
INDEPENDENT REGULATORY BOARD FOR AUDITORS

COMMITTEE FOR AUDITING STANDARDS

Global Consultation on Quality Management for Firms and Engagements Now Open

Johannesburg / 25 February 2019

The International Auditing and Assurance Standards Board (IAASB) seeks public comments by **1 July 2019** on [three interrelated standards that address quality management](#). The proposals bring important changes to the way professional accountancy firms are expected to manage quality - for audits, reviews and other assurance and related services engagements.

The proposed standards include a new proactive risk-based approach to effective quality management systems within firms that establish the foundation for consistent engagement quality. The new approach improves the scalability of the standards because it promotes a system tailored to the nature and circumstances of the firm and its engagements.

The IAASB proposals are intended to improve engagement quality through:

- Modernising the standards for an evolving and increasingly complex environment, including addressing the impact of technology, networks and use of external service providers;
- Increasing firm leadership responsibilities and accountability, and improving firm governance;
- More rigorous monitoring of quality management systems and remediating deficiencies;
- Enhancing the engagement partner's responsibility for audit engagement leadership and audit quality; and
- Addressing the robustness of engagement quality reviews, including engagement selection, documentation and performance.

Given the significance of the changes and the need for firms to adjust how they manage quality, the IAASB has also developed draft guidance and tools, such as examples and frequently asked questions. These resources will help firms understand the proposals, including how to apply them in different circumstances.

Exposure Drafts

- Overall Explanatory Memorandum, *The IAASB's Exposure Drafts for Quality Management at the Firm and Engagement Level, Including Engagement Quality Reviews*.
- Proposed International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements (previously ISQC 1)*.
- Proposed International Standard on Quality Management 2, *Engagement Quality Reviews*.
- Proposed International Standard on Auditing 220 (Revised), *Quality Management for an Audit of Financial Statements*.

Request for Comments

The Independent Regulatory Board for Auditors' (IRBA) Committee for Auditing Standards (CFAS) welcomes comments on all matters addressed in the three interrelated standards that address quality management, and this includes responses to the specific questions set out in each Explanatory Memorandum. Comments should be submitted via email to standards@irba.co.za and should be submitted in Word and PDF formats by **6 June 2019**. All comments will be considered as a public record.

Alternatively, we invite registered auditors and other interested parties to submit comments directly to the IAASB via the [IAASB website](#) by **1 July 2019**.

Copies of the exposure drafts are available in PDF format and may be downloaded from the exposure draft page of the [IRBA website](#). Should you have any other queries or experience any technical difficulties in downloading the documents, please do not hesitate to email the [Standards Department](#).

Imran Vanker

Director: Standards

About the IRBA

The objectives of the IRBA are to endeavour to protect the financial interests of the South African public and international investors in South Africa through the effective and appropriate regulation of audits conducted by registered auditors, in accordance with internationally recognised standards and processes.

The statutory responsibilities of the CFAS are to assist the IRBA to develop, maintain, adopt, issue or prescribe auditing pronouncements; to consider relevant international changes by monitoring developments by other auditing standard-setting bodies and sharing information where requested; and to promote and ensure the relevance of auditing pronouncements.