

Q1. 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?

The AUASB considers that a longer implementation period is required, perhaps even a staggered implementation approach for example commencing with audits only.

ISQM 1 is expected to require a significant amount of firms' resources to put into place a risk assessment process and update firms' methodologies for the other two quality management standards. Stakeholders expressed concern that an 18-month implementation period for network firms will be particularly challenging as the network head firm may be responsible for developing certain parts of the system of quality management, which will then need to be tailored by individual firms to address their specific facts and circumstances.

Additionally, there are two additional exposure drafts currently being finalised, those being ISA 315 and ISRS 4400. The AUASB is concerned that for firms to implement changes in respect of 5 standards almost simultaneously may have an adverse impact on quality.

Q2. 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?

As noted above, the AUASB does not support the IAASB's proposed implementation period. In general, implementation material, such as FAQs and specific examples addressing scalability of the requirements would be useful. The AUASB also strongly encourages the IAASB to demonstrate how the standards would work for a sole practitioner or 2 partner firm.

The AUASB emphasises the term 'implementation' support not 'post-implementation' support; there is a need for support to be issued by the IAASB simultaneously with the release of a final standard.

GENERAL QUESTIONS

Q3. *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.

We have no specific comments on this question.

Q4. *Public Sector* – The IAASB welcomes input from the public sector auditors on how the proposed standards affect engagements in the public sector regarding whether there are potential concerns about the applicability of the proposals to the structure and governance arrangements of public sector auditors.

The AUASB does not support including 'significant public interest' entities in the scope of engagements subject to an engagement quality review.

The AUASB notes that Public sector engagements encompass a large range of diverse organisations both in terms of the size of the organisation and the nature of their activities. The AUASB considers that absent a more robust definition or description of what is meant by "entities of significant public interest," there may be a number of public sector engagements that become subject to an engagement quality (EQ) review where such a review is not warranted.



- Q5. *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.**

We have no specific comments on this question.