



Auditing and Assurance Standards Council

**Philippine Preface
to IFAC's Implementation Guide:**

**Guide to Quality Control for Small-and
Medium-sized Practices**

**Philippine Preface
to IFAC’s Implementation Guide:
Guide to Quality Control for Small-and Medium-sized Practices**

(This Philippine Preface should be read in conjunction with the
IFAC’s Preface to the Guide)

Introduction

1. In March 2009, the International Federation of Accountants (IFAC) released its first version of the Implementation Guide, *Guide to Quality Control for Small-and Medium-sized Practices* (the Guide). The Guide was commissioned by the IFAC Small and Medium Practices Committee (SMPC) to assist small-and medium-sized practices (SMPs) in the implementation of the International Standard on Quality Control (ISQC 1), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, as well as to promote consistent application of ISQC 1.
2. The Guide provides non-authoritative guidance on applying the redrafted ISQC 1, which requires firms to establish systems of quality control in compliance with the standard by December 15, 2009. The Philippine Auditing and Assurance Standards Council (AASC) has adopted as part of its pronouncements the redrafted ISQC 1 issued by the International Auditing and Assurance Standards Board (IAASB) as Philippine Standard on Quality Control (PSQC) 1 (Redrafted). The use of the Guide, therefore, will help Philippine SMPs comply with the requirements of PSQC 1(Redrafted) that will result in the maintenance and enhancement of the quality of performance related to the conduct of a firm as a whole.
3. The Guide provides a detailed analysis of ISQC 1 and the requirements in the context of an SMP environment. It offers a practical “how-to” approach that SMPs may use in developing their firm’s quality control system. It can also be used as a basis for educating and training professional accountants and students.
4. The SMPC intends to update the Guide on a regular basis. The next update is scheduled for early 2010. The SMPC welcomes comments on the first edition of the Guide; the comments will be used to assess the Guide’s usefulness and to improve it prior to publishing the second edition.

Adoption of the Guide by AASC

5. The AASC reviewed the first edition of the Guide and approved its adoption and implementation in the Philippines.
6. The AASC decided to adopt the Guide in its entirety and no longer make it Philippine-specific. The Guide is a thick document and making it Philippine-specific will be very tedious and will not improve its usefulness. As originally written under international perspective, the Guide can be understood and used as reference by Philippine SMPs without difficulty.

7. While the Guide has not been made Philippine-specific, users shall refer to PSQC 1 (Redrafted) and other relevant Philippine Standards on Auditing (PSAs) corresponding to the specific International Standards on Auditing (ISAs) referred to in the Guide. This is to ensure that, in applying the Guide, Philippine SMPs are further guided by the Philippine-specific changes made in PSQC 1 (Redrafted) and the other relevant PSAs.
8. The Guide was no longer exposed for comment before its release to the public as no new auditing standards are established by the issuance of the Guide.
9. There is no need to have the Guide approved by the Professional Regulation Commission and the Board of Accountancy for the same reason that no new auditing standards are established by the issuance of the Guide.
10. The AASC encourages the immediate use and application of the Guide by small- and medium-sized practices.
11. This document, “Guide to Quality Control for Small-and Medium-sized Practices,” issued by the IAASB, with the covering Philippine Preface, was unanimously approved for adoption on November 4, 2009 by the members of the Auditing and Assurance Standards Council.