



December 22, 2022

QCM Task Force of the AICPA Peer Review Board
American Institute of Certified Public Accountants
1211 Avenue of the Americas, 19th Floor
New York, NY 10036

RSM US LLP
30 South Wacker Drive
Suite 3300
Chicago, IL 60606
www.rsmus.com

Via email to QCMcontentexam@aicpa-cima.com

Re: Exposure Draft, *Proposed Criteria for a Description of the Content of Quality Control Materials (QCM) and the Content of QCM Related to the Relevant Standards and Interpretive Guidance*, Quality Control Materials (QCM) Task Force of the AICPA Peer Review Board – November 1, 2022

RSM US LLP (RSM) appreciates the opportunity to comment on the American Institute of Certified Public Accountants (AICPA) Assurance Services Executive Committee (ASEC) and Quality Control Materials (QCM) Task Force of the AICPA Peer Review Board's November 1, 2022 Exposure Draft, *Proposed Criteria for a Description of the Content of Quality Control Materials (QCM) and the Content of QCM Related to the Relevant Standards and Interpretive Guidance* (the Exposure Draft). RSM is a leading provider of audit, tax and consulting services focused on the middle market.

The RSM US Alliance (Alliance) is an association of independent accounting and consulting firms. There are approximately 80 members and these firms maintain their separate legal identities and names and are responsible for their own quality control policies and procedures, client relationships and fee arrangements. These member firms pay annual fees which entitle them to a wide variety of membership benefits, which include quality control materials that are developed and maintained by RSM. In addition, approximately 60 other accounting firms use RSM's QCM through a licensing agreement branded as RSM's AdvanceCPA. Historically, and prior to the recent amendments to the Standards for Performing and Reporting on Peer Reviews, RSM would engage a third party to perform a review of our QCM and provide the final report to our Alliance members and AdvanceCPA firms. RSM appreciates and commends the AICPA, ASEC, and the QCM Task Force for proposing new guidance related to the evaluation of QCM as it benefits the quality of the profession as a whole as well as our firm, the Alliance and AdvanceCPA firms.

Overall comments on the proposed QCM description and QCM content criteria

The Alliance and AdvanceCPA firms use the report we provide as a basis to support the reliability of the information they use to conduct their assurance services. We, therefore, have a significant interest in the development of the proposed criteria for a QCM examination. We broadly support the development of a proposed criteria for the description of the content of QCM that can be used in the performance of an examination under AT-C Section 205, *Assertion-Based Examination Engagements*, and AT-C Section 105, *Concepts Common to All Attestation Engagements*. We have some considerations and observations related to the proposal noted below:

- The description of QCM may be important to both the user and the examiner. It is important that the guidance provide sufficient clarity as to how a QCM provider is to describe it. QCM can take various forms including items such as a practice aid, a manual, a checklist, or a working papers template. Implementation guidance or clarity around whether a QCM description should be broad such as the "RSM Global Audit Methodology" or should contain further elements that describe the underlying components of the methodology similar to the approach under the previous QCM

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

review guidance would be meaningful and helpful. Additional examples of the expectation of how a description should be presented would lead to less diversity in practice and presentation.

- We strongly encourage implementation guidance when new standards and interpretative guidance are proposed.
- An example report or template that could be used for the examination would be very helpful to practitioners.
- We suggest revising Paragraph 4. in the Background section of the proposal as the first sentence is a unique thought compared to the last two sentences. We suggest revising it into two separate paragraphs or referring to the definitions for QCM provider.
- Finally, the proposed criteria do not sufficiently account for the changes in the recently issued AICPA Auditing Standards Board's Statement on Quality Management Standards 1, *A Firm's System of Quality Management* (SQMS No. 1), as well as any other new or emerging standards related to quality management. As stated below, we encourage conforming changes to be aligned with SQMS No. 1 and any other final standards that may be issued by standard-setting bodies that set auditing and attest standards applicable to the use of QCM.

We provide further detail on these broader points, as well as other comments related to the specific questions below.

Comments on Specific Aspects of the Proposal

Question 1

Are any of the QCM description criteria or QCM content criteria unnecessary? If so, please identify them.

Although we support the inclusion of all of the QCM content criteria as set out in the Exposure Draft (with certain clarifications as noted below), we have the view that these should be articulated to present a quality management approach (where appropriate) in line with how other standard-setters are approaching quality control. We have the following comments on the criteria in the Exposure Draft:

- DC7 – We believe it would be helpful to provide more detail about what is specifically scoped into QCM in the definition rather than including criteria relating to any “other QCM” intended to also be used because this could inadvertently extend the scope of what is included or create unnecessary work determining what is within the scope of the definition. If there are “other QCM” to be considered, these should be more comprehensively referred to or described within the implementation guidance.
- DC10 – We debate the usefulness of information about standards that are not yet effective and/or have not been early adopted. Although such information may be useful for user firms, and we do disclose to our QCM users the status of adoptions, it seems excessive to further discuss that in a QCM description criteria for an examination. We agree, however, that the information should be the subject of the examination if a standard has been early adopted or included in the QCM materials.
- DC12 – There are many changes and clarifications processed each year within a firm's QCM. Some of the changes could be substantial, while many may not be significant (e.g., changing a short description to be consistent throughout the tools and guides). We, therefore, believe that the implementation guidance should give further clarification and provide an opportunity to allow judgment on the disclosure or reference to changes that are substantive in nature and therefore relevant to the user of QCM.

- DC13 – Although we support the list that has been provided about the user firm’s responsibilities, we believe that some QCM providers may have additional requirements or controls that the user firms will be required to have in place in order to rely on the QCM, such as supplemental trainings or technology maintenance in updating the QCM. There may be an opportunity to provide further implementation guidance for the providers to ensure the statements represented in this section are complete beyond what is discussed.

Question 2

Are there any criteria that need to be added to the QCM description criteria or QCM content criteria? If so, please identify them.

We have not identified any criteria that need to be added to the QCM description criteria or QCM content criteria.

Question 3

Do you have any concerns about the relevance, objectivity, measurability, or completeness of any of the QCM description criteria or QCM content criteria? If so, please identify them and describe your concerns.

We have no concerns about the relevance, objectivity, measurability, or completeness of any of the QCM description criteria or QCM content criteria other than those explained elsewhere in this letter.

Question 4

Is the implementation guidance helpful in understanding and implementing the QCM description criteria and QCM content criteria? If not, please identify those that are not and why.

We believe it would be helpful to provide an example of how an examination report on QCM could be presented as part of the implementation guidance. Providing a template report will further help guide preparers and examiners and reduce the opportunity for diversity in practice.

In DC6, we believe that there should be more implementation guidance provided about the characteristics of the type of engagement for which QCM are intended to be used (i.e., expand the implementation material in (ii) to provide more detail about different areas of service and provide examples as to when an area of service outside of audit or assurance would be included in the QCM).

Question 5

ASEC intends to make conforming changes to the QCM description criteria and QCM content criteria to reflect SQMS No. 1 prior to the effective date of that standard. Are any of the elements of SQMS No. 1 in conflict with the QCM description criteria or QCM content criteria such that the usefulness of these criteria or the related implementation guidance will be ineffective? If so, please identify these areas. And if so, would you recommend making these conforming changes prior to the release of these criteria?

Yes, we believe that the conforming changes for SQMS No. 1 should be made prior to the release of these criteria. As discussed above, we also suggest considering any other final standards that may be issued by standard-setting bodies that set auditing and attest standards applicable to the use of QCM.

QCM Task Force of the AICPA Peer Review Board
December 22, 2022
Page 4

We appreciate this opportunity to provide feedback on the Exposure Draft and would be pleased to respond to any questions you may have about our comments. Please direct any questions regarding this letter to Jamie Klenieski, Audit Quality and Risk Leader, at 215.648.3014.

Sincerely,

RSM US LLP

RSM US LLP