioners gain a thorough understanding of the requirements of international standards and how to implement them in practice, and promote a commitment to quality services to clients, the community, and regulators.

Certification programs may take the form of a simple voluntary induction program or a mandatory structured training requirement for members providing audit, assurance, and related services.

The content of the Guides can easily be adapted by member organizations for use in such programs, either to build new programs or to supplement existing ones.

6. Incorporation of References into Other Activities

The content from the Guides could also be utilized in other activities.

Examples include:

- Member forums or discussion groups;
- Podcasts or webinars;
- Journal or newsletter articles incorporating links to content in the Guides (for example, see “Review Engagements for SMEs: Limited Assurance, Numerous Benefits,” “Tips for Cost Effective ISA Application,” and “Tips for Cost Effective ISQC 1 Application.”
- Teaser articles highlighting specific topics from individual modules or chapters;
- Website content and cross referencing;
- Online PowerPoint presentations;
- Interviews with local spokespersons highlighting issues of local interest or concern and quoting resources from the Guides; and/or
- Referencing content from the Guides as part of a staff toolkit or resource to assist members.

7. Other Resources and Tools for SMPs

To learn more about how IFAC supports SMPs, see the IFAC website. For additional resources in the areas of audit and assurance, practice management, ethics, and business reporting, among others, visit the IFAC Global Knowledge Gateway, which brings together accounting news, discussions, resources, and thought leadership from IFAC, its member organizations, and other notable groups and individuals around the world.

The Gateway is a powerful interactive website where the global accountancy community can both contribute and obtain knowledge for the betterment of the profession.

8. Promotion of the Guides and Your Local Resources

The Global Knowledge Gateway aggregates links to relevant resources from IFAC, its member organizations, and notable groups and individuals around the world. To be considered for inclusion on the Gateway, links to relevant resources developed by your organization should be emailed to Gateway@ifac.org.