



International Federation of Accountants

Guide to Quality Control for Use by Small and
Medium Practices

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Contents

- *Draft IFAC Strategic Plan 2009-2012*
- IFAC SMP Committee
- Provision of Practical Support
- What will the Quality Control Guide do?
- Project Report
- Future Developments
- Conclusion

Draft IFAC Strategic Plan 2009-2012

- Four strategic themes are:
 1. Be recognized as the international setter standard in the areas of auditing and assurance, education, ethics and governmental financial reporting.
 - 2. Actively support the adoption of, and assist in, the implementation of international standards**
 3. Continually enhance the relevance of the profession
 4. Be the international voice of the accountancy profession

IFAC SMP Committee Purpose and Constituents

- Purpose:

“...to identify and represent the needs of the constituents and, where applicable, to give consideration to relevant issues pertaining to SMEs/SMPs.”
- Constituents:

“...SMPs who provide accounting and assurance services principally but not exclusively to clients who are small and medium enterprises (SMEs). In so far as they provide services to SMEs other professional accountants are included as constituents.”

IFAC SMP Committee

Draft SMP Committee Strategic and Operational Plan 2009-2012

Four main issues facing SMPs (& SMEs):

1. Relevance & proportionality of international standards to SME/SMP
2. **Capacity of SMP/SME to efficiently implement these standards**
3. Ability of SMPs to remain competitive & client-focused
4. Ability of SMPs to proficiently operate & manage their practices

IFAC SMP Committee

Draft SMP Committee Strategic and Operational Plan 2009-2012

- Two-pronged approach to helping SMPs (& SMEs) tackle issues facing them:
 1. *Helping to shape form & content of international standards* through direct input to standard-setting
 2. **Providing practical support to SMPs through, for example, provision of implementation materials & web-based information resources/tools**

Provision of Practical Support

- Vision – facilitate development of range of high quality materials at reasonable (nil?) cost to end users
- IFAC to develop itself only in specific instances:
 - **ISA Guide** - to help practitioners efficiently, effectively, and economically apply ISAs to SME audits (published Dec 2007)
 - **Quality Control Guide** – to help SMPs operate a QC system in compliance with ISQC 1 (Q1 2009)
 - **Practice Management Guide** – to help SMPs proficiently operate and manage their practice (Q4 2009)
 - **IESBA Implementation Materials for SMPs** – to help SMPs apply independence section of Code of Ethics (2009)

What will the Quality Control Guide do?

- Help practitioners understand, comply with, and apply the relevant quality control standards
 - Main focus is **International Standard on Quality Control (ISQC) 1** (as redrafted under Clarity project)
 - Reference to **ISA 220** (-> ISA Guide)
 - Reference to **Code of Ethics** (-> IESBA Implementation Materials)

What will the Quality Control Guide do?

- Non-authoritative implementation guide
- It will *not* constitute a standard
- IFAC SMP Committee publication
- Not endorsed by IAASB or IESBA *but* IAASB staff involved in ensuring its technical accuracy

What will the Quality Control Guide do?

- Table of Contents:
 - General Policy Statement
 - Leadership Responsibilities (“Tone from the Top”)
 - Ethical requirements
 - Acceptance and continuance of client relationships/engagements
 - Human resources
 - Engagement performance and documentation
 - Monitoring
 - Documentation

What will the Quality Control Guide do?

- Features include:
 - Two sample QC Manuals – sole practitioner *and* 2-5 partner firm
 - Case study
 - Illustrations
 - Some checklists / forms

Project Report

- Request for proposals (Q4/2006)
- Presentations from short-listed suppliers and decision (Q4/2007) -> CGA-Canada
- First (internal) Draft (Q1/2008)
- Second (internal) Draft is on track
- Publication (Q1/2009) – free for download

Future Developments

- Member bodies free to use as is or adapt (permission)
- IFAC welcomes member bodies and others developing derivatives (products based on QC Guide)
- IFAC will facilitate translations of the QC Guide
- SMP Committee is committed to continuous improvement
- Updates are planned in 2010 and 2011
- Feedback / comments will be encouraged

Conclusion

- Please visit us at www.ifac.org/smp



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