



CA/DPSC&E/Circular-01/2009

January 21, 2009

ALL PRACTICING MEMBERS OF THE INSTITUTE

Dear Member,

INTERNATIONAL STANDARD ON QUALITY CONTROL 1 (ISQC-1) - ROAD MAP

The Council of the Institute, on the recommendation of the Quality Assurance Board, in its 194th meeting held on January 22, 2008 decided to adopt the ISQC-1 in the following manner:

- ISQC-1 recommendatory for all firms doing audit of listed and public interest entities from accounting periods beginning on or after July 1, 2008.
- ISQC-1 mandatory for all firms doing audit of listed and public interest entities from accounting periods beginning on or after July 1, 2009.
- All other firms are encouraged to comply with the requirements of ISQC 1 during all other review and other assurance and related services engagements

Since the adoption of ISQC-1, ICAP has embarked upon an awareness programme for the practicing members, consciously focusing on the SMPs, with the objective of facilitating the implementation of ISQC-1.

Various initiatives were taken to inform and motivate the practicing members regarding the implementation requirements of ISQC-1 and to provide the desired support in meeting them.

The initiatives and programmes undertaken are briefly stated below:

SELF ASSESSMENT QUESTIONNAIRE

As a first step to initiate the awareness and compliance with the requirements of ISQC-1, ICAP developed a "Self Assessment Questionnaire" to assist the practicing members/firms in assessing their resources and capacity for implementing the ISQC-1 requirements and in demonstrating the readiness for the same. The Questionnaire was circulated on April 1, 2008 for firms to fill it in and send the same to ICAP with their comments.

A follow-up circular for the Questionnaire was sent again on June 30, 2008.

ROUNDTABLE MEETINGS/WORKSHOPS

In the back drop of Self Assessment Questionnaire, a series of roundtable meetings were held in Karachi, Lahore and Islamabad to provide a discussion forum to the practicing members for sharing their views on the ISQC-1 requirements, as well as, their understanding and compatibility for meeting these requirements.

Though these roundtable meetings were not very well attended, practicing members from firms of varied sizes and resources participated. Members were given a brief presentation on ISQC-1 followed by a walkthrough of the Questionnaire during which useful discussions took place on the various elements of ISQC-1.

Based on the feedback received, a need was realized to hold similar roundtable sessions in smaller cities as well. Accordingly, a session in Multan has already been held whereas two more are planned in Faisalabad and Peshawar.

FEEDBACK DOCUMENT

As a follow-up to the roundtable meetings, the queries and comments expressed during these sessions were compiled in the form of a questions and answers document. This was then disseminated to the members for their information and further guidance, especially for those members who could not attend these meetings.

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MENTORING PROGRAMME

In continuation of the initiatives taken by ICAP to facilitate and motivate practicing members (especially those in SMPs) towards the imminent implementation of ISQC-1, the concept of "mentoring visits" was introduced. Under this programme, various SMP offices located country-wide are being visited by representatives of ICAP. During such visits, meetings are held with the partners and other senior professional staff of the firms.

The primary objective of these visits is to provide further guidance and orientation to the members regarding the ISQC-1 requirements and in the process address any difficulties/limitations which may be faced by SMPs in implementing the same. These mentoring visits are also aimed at providing opportunity to the members to discuss specific issues relevant to their practice, in the context of ISQC-1 implementation, which they may not like to share at larger forums.

Several firms have already been visited during the past two months, mainly in Lahore and Islamabad. These visits are planned to be continued at a faster pace in the next couple of months.

It is hoped that the members will respond positively to this initiative and start preparing themselves for meeting the ISQC-1 requirements.

ISQC-1 MANUAL

Another effort towards assisting the firms improve their quality of assurance and other related services and consequently improve preparedness for meeting the imminent implementation of ISQC-1, is the development of "ISQC-1 Manual" by ICAP.

The Manual provides standardized documents and formats to facilitate compliance with ISQC-1. This initiative was taken with the objective of enabling practices to improve the standard of documentation. This would in turn improve the overall quality of assurance and other related services which is in fact the underlying requirement of ISQC-1.

Many firms have already obtained the Manual while others are being encouraged to subscribe for a copy and to start using the standard documents ahead of the ISQC-1's mandatory implementation date.

ICAP also plans to hold seminars to provide guidance on the use of ISQC-1 Manual as well as to receive practicing members' comments and suggestions. Based on the seminars' feedback, an updated version of the Manual is also planned to be issued.

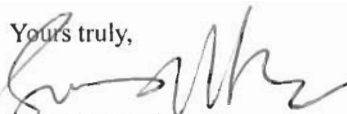
SMP WORKSHOPS

While ISQC-1 orientation initiatives continue to essentially target the practice leadership, a need was felt to provide SMPs some support in terms of training their staff to enrich their understanding of the audit methodology generally, and the documentation requirements specifically.

Accordingly, ICAP has organized two such workshops on ISAs which were held in Karachi and Lahore and were well participated. Another workshop is also planned to be held in Islamabad followed by similar ones in other cities as well.

It is hoped that these workshops will supplement the efforts and commitment of the practices towards the successful implementation of ISQC-1.

Yours truly,


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Director

Professional Standards Compliance & Evaluation

(Established under the Chartered Accountants Ordinance, 1961-X of 1961)