
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**

November 1, 2022

Comments are requested by December 15, 2022

Prepared by the AICPA Assurance Services Executive Committee and the Quality Control Materials Task Force of the AICPA Peer Review Board for comment from persons interested in quality control and quality management issues.

Comments should be submitted in Microsoft Word, addressed to the QCM Task Force of the AICPA Peer Review Board, and sent to QCMcontentexam@aicpa-cima.com.



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Explanatory Memorandum

Introduction

This document presents proposed criteria for measuring or evaluating

- a description of the content of quality control materials (QCM). In this exposure draft (ED), these criteria are referred to as *QCM description criteria*.
- the content of QCM as it relates to the relevant standards and interpretive guidance. In this ED, these criteria are referred to as *QCM content criteria*.

The QCM description criteria and QCM content criteria are collectively referred to as the *QCM criteria*.

Background

QCM are materials (for example, manuals or tools), including industry- or subject matter-specific materials, intended to

- enable the operation of a firm's system of quality control and
- promote consistency in performing quality engagements.

QCM may be made available through technology, for example, through automated tools and techniques, and IT applications. QCM address standards and interpretive guidance related to accounting; audit, attestation, review, compilation, or preparation engagements, or other services that CPA firms may provide; or ethics, independence, quality control, quality management, peer review, or practice monitoring related to those services.

Examples of QCM include a guide that assists a CPA firm in performing an audit of financial statements under U.S. generally accepted auditing standards; a software tool that calculates planning materiality; a reporting and disclosure checklist for a construction contractor's financial statements; and an illustrative template for preparing an auditor's report. An entity that develops, maintains, and delivers QCM to CPA firms is referred to as a *QCM provider*. A CPA firm may be a QCM provider.

Paragraph .12 of QM section 10A, *A Firm's System of Quality Control*,^{1, 2} states that the objective of a firm is to establish and maintain a system of quality control to provide it with reasonable assurance that (a) the firm and its personnel comply with professional standards and applicable legal and regulatory requirements, and (b) reports issued by the firm are appropriate in the circumstances. A CPA firm establishes policies and procedures that enable the firm to achieve that objective and to promote consistency in the quality of

¹ The QM section 10A can be found in AICPA *Professional Standards*. Also see AICPA's *Quality Management Standards* in this ED.

² Prior to the release of Statement on Quality Management Standards (SQMS) No. 1, *A Firm's System of Quality Management*, and SQMS No. 2, *Engagement Quality Reviews*, AICPA *Professional Standards* used a "QC" identifier to refer to *A Firm's System of Quality Control*. Upon the issuance of SQMS Nos. 1–2, which supersede *A Firm's System of Quality Control*, the title "Quality Control" was changed to "Quality Management," and the section identifiers were changed to "QM." The "A" suffix in QM section 10A denotes extant guidance.

engagement performance. This is often accomplished through the adoption of QCM as an integral part of that firm's system of quality control. A CPA firm that uses QCM is referred to as a *user firm*.

Although QCM are intended to enable a user firm to achieve the objective identified in paragraph .12 of QM section 10A, the use of QCM may result in risks for the user firm — for example, the risk that QCM used by an auditor do not appropriately reflect professional standards, resulting in the auditor issuing an unmodified opinion on financial statements that are not presented fairly, in all material respects, in conformity with the applicable financial reporting framework.

To help a user firm address the risks associated with the use of QCM and to monitor its practice, a user firm may request that a QCM provider supply a practitioner's report on whether the QCM are in accordance with suitable criteria for the evaluation of the content of QCM related to the relevant standards and interpretive guidance. The criteria included in this ED are intended to provide such criteria.

Historically, QCM reviews³ performed under PRP section 1000, *AICPA Standards for Performing and Reporting on Peer Reviews* (peer review standards) were issued to enhance the confidence that user firms could place in QCM. The guidance to perform and report on QCM reviews in the peer review standards, however, was not designed to address QCM made available through technology, for example, through automated tools and techniques, and IT applications because the technology either did not exist or was not extensively employed for QCM at the time. Further, the Peer Review Board (PRB) no longer believes it is appropriate for practitioners to perform QCM reviews under the peer review standards. Accordingly, when the PRB approved clarified peer review standards⁴ effective for peer reviews commencing on or after May 1, 2022, the guidance associated with performing and reporting on QCM reviews was eliminated from those standards.

In its place, the AICPA is developing a new assertion-based examination performed under AT-C section 205, *Assertion-Based Examination Engagements*,⁵ and AT-C section 105, *Concepts Common to All Attestation Engagements* of the Statements on Standards for Attestation Engagements (SSAEs). AT-C section 105 indicates that an assertion-based examination engagement is predicated on the concept that a party other than the practitioner (the responsible party) makes an assertion about whether the underlying subject matter is measured or evaluated in accordance with suitable criteria. An *assertion* is any declaration or set of declarations about whether the underlying subject matter or subject matter information is in accordance with (or based on) the criteria. AT-C section 105 defines *subject matter information* as the outcome of the measurement or evaluation of the underlying subject matter against criteria. An assertion is subject matter information.

In an examination of a description and QCM content, QCM provider management is responsible for preparing a description of the QCM content (description) based on the QCM description criteria. The description is intended to provide user firms with information about the QCM to help them in determining whether the QCM will meet their needs. The description is prepared to meet the common information needs of user firms as a group and may not, therefore, address every aspect of the QCM that each individual user firm may consider important to its own particular needs.

³ QCM reviews are not reviews performed under Statements on Standards for Accounting and Review Services (SSARs) or reviews performed under Statements on Standards for Attestation Engagements (SSAEs).

⁴ The clarified peer review standards are codified in the PR-C sections in *AICPA Professional Standards*.

⁵ All AT-C sections can be found in *AICPA Professional Standards*.

In this examination, QCM provider management is the responsible party and is responsible for determining which QCM content and related description will be the subject of the examination. The description and the QCM content are the underlying subject matter of the examination. AT-C section 105 defines underlying subject matter in an examination engagement as the phenomenon that is measured or evaluated by applying criteria. The practitioner designs and performs procedures to obtain sufficient appropriate evidence about whether the description is in accordance with the QCM description criteria and whether the QCM content is in accordance with the QCM content criteria. Such evidence forms the basis for the practitioner's opinion.

A practitioner's report on an examination of a description and QCM content enhances the degree of confidence the user firm has in using the QCM. In addition to user firms, the following parties may find the practitioner's report helpful:

- Practitioners who perform practice monitoring, internal inspections, quality control, or quality management work for a user firm
- Peer reviewers who review the system of quality control for the accounting and auditing practice of user firms in accordance with the clarified peer review standards
- Standard-setting bodies; educators; professional organizations representing user firms and the accounting profession; and regulators of the accounting profession

The examination of a description and QCM content contributes to the accounting profession's continual efforts to improve engagement performance and reporting, especially audit quality. The public interest is served when the profession takes steps to maintain its reputation for quality.

To assist practitioners engaged to examine and report on QCM content and the related description, the AICPA is developing AICPA Guide *Reporting on an Examination of a Description of the Content of Quality Control Materials (QCM) and of the Content of QCM Related to the Relevant Standards and Interpretive Guidance* (guide).

Scope of the Criteria

The QCM criteria are used to evaluate whether the description of the QCM is in accordance with the QCM description criteria and whether the QCM content is in accordance with the QCM content criteria. The criteria are not designed to be used to evaluate the following:

- *The functionality of the technology for QCM made available through technology, for example, automated tools and techniques, and IT applications.* Advances in technology have made the functionality of QCM increasingly more complex and expanded the delivery options for QCM. It is understandable that a QCM provider may want to evaluate the functionality of the technology to help user firms address the risks associated with the use of QCM made available through technology. Nothing precludes a QCM provider from using supplemental criteria, such as criteria based on the applicable trust services criteria⁶ used in a system and organization controls (SOC) engagement, to evaluate the controls over the functionality of the technology for QCM.

⁶ The 2017 Trust Services Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy (With Revised Points of Focus — 2022) established by ASEC represent control criteria for use in attestation or consulting engagements to evaluate and report on controls over the security, availability, processing integrity, confidentiality, or privacy of information and systems. The criteria can be found in TSP section 100 in AICPA Trust Services Criteria.

- *Whether the QCM are fit for purpose or achieve their intended purpose.* Instead, the proposed criteria (which will be publicly available) allow user firms to understand how the description and QCM have been measured or evaluated. The practitioner’s opinion about whether the description and QCM content are in accordance with the QCM criteria also provides user firms with the information they need to evaluate whether the QCM will assist them in achieving their own purposes, based on the facts and circumstances that exist for each user firm, their particular client, or the engagement for which the QCM will be used.
- *The following matters, which were addressed in the QCM reviewer’s opinion in a report on a QCM review performed under the superseded peer review standards:*
 - Whether the QCM provider’s system of quality control for the development and maintenance of the QCM system (system) was suitably designed and was being complied with over a period. The focus of the criteria is on the description and the QCM content, rather than on how they were developed and maintained. It is understandable that a QCM provider may want to help current and potential users of its QCM understand how it developed and maintained the description and QCM to further help those users in making purchasing decisions. Nothing precludes a QCM provider from using supplemental criteria to evaluate its system and compliance with it.
 - Whether the QCM are reliable aids to assist users in conforming with the professional standards that the QCM purport to encompass. Instead, the practitioner’s opinion about whether the description and QCM content are in accordance with the proposed criteria (which will be publicly available) provides user firms with the information they need to evaluate the QCM based on the facts and circumstances that exist for each user firm, their particular client, or the engagement for which the QCM will be used. Further, the functionality of technology for QCM made available through technology could be critical to an evaluation of whether QCM are reliable aids; however, the criteria, as explained previously, are not designed to be used to evaluate that functionality.

The QCM criteria may be a first step toward what ultimately evolves into a set of criteria that also address the functionality of the technology of QCM made available through technology and the QCM provider’s system for developing and maintaining a description and QCM content for all QCM providers and practitioners to use. Until then, nothing precludes a QCM provider from using supplemental criteria to develop and evaluate the description and QCM or from supplementing this examination with other attestation engagements specifically tailored to its needs.

Other Resources and Means for a User Firm to Address the Risks Associated With the Use of QCM and to Monitor Its Practice

In some situations, an examination may not have been performed on the QCM content, or elements of the QCM content, that are used by the firm. In that case, a user firm may wish to use other resources and means to address the risks associated with the use of QCM and to monitor its practice.

For example, a user firm may perform its own measurement and evaluation of whether the QCM content is in accordance with the QCM content criteria by reading the QCM content; comparing the QCM content to the relevant standards and interpretive guidance; comparing the relevant standards and interpretive guidance to the QCM content; and testing the QCM content by assuming a set of conditions and applying the QCM content to that set of conditions. If there is a description of the QCM in the product, a user firm may perform its own evaluation of it by reading the description; comparing the description to the QCM content; determining whether information in the description related to standards and interpretive guidance agrees with the standards and interpretive guidance; and determining the accuracy and completeness of information in the description.

A user firm may also consider the QCM provider's experience in the industry and reputation in the market; consult with peers and its peer reviewer about the QCM; and consider the firm's previous experience using the QCM, including whether the firm's monitoring procedures and peer reviews identified deficiencies or engagements that were not in compliance with professional standards resulting from use of the QCM. A user firm may also refer to QM section 10A and other relevant quality control or quality management standards and interpretive guidance for guidance on determining whether a resource such as QCM is appropriate for use in a firm's system of quality control or quality management.

A user firm may also decide to use a practitioner's report on an attestation engagement other than an examination of a description and QCM content, such as those previously mentioned.

Some of these same resources and means could be useful for a CPA firm that develops, maintains, and delivers its own QCM, and thus is also a QCM provider.

Development of the Criteria

In establishing and developing these criteria, the AICPA Assurance Services Executive Committee (ASEC) is following due process procedures, including exposure of the criteria for public comment. BL section 360R, *Implementing Resolutions Under Section 3.6 Committees*,⁷ designates ASEC as a senior technical committee with the authority to make public statements without clearance from the AICPA Council or the board of directors. Paragraph .A46 of AT-C section 105 indicates that criteria promulgated by a body designated by the Council of the AICPA under the AICPA Code of Professional Conduct are, by definition, considered to be suitable. Accordingly, after exposure of the criteria for public comment, ASEC will conclude on whether these criteria are suitable.

Paragraph .A44 of AT-C section 105 states that suitable criteria exhibit all of the following characteristics:

- *Relevance*. Criteria are relevant to the underlying subject matter.
- *Objectivity*. Criteria are free from bias.
- *Measurability*. Criteria permit reasonably consistent measurements, qualitative or quantitative, of underlying subject matter.
- *Completeness*. Criteria are complete when subject matter information prepared in accordance with them does not omit relevant factors that could reasonably be expected to affect decisions of the intended users made on the basis of that subject matter information.

Paragraph .A16 of AT-C section 105 states that suitable criteria are required for reasonably consistent measurement or evaluation of underlying subject matter within the context of professional judgment. It also states that without the frame of reference provided by suitable criteria, any conclusion is open to individual interpretation and misunderstanding. When approved and issued, the QCM description criteria and QCM content criteria will be considered suitable criteria for use in an examination of a description and of QCM content.

The proposed criteria also include examples, explanations, and other implementation guidance (collectively referred to as implementation guidance) that may assist QCM provider management and the practitioner in

⁷ All AICPA BL sections can be found in AICPA *Professional Standards*.

measuring or evaluating whether the description and the QCM content are in accordance with the criteria. However, the implementation guidance does not address all possible situations; therefore, users of the criteria are advised to consider the facts and circumstances related to the description and the QCM content when applying the criteria.

Changes to the SSAEs Introduced by SSAE No. 21

In September 2020, the AICPA Auditing Standards Board (ASB) issued Statement on Standards for Attestation Engagements (SSAE) No. 21, *Direct Examination Engagements*, which adds AT-C section 206, *Direct Examination Engagements*, to the SSAEs; amends AT-C section 105, *Concepts Common to All Attestation Engagements*, principally for new terminology; and supersedes and renames AT-C section 205 to *Assertion-Based Examination Engagements*. SSAE No. 21 is effective for practitioners' reports dated on or after June 15, 2022.

This explanatory memorandum, and the introductory material to the proposed criteria titled "Proposed Criteria for a Description of the Content of Quality Control Materials (QCM Description Criteria) and Related Implementation Guidance" and "Proposed Criteria for the Content of Quality Control Materials (QCM) Related to the Relevant Standards and Interpretive Guidance (QCM Content Criteria) and Related Implementation Guidance," reflect the requirements and guidance of SSAE No. 21 in AT-C sections 105 and 205. Because the AICPA is developing an assertion-based examination, this explanatory memorandum and the introductory material do not reflect the requirements and guidance of SSAE No. 21 in AT-C section 206 for direct examination engagements.

AICPA's Quality Management Standards

In May 2022, the ASB approved three interrelated standards that address the way CPA firms manage quality for their accounting and auditing practices. One of the three standards, Statement on Quality Management Standards (SQMS) No. 1, *A Firm's System of Quality Management (QM section 10)*⁸, addresses a firm's responsibilities to design, implement, and operate a system of quality management for its accounting and auditing practice. The standard indicates that one of the components of a system of quality management is resources, which includes human, technological, and intellectual resources. The standard indicates that intellectual resources include the information the firm uses to enable the operation of the system of quality management and promote consistency in performing engagements. The standard also indicates that examples of intellectual resources include industry- or subject matter-specific guides and accounting guides. These examples would be considered QCM. The standard also indicates that intellectual resources may be made available through technological resources. As a result of the standard, more attention is being focused on measuring or evaluating intellectual and technological resources such as QCM.

The standard requires the firm to establish specified quality objectives, one of which is to obtain or develop, implement, maintain, and use appropriate intellectual resources that are consistent with professional standards and applicable legal and regulatory requirements, where applicable, to enable the operation of a firm's system of quality management and the consistent performance of quality engagements. The standard acknowledges that intellectual resources may be developed by the firm. The standard also indicates that intellectual resources may be provided by a *service provider*, which the standard defines as an individual or organization external to the firm that provides a resource that is used in the system of quality management or in performing engagements. A QCM provider would be considered a service provider.

⁸ All QM sections can be found in AICPA *Professional Standards*.

To achieve the quality objective related to intellectual resources, the standard indicates that one of the matters a firm may consider when determining whether a resource from a service provider is appropriate for use in a firm's system of quality management or performing engagements, is the results of an attestation engagement performed by an independent third party. An example of an assurance engagement performed by an independent third party on an intellectual resource is an examination of a description and QCM content.

Systems of quality management in compliance with SQMS No. 1 are required to be designed and implemented by December 15, 2025. The term QCM (quality control materials) will be updated to QMM (quality management materials), and other conforming changes will be made to the QCM criteria before the standard becomes effective.

Guide for Respondents

ASEC is seeking comments on the proposed QCM description criteria and on the QCM content criteria. Specifically, respondents are asked to respond to the following questions:

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

Comments are most helpful when they refer to specific paragraphs or criteria numbers, make specific suggestions for any proposed changes to wording, and include the reasons for the suggestions. When a respondent agrees with proposals in the ED, it would be helpful for the working group to be made aware of this view as well.

Written comments on the ED should be sent directly to QCMcontentexam@aicpa-cima.com.

Comment Period

The comment period for this ED ends on December 15, 2022.

Assurance Services Executive Committee (2021–2022)

Jim Burton, *Chair*
Daniel Balla
Damon Busse
Jim Dalkin
Mary Grace Davenport
Chris Halterman
Dyan Rohol
Cathy Schweigel
Amy Steele
Kimberly Ellison-Taylor
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Quality Control Materials (QCM) Task Force of the AICPA Peer Review Board

Erica Forhan, *Chair (2020–2022)*
Cathy Schweigel, *Chair (2013–2020)*
Frank Boutillette
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Proposed Criteria for a Description of the Content of Quality Control Materials (QCM) and for the Content of QCM Related to the Relevant Standards and Interpretive Guidance

Introduction

1. The AICPA Assurance Services Executive Committee (ASEC) has developed
 - the *quality control materials (QCM) description criteria* for measuring or evaluating a description of the content of QCM and
 - the *QCM content criteria* for measuring or evaluating the content of QCM related to the relevant standards and interpretive guidance.

Collectively, the two sets of criteria are referred to as the *QCM criteria*.

Background

2. QCM are materials (for example, manuals or tools), including industry- or subject matter-specific materials, intended to
 - enable the operation of a firm's system of quality control and
 - promote consistency in performing quality engagements.
3. QCM may be made available through technology, for example, through automated tools and techniques, and IT applications. QCM address standards and interpretive guidance related to accounting; audit, attestation, review, compilation, or preparation engagements, or other services that CPA firms may provide; or ethics, independence, quality control, quality management, peer review, or practice monitoring related to those services.
4. Examples of QCM include a guide that assists a CPA firm in performing an audit of financial statements under U.S. generally accepted auditing standards; a software tool that calculates planning materiality; a reporting and disclosure checklist for a construction contractor's financial statements; and an illustrative template for preparing an auditor's report. An entity that develops, maintains, and delivers QCM to CPA firms is referred to as a *QCM provider*. A CPA firm may be a QCM provider.
5. Paragraph .12 of QM section 10A, *A Firm's System of Quality Control*,^{1, 2} states that the objective of a firm is to establish and maintain a system of quality control to provide it with reasonable assurance that (a) the

¹ The QM sections can be found in *AICPA Professional Standards*.

² Prior to the release of Statement on Quality Management Standards (SQMS) No. 1, *A Firm's System of Quality Management*, and SQMS No. 2, *Engagement Quality Reviews*, *AICPA Professional Standards* used a "QC" identifier to refer to *A Firm's System of Quality Control*. Upon the issuance of SQMS Nos. 1–2, which supersede *A Firm's System of Quality Control*, the title "Quality Control" was changed to "Quality Management," and the section identifiers were changed to "QM." The "A" suffix in QM section 10A denotes extant guidance.

firm and its personnel comply with professional standards and applicable legal and regulatory requirements, and (b) reports issued by the firm are appropriate in the circumstances. A CPA firm establishes policies and procedures that enable the firm to achieve that objective and to promote consistency in the quality of engagement performance. This is often accomplished through the adoption of QCM as an integral part of that firm's system of quality control. A CPA firm that uses QCM is referred to as a *user firm*.

6. Although QCM are intended to enable a user firm to achieve the objective identified in paragraph .12 of QM section 10A, the use of QCM may result in risks for the user firm — for example, the risk that QCM used by an auditor do not appropriately reflect professional standards, resulting in the auditor issuing an unmodified opinion on financial statements that are not presented fairly, in all material respects, in conformity with the applicable financial reporting framework.
7. To help a user firm address the risks associated with the use of QCM and to monitor its practice, the AICPA developed an assertion-based examination performed under AT-C section 205, *Assertion-Based Examination Engagements*,³ and AT-C section 105, *Concepts Common to All Attestation Engagements*, of the Statements on Standards for Attestation Engagements (SSAEs). AT-C section 105 indicates that an assertion-based examination engagement is predicated on the concept that a party other than the practitioner (the responsible party) makes an assertion about whether the underlying subject matter is measured or evaluated in accordance with suitable criteria. An *assertion* is any declaration or set of declarations about whether the underlying subject matter or subject matter information is in accordance with (or based on) the criteria. AT-C section 105 defines *subject matter information* as the outcome of the measurement or evaluation of the underlying subject matter against criteria. An assertion is subject matter information.
8. In an examination of a description and QCM content, QCM provider management is responsible for preparing a description of the QCM content (description) based on the QCM description criteria. The description is intended to provide user firms with information about the QCM to help them in determining whether the QCM will meet their needs. The description is prepared to meet the common information needs of user firms as a group and may not, therefore, address every aspect of the QCM that each individual user firm may consider important to its own particular needs.
9. In this examination, QCM provider management is the responsible party and is responsible for determining which QCM content and related description will be the subject of the examination. The description and the QCM content are the underlying subject matter of the examination. AT-C section 105 defines underlying subject matter in an examination engagement as the phenomenon that is measured or evaluated by applying criteria. The practitioner designs and performs procedures to obtain sufficient appropriate evidence about whether the description is in accordance with the QCM description criteria and whether the QCM content is in accordance with the QCM content criteria. Such evidence forms the basis for the practitioner's opinion.
10. A practitioner's report on an examination of a description and QCM content enhances the degree of confidence the user firm has in using the QCM. In addition to user firms, the following parties may find the practitioner's report helpful:

³ All AT-C sections can be found in AICPA *Professional Standards*.

- Practitioners who perform practice monitoring, internal inspections, quality control, or quality management work for a user firm
- Peer reviewers who review the system of quality control for the accounting and auditing practice of such user firms in accordance with the clarified AICPA Standards for Performing and Reporting on Peer Reviews (clarified peer review standards⁴)
- Standard-setting bodies; educators; professional organizations representing user firms and the accounting profession; and regulators of the accounting profession.

11. To assist practitioners engaged to examine and report on QCM content and the related description, the AICPA has developed AICPA Guide *Reporting on an Examination of a Description of the Content of Quality Control Materials (QCM) and of the Content of QCM Related to the Relevant Standards and Interpretive Guidance* (guide).

Scope of the Criteria

12. The QCM criteria are used to evaluate whether the description of the QCM is in accordance with the QCM description criteria and whether the QCM content is in accordance with the QCM content criteria. The criteria are not designed to be used to evaluate the following:

- *The functionality of the technology for QCM made available through technology, for example, automated tools and techniques, and IT applications.* Advances in technology have made the functionality of QCM increasingly more complex and expanded the delivery options for QCM. It is understandable that a QCM provider may want to evaluate the functionality of the technology to help user firms address the risks associated with the use of QCM made available through technology. Nothing precludes a QCM provider from using supplemental criteria, such as criteria based on the applicable trust services criteria⁵ used in a system and organization controls (SOC) engagement, to evaluate the controls over the functionality of the technology for QCM.
- *Whether the QCM are fit for purpose or achieve their intended purpose.* Instead, the QCM criteria (which will be publicly available) allow user firms to understand how the description and QCM have been measured or evaluated. The practitioner's opinion about whether the description and QCM content are in accordance with the QCM criteria provides user firms with the information they need to evaluate whether the QCM will assist them in achieving their own purposes, based on the facts and circumstances that exist for each user firm, their particular client, or the engagement for which the QCM will be used.
- *Whether the QCM provider's system of quality control for the development and maintenance of the QCM system (system) was suitably designed and was being complied with over a period.* The focus of the criteria is on the description and the QCM content, rather than on how they were developed and maintained. It is understandable that a QCM provider may want to help current and potential users of its QCM understand how it developed and maintained the description and QCM to further help those users

⁴ The clarified peer review standards are codified in the PR-C sections in AICPA *Professional Standards*.

⁵ The *2017 Trust Services Criteria for Security, Availability, Processing Integrity, Confidentiality, and Privacy* (With Revised Points of Focus — 2022) established by ASEC represent control criteria for use in attestation or consulting engagements to evaluate and report on controls over the security, availability, processing integrity, confidentiality, or privacy of information and systems. The criteria can be found in TSP section 100 in AICPA *Trust Services Criteria*.

in making purchasing decisions. Nothing precludes a QCM provider from using supplemental criteria to evaluate its system and compliance with it.

- *Whether the QCM are reliable aids to assist users in conforming with the professional standards that the QCM purport to encompass.* Instead, the practitioner's opinion about whether the description and QCM content are in accordance with the criteria (which will be publicly available) provides user firms with the information they need to evaluate the QCM based on the facts and circumstances that exist for each user firm, their particular client, or the engagement for which the QCM will be used. Further, the functionality of technology for QCM made available through technology could be critical to an evaluation of whether QCM are reliable aids; however, the criteria, as explained previously, are not designed to be used to evaluate that functionality.

13. The QCM criteria may be a first step toward what ultimately evolves into a set of criteria that also address the functionality of the technology of QCM made available through technology and the QCM provider's system for developing and maintaining a description and QCM content for all QCM providers and practitioners to use. Until then, nothing precludes a QCM provider from using supplemental criteria to develop and evaluate the description and QCM or from supplementing this examination with other attestation engagements specifically tailored to its needs.

Suitability and Availability of the QCM Criteria

14. In establishing and developing these criteria, ASEC followed due process procedures, including exposure of the criteria for public comment. BL section 360R, *Implementing Resolutions Under Section 3.6 Committees*,⁶ designates ASEC as a senior technical committee with the authority to make public statements without clearance from the AICPA Council or the board of directors. Paragraph .A46 of AT-C section 105 indicates that criteria promulgated by a body designated by the Council of the AICPA under the AICPA Code of Professional Conduct are, by definition, considered to be suitable. Accordingly, these criteria are suitable criteria for an examination of a description of QCM content and of QCM content. ASEC has published the criteria and made them available to users. Therefore, the criteria meet the requirements in paragraph .27bii of AT-C section 105 for criteria that are both suitable and available for use in an attestation engagement.

Preparing and Evaluating the Description of the QCM Content in Accordance With the QCM Description Criteria

15. As previously discussed, QCM provider management's description is intended to provide user firms with information about the QCM to help them in determining whether the QCM will meet their needs. Among other things, the description provides information about the topics addressed by the QCM and the standards and interpretive guidance that the QCM address. The description is prepared by QCM provider management based on its knowledge of and experience with the QCM.

⁶ All AICPA BL sections can be found in AICPA *Professional Standards*.

16. There is no prescribed format for the description. It may be presented in a variety of formats, as long as the description contains the information required by the criteria, and all the information is accessible within the description.⁷
17. The description is not intended to be lengthy and complex. The description is not required to describe every aspect of the QCM that each individual user firm may consider important in its own particular environment; however, the description is expected to be prepared at a level of detail that could reasonably provide a broad range of user firms with an understanding of the QCM.⁸ Certain information in the description may satisfy multiple QCM description criteria. Consequently, information in the description that meets multiple criteria does not need to be repeated.
18. A description would be considered to be in accordance with the QCM description criteria if it
- a. accurately describes the QCM content, and does not state or imply that it describes the QCM content when it does not;
 - b. contains information that addresses each QCM description criterion to the extent it is applicable;
 - c. does not inadvertently or intentionally omit, distort, or misrepresent information in a way that could mislead user firms; and
 - d. avoids statements that are not measurable and that cannot be objectively evaluated (for example, the description does not contain statements that describe the QCM content as being “the world’s best” or “the most respected in the industry”).
19. In certain circumstances, additional disclosures may be necessary to supplement the description. QCM provider management’s decisions about whether such additional disclosures are necessary — and the practitioner’s evaluation of management’s decisions — involve consideration of whether the disclosures may affect information likely to be relevant to the decisions of user firms. Examples of additional disclosures that may be necessary include the following:
- a. Significant interpretations made in applying the QCM description criteria in the specific circumstances of the examination (for example, what constitutes “other QCM intended to be used in conjunction with the QCM content”)
 - b. Events, depending on their nature and significance, subsequent to the date of the description but prior to the delivery of the practitioner’s report on the examination (see AT-C section 205, which addresses subsequent events).

Developing and Evaluating QCM Content Related to the Relevant Standards and Interpretive Guidance in Accordance With the QCM Content Criteria

20. As previously discussed, QCM are intended to enable a user firm to achieve the objective identified in paragraph .12 of QM section 10A. To do so, among other criteria, QCM should accurately reflect the

⁷ For example, inserting a hyperlink to another location within the description or using collapsible headings when it is clearly evident that content has been collapsed are examples of instances in which the information is accessible within the description, whereas a hyperlink to a different document, file, or web page is not.

⁸ A QCM provider may include additional information about the QCM in a section of the description titled “Other Information Provided by the QCM Provider.”

standards and interpretive guidance addressed by the QCM in the manner described in the description. The QCM are developed by the QCM provider based on its knowledge of and experience with the standards and interpretive guidance.

21. QCM content would be considered to be in accordance with the QCM content criteria if it
- a. accurately reflects the relevant standards and interpretive guidance addressed by the QCM content, and addresses the relevant standards and interpretive guidance in the manner described in the description;
 - b. contains the information that is required to be identified, such as any assumptions and judgments made in developing the QCM content;
 - c. uses the same terminology and definitions used in the relevant standards and interpretive guidance;
 - d. does not omit relevant principles, topics, requirements, considerations, procedures, or other aspects of the relevant standards and interpretive guidance;
 - e. provides a means to document compliance with the relevant standards and interpretive guidance that the QCM address, if the description indicates that a purpose of the QCM is to do so; and
 - f. does not inadvertently or intentionally omit or distort information in a way that could mislead user firms.

Materiality Considerations When Developing and Evaluating the Description and QCM Content

22. Applying and evaluating the criteria requires judgment and is affected by the QCM provider management's perception of the common information needs of user firms as a group.
23. Materiality is considered in the context of qualitative factors and, if applicable, quantitative factors. The relative importance of qualitative factors and quantitative factors when considering materiality while developing and evaluating the description and QCM content is a matter for the QCM provider management's professional judgment. Because the QCM criteria call for the inclusion of primarily nonfinancial information in the description, and the presentation of primarily nonfinancial information in QCM content,⁹ QCM provider management's materiality considerations for the preparation and evaluation of the description and QCM content are usually qualitative in nature. The following are examples of qualitative factors that QCM provider management may consider:
- The correlation between the description and the QCM content, for example, how accurately the description reflects the QCM content
 - The relative importance of various aspects of the description and the QCM content, for example, whether a specific aspect of the QCM is likely to result in a practitioner issuing an unmodified opinion on financial statements that are not presented fairly, in all material respects, in conformity with the applicable financial reporting framework
 - The accuracy of the wording used in the description and the QCM content related to the relevant standards and interpretive guidance, for example, whether the wording omits, distorts, or misrepresents the information

⁹ Although financial information may be added to the QCM by the user firm, the QCM consist primarily of nonfinancial information.

- The nature of a misstatement, for example, whether it relates to new standards and interpretive guidance for which standard-setting bodies are still addressing implementation questions and developing implementation guidance
- Whether a misstatement is the result of an intentional act or is unintentional
- The QCM provider management's understanding of the information needs of user firms

24. When developing and evaluating a description and QCM content, QCM provider management may also consider quantitative factors, which relate to the magnitude of misstatements relative to reported amounts for those aspects of the subject matter, if any, that are expressed numerically or otherwise related to numerical values. The following are examples of quantitative factors:

- The rate of incorrect references to the standards and interpretive guidance (for example, incorrect paragraph references)
- The rate that principles, topics, requirements, or other aspects of the standards and interpretive guidance are omitted from the QCM content (unless the omissions are identified in the description as required by QCM description criteria)

Criteria and Related Implementation Guidance

25. The QCM criteria are presented in the first and second columns of the table in paragraphs 26 and 27. The implementation guidance presented in the third column of the table in paragraphs 26 and 27 provides examples, explanations, and other implementation guidance (collectively referred to as implementation guidance) that may assist in measuring or evaluating whether the description and the QCM content are in accordance with the criteria. The implementation guidance does not address all possible situations; therefore, users are advised to consider the facts and circumstances of the description and the QCM content when applying the criteria.

Proposed Criteria for a Description of the Content of Quality Control Materials (QCM Description Criteria) and Related Implementation Guidance

QCM Description Criteria		
	Criteria	Implementation Guidance
	The description of the content of quality control materials (description) contains the following information:	
DC1	<p>An identification of the quality control materials (QCM)¹ addressed by the description, including the following:</p> <p>a. The title of the QCM, including the version name, number, or date</p> <p>b. An indication of all formats in which the QCM are provided and, if the QCM are in the format of application software, all delivery methods</p>	<p>The following are examples of the identification of the title and format of the QCM in various circumstances:</p> <ul style="list-style-type: none"> • If the QCM are paper-based: <i>Guide to Audits of Small Businesses — June 30, 20X1, Print Edition</i> • If the QCM are application software available for download from the QCM provider's website: <i>Practice Aids for Audits of Small Businesses, Version 20X1-3, on Plum Software, Available for Download</i> • If the QCM are application software on a cloud-based platform accessed from the QCM provider's website: <i>Reviews of Small Businesses — Toolset, Version 20X1-3, on Plum Software, Available on the Banana Platform</i> • If the QCM are available in two formats: paper-based and application software available for download from the QCM provider's website: <i>Guide to Audits of Small Businesses — June 30, 20X1, Print Edition and Version 20X1-3, on Plum Software, Available for Download</i>

¹ The first mention of certain terms in the criteria is hyperlinked to the definition of that term in appendix A, "Glossary."

QCM Description Criteria		
	Criteria	Implementation Guidance
		<ul style="list-style-type: none"> • If the QCM content addressed by the description is only an element (part) of the entire QCM (see DC3): <ul style="list-style-type: none"> — Chapters 1–3 of <i>GAAS Practice Aids — June 30, 20X1, Print Edition</i> — Content Related to <i>Statement on Auditing Standards (SAS) No. XXX, [Title]</i>, in <i>Audits of Small Businesses — Toolset, Version 20X1-3, on Plum Software, Available on the Banana Platform</i> — <i>Guide for Performing and Reporting on Compilations and Preparations — June 30, 20X1, Print Edition</i>, except for appendix “CPE Materials”
DC2	An identification of any elements of the QCM content that are provided by an other QCM provider	<p>The following are examples of the identification of elements of the QCM content that are provided by an other QCM provider:</p> <ul style="list-style-type: none"> • The February 20X1 edition includes a financial disclosure module provided by [<i>name of other QCM provider</i>]. • The toolkit includes a sampling tool provided by [<i>name of other QCM provider</i>].
DC3	An identification of any elements (parts) of the QCM content that are not addressed by the description. If applicable, identify how the elements relate to the entire QCM.	<p>Ordinarily, the description is intended for a broad range of user firms; therefore, the description ordinarily addresses all of the QCM content in a product. In some circumstances, however, the description may not address all elements of the QCM content. Because omitting elements of the QCM content may be confusing or misleading to intended users, disclosing which elements are not included, and how they relate to the entire QCM, helps users understand whether the description is likely to meet their information needs.</p>

QCM Description Criteria	
Criteria	Implementation Guidance
	<p>For example, at the request of a specific user firm, the QCM provider may address in the description only a specific topic of interest to that firm. In this situation, language such as the following may be in accordance with this criterion:</p> <ul style="list-style-type: none"> • This description is intended solely for the information and use of [<i>name of specified party</i>] and, at its request, the description addresses chapter 5, “Taxation for Construction Contractors in Guide to Construction Contractors.” It does not, however, address chapters 1–4 related to accounting and assurance services for construction contractors. <p>As another example, when certain elements of the QCM have been developed by an other QCM provider, the QCM provider may address in the description only the elements of the QCM content for which it is responsible (see DC2). In this situation, language such as the following may be in accordance with this criterion:</p> <ul style="list-style-type: none"> • The February 20X1 edition includes a financial disclosure module provided by [<i>name of other QCM provider</i>], which is not addressed by this description. <p>In another example, the QCM provider may elect to address in the description only new content that has been added to the QCM since the previous description was issued. In this situation, language such as the following may be in accordance with this criterion:</p> <ul style="list-style-type: none"> • The first four chapters of the March 20X2 edition of <i>Guide to Audits of Real Estate Entities</i> were included in the description dated May 15, 20X2. This description addresses only chapter 5, which was added subsequent to that date.

QCM Description Criteria		
	Criteria	Implementation Guidance
		<p>When elements are not addressed by the description, they are identified in the description to enable users to understand which QCM content is addressed in the description.</p> <p>Including the information to satisfy DC3 only in the title of the QCM would not satisfy the criterion.</p>
DC4	The date of the description	<p>The description describes the QCM content as it exists on a specific date.</p> <p>The following is an example of how the date of the description may be designated:</p> <ul style="list-style-type: none"> • Description as of May 18, 20X1, of Smith Inc.'s <i>Practice Aids for Audits of Manufacturers, Print Version 20X1-3</i>.
DC5	A statement that “[<i>Identification of the QCM addressed by the description</i>] are quality control materials (QCM). The AICPA defines QCM as materials (for example, manuals or tools), including industry- or subject matter-specific materials, intended to enable the operation of a firm’s system of quality control and promote consistency in performing quality engagements. QCM may be made available through technology, for example, through automated tools and techniques, and IT applications. QCM address standards and interpretive guidance related to accounting; audit, attestation, review, compilation, or preparation engagements, or other services that CPA firms may provide; or ethics, independence, quality control, quality management, peer review, or practice monitoring related to those services.”	The description should include the statement required by DC5, without modification.

QCM Description Criteria		
	Criteria	Implementation Guidance
DC6	An identification of the characteristics of the QCM, including the following: a. The type of QCM (what the QCM are) and purpose of the type of QCM	The following are examples of the type of QCM and purpose of the type of QCM: <ul style="list-style-type: none"> • Guide for reference purposes to help a user understand standards and interpretive guidance • Practice aid, tool, or checklist that provides a means to document compliance with the relevant standards and interpretive guidance • Illustrations or templates that provide standardized wording for reports, letters, and other documents • Full set of guidance and practice aids to perform an engagement
	b. The topics addressed by the QCM	The following are examples of topics addressed by the QCM: <ul style="list-style-type: none"> • A specific type of engagement, for example, an audit of an element of a financial statement (see DC6c) • Specific aspects of an engagement, for example, sampling or calculating planning materiality in an audit of financial statements, and management's disclosures in a compilation of financial statements (see DC6c) • Ethics and independence • Quality control or quality management • Peer review or practice monitoring
		The following are examples of the identification of the characteristics of the QCM, as they relate to the type of QCM and purpose of the type of QCM, and the topics addressed by the QCM (DC6a–b combined): <ul style="list-style-type: none"> • <i>Nonattest Services for CPAs</i> is a toolkit of practice aids intended to assist CPA firms in determining whether nonattest services impair independence and also provide a means for documenting the conclusions. • <i>Quality Control Essentials</i> is a reference guide intended to assist CPA firms in designing and implementing a quality

QCM Description Criteria	
Criteria	Implementation Guidance
	control system that is in accordance with the AICPA's Statements on Quality Control Standards.
<p>c. If the QCM are intended to be used for a specific type of engagement or specific aspects of an engagement, an identification of the characteristics of that engagement, including the following:</p> <p>i. The relevant characteristics of the type of client for which the QCM are intended to be used, including the following:</p> <ul style="list-style-type: none"> • Area of practice • Industry • Form or type of organization • Operational characteristics 	<p>The following are examples of the area of practice:</p> <ul style="list-style-type: none"> • Entities that receive federal funds and are subject to the Single Audit Act • Financial institutions subject to the Federal Deposit Insurance Corporation Improvement Act • Employee benefit plans subject to the Employee Retirement Income Security Act of 1974 (ERISA) • Entities subject to the financial reporting standards of the U.S. Department of Housing and Urban Development <p>The following are examples of industries:</p> <ul style="list-style-type: none"> • Real estate • Manufacturing • Health care <p>The following are examples of the form or type of organization:</p> <ul style="list-style-type: none"> • Public • Private • Issuer (as defined by the U.S. Securities and Exchange Commission [SEC]) • Nonissuer • Corporation • Partnership • Governmental • Not-for-profit <p>The following are examples of operational characteristics:</p> <ul style="list-style-type: none"> • Multiple subsidiaries • Multiple locations • International operations • Regulated industry

QCM Description Criteria	
Criteria	Implementation Guidance
	<p>The following are examples of the identification of the relevant characteristics of the type of client for which the QCM are intended to be used:</p> <ul style="list-style-type: none"> • This practice aid is to be used for nonpublic manufacturing companies. • This guide is to be used for not-for-profit colleges and universities.
<p>ii. The characteristics of the type of engagement for which the QCM are intended to be used, including the following:</p> <ul style="list-style-type: none"> • Area of service • Level of service • Unique characteristics of the engagement 	<p>The following are examples of area of service:</p> <ul style="list-style-type: none"> • Accounting and auditing • Consulting • Forensic accounting <p>The following are examples of level of service:</p> <ul style="list-style-type: none"> • For financial statement services: audit, review, compilation, or preparation • For attestation services: assertion-based examination, or direct examination, review, or agreed-upon procedures <p>The following are examples of unique characteristics of the engagement:</p> <ul style="list-style-type: none"> • Complex accounting issues • Use of estimates • Use of specialists
	<p>The following are examples of an identification of the characteristics of the QCM, including the type of QCM and purpose of the type of QCM; the topics addressed by the QCM; and an identification of the characteristics of the specific type of engagement the QCM for which the QCM are intended to be used, if applicable (DC6a–c combined):</p>

QCM Description Criteria		
	Criteria	Implementation Guidance
		<ul style="list-style-type: none"> • <i>Consulting for Small Businesses</i> is a guide with reference guidance on performing consulting services for small businesses. • <i>Auditing Estimates — Construction Contractors</i> is a practice aid that provides a means to document compliance with the relevant standards and interpretive guidance when evaluating estimates in audits of the financial statements of construction contractors.
		Including the information to satisfy DC6 only in the title of the QCM would not satisfy the criterion.
DC7	An identification of any other QCM intended to be used in conjunction with the QCM content	<p>The following are examples of the identification of any other QCM intended to be used in conjunction with the QCM content:</p> <ul style="list-style-type: none"> • For QCM titled “<i>Guide to Single Audits Performed Under OMB Uniform Guidance: Guide to Engagements Performed Under Government Auditing Standards (Yellow Book)</i>” is intended to be used in conjunction with this guide. • When <i>Guide for Audits of Health Care Entities</i> (HC Guide) is used for an audit of a health care entity performed under <i>Government Auditing Standards (Yellow Book)</i>, then HC Guide is intended to be used in conjunction with <i>Guide to Engagements Performed Under Government Auditing Standards (Yellow Book)</i>.
DC8	<p>An identification of the standards and interpretive guidance relevant to the QCM that the QCM address, including the following:</p> <p>a. the standard-setting body that issued the standards and interpretive guidance</p>	<p>The following are examples of the identification of the standards and interpretive guidance relevant to the QCM that the QCM address and the standard-setting bodies that issued them:</p> <ul style="list-style-type: none"> • Statements on Auditing Standards established by the Auditing Standards Board of the AICPA

QCM Description Criteria	
Criteria	Implementation Guidance
	<ul style="list-style-type: none"> • International Standards on Auditing and International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board • Generally accepted accounting principles issued by the Financial Accounting Standards Board
<p><i>b.</i> Either</p> <p>i. the date through which the QCM address issued and effective standards and interpretive guidance (date approach), or</p> <p>ii. the number and title of the most recently issued and effective standard and interpretive guidance addressed by the QCM (title approach)</p>	<p>The following is an example of the identification of the date through which the QCM address issued and effective standards and interpretive guidance relevant to the QCM:</p> <ul style="list-style-type: none"> • The QCM address the relevant standards and interpretive guidance that were issued and effective through December 31, 20X1. <p>The following is an example of the identification of the number and title of the most recently issued and effective standard and interpretive guidance relevant to the QCM and addressed by the QCM:</p> <ul style="list-style-type: none"> • The QCM address the relevant standards and interpretive guidance that were issued and effective through FASB Accounting Standards Update No. 20X1-10, [<i>Title</i>].
	<p>The following are examples that combine the identification of the standard-setting body that issued the relevant standards and interpretive guidance and the identification of the information required by either the date or title approach (DC8a and b):</p> <ul style="list-style-type: none"> • The QCM address Statements on Standards for Accounting and Review Services established by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants that were issued and effective

QCM Description Criteria		
	Criteria	Implementation Guidance
		<p>through December 31, 20X1, which are codified in the AR-C sections of AICPA <i>Professional Standards</i>.</p> <ul style="list-style-type: none"> • The QCM address what are often collectively referred to as the <i>risk assessment standards</i>, established by the Auditing Standards Board of the AICPA, that were issued and effective through December 31, 20X1, and which are codified in AU-C sections XXX–XXX of AICPA <i>Professional Standards</i>. • The QCM address financial accounting standards established by the Financial Accounting Standards Board (FASB) that were issued and effective through FASB Accounting Standards Update No. 20X1-10, [Title].
		<p>The following are examples of the identification of a single standard or particular interpretive guidance:</p> <ul style="list-style-type: none"> • This practice aid addresses International Standard on Quality Management 1, <i>Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements</i>, issued by the International Auditing and Assurance Standards Board and effective as of December 31, 20X1. • This tool addresses Accounting Standards Update (ASU) No. 20X1-05, [Title], and the related ASU No. 20X1-06, [Title], issued by the Financial Accounting Standards Board.
DC9	An identification of standards and interpretive guidance relevant to the QCM that were issued and effective up to the date (if using the date approach referred to in DC8 <i>bi</i>)	QCM may not address all relevant standards and interpretive guidance because, for example, the standards and interpretive guidance are already addressed by other QCM available from the QCM provider.

QCM Description Criteria	
Criteria	Implementation Guidance
<p>or the number and title (if using the title approach referred to in DC8bii) but</p> <p>a. not addressed by the QCM</p>	<p>The following are examples of the identification of standards and interpretive guidance relevant to the QCM that were issued and effective but not addressed by the QCM:</p> <ul style="list-style-type: none"> • <i>Guide for Audits of Financial Institutions</i> does not address standards and interpretive guidance related to internal audit. • <i>Guide for Audits of Financial Institutions</i> does not address standards and interpretive guidance on reporting. Reporting is addressed by Smith Inc.'s <i>Reporting on Audits of Financial Institutions</i>.
<p>b. not fully addressed by the QCM, including why the relevant standards and guidance were not fully addressed, and how they were addressed by the QCM</p>	<p>QCM may not address all aspects of a relevant standard and interpretive guidance because, for example, the standard and interpretive guidance are new and are being addressed by the QCM in phases in subsequent versions, or the standard and interpretive guidance are more fully addressed by other QCM from the QCM provider.</p> <p>The following are examples of the identification of relevant standards and interpretive guidance that were issued and effective but not fully addressed by the QCM, including why the relevant standards and guidance were not fully addressed, and how they were addressed by the QCM:</p> <ul style="list-style-type: none"> • <i>Guide for Audits of Small Businesses (Version 20X1-4)</i> addresses the effect of Statement on Auditing Standards (SAS) No. XXX, [Title], on planning when auditing revenue, including its effect on the engagement letter and risk assessment. Although SAS No. XXX is effective for audits of financial statements for periods ending on or after December 15, 20X2, the effect of SAS No. XXX on fieldwork will be addressed in the next version of this guide. • <i>Guide for Performing Compilations, Preparations, and Reviews (Version 20X2-3)</i> refers to FASB Accounting

QCM Description Criteria	
Criteria	Implementation Guidance
	Standards Update (ASU) Nos. 20X1-01 through 20X1-10, which were issued and became effective in 20X1. The ASUs are more fully discussed in Smith Inc.'s <i>Guide for Preparing Financial Statement Disclosures</i> (Version 20X2-4).
	<p>The information in the description to address DC9 (an identification of standards and interpretive guidance relevant to the QCM that were issued and effective but not addressed or not fully addressed) should complement and not conflict with the information presented to address DC8 (an identification of the standards and interpretive guidance relevant to the QCM that the QCM address).</p> <p>Information about the effective date of a standard or interpretive guidance included in the description should align with information in the standard or interpretive guidance.</p>
<p>DC10</p> <p>A description of how the QCM address standards and interpretive guidance relevant to the QCM that were issued but <i>not effective</i> up to the date (if using the date approach referred to in DC8bi) or the number and title (if using the title approach referred to in DC8bii), including the following:</p> <p>a. The title and effective date of the standard and interpretive guidance</p> <p>b. Whether the standard and interpretive guidance is addressed by the QCM and, if so, how it is addressed</p> <p>c. Whether the standard and interpretive guidance allows for early implementation or adoption</p>	<p>QCM can take various approaches in how they address relevant standards or interpretive guidance that were issued but not effective. For example, the description could indicate that the QCM</p> <ul style="list-style-type: none"> • address the new standard and supersede content related to the extant standard; • address the new standard and also include content related to the extant standard; • address the new standard only at a high level to make user firms aware of it for future implementation; or • do not address the new standard. <p>The following are examples of a description of how the QCM address standards or interpretive guidance relevant to the QCM that were issued but not effective:</p>

QCM Description Criteria	
Criteria	Implementation Guidance
	<ul style="list-style-type: none"> • For QCM that address relevant standards and interpretive guidance that were issued and effective through December 31, 20X1 (date approach): <ul style="list-style-type: none"> — Statement on Auditing Standards (SAS) No. XXX, [<i>Title</i>], was issued in October 20X1 and is effective for auditor’s reports dated on or after December 31, 20X2. SAS No. XXX does not prohibit early implementation. The QCM include the guidance in SAS No. XXX as well as the guidance in extant SAS No. WWW. The extant guidance is identified as such and is shown in italics. — Any standards and interpretive guidance issued but not effective through December 31, 20X1, are not addressed by the QCM, even if early implementation is allowed. • For QCM that address relevant standards and interpretive guidance that were issued and effective through FASB Accounting Standards Update (ASU) No. 20X1-02, [<i>Title</i>], (title approach): <ul style="list-style-type: none"> — FASB Accounting Standards Update (ASU) No. 20X0-10, [<i>Title</i>], was issued in October 20X0 and is effective for fiscal years beginning after December 15, 20X2. The ASU does not prohibit early implementation. Although the ASU will not be effective until a year after the date of this description, the QCM include guidance related to the ASU as well as extant guidance. The extant guidance is identified as such and is designated in italics. — Any standards and interpretive guidance issued but not effective through FASB Accounting Standards Update No. 20X1-02, [<i>Title</i>], are not addressed by the QCM

QCM Description Criteria		
	Criteria	Implementation Guidance
		<p>even if early application of the amendments is permitted.</p> <p>The information in the description to address DC10 (how the QCM address standards and interpretive guidance relevant to the QCM that were issued but not effective) should complement and not conflict with the information presented to address DC8 (an identification of the standards and interpretive guidance that the QCM address).</p> <p>Information in the description about the effective date of a standard or interpretive guidance, and whether early implementation is allowed, should align with information in the standard or interpretive guidance.</p>
DC11	A description of the QCM provider's policy for updating the QCM content, including the nature and anticipated timing of updates	<p>The following is an example of a description of a QCM provider's policy for updating the QCM content, including the nature and anticipated timing of updates:</p> <ul style="list-style-type: none"> • Smith Inc. updates <i>Guide to GAAP</i> annually in the spring to reflect changes in standards and interpretive guidance, content enhancements, and the corrections of any errors not previously updated.
DC12	A description of updates to the QCM content since the last version of the QCM (or a reference to where the updates are described in the QCM itself), including the reason for the update.	<p>The following are examples of reasons for updates to QCM content:</p> <ul style="list-style-type: none"> • The issuance of new standards and interpretive guidance • Product enhancements, for example, changing the format from paper-based to application software • The addition of interpretive content • The correction of an error

QCM Description Criteria	
Criteria	Implementation Guidance
	<p>The following are examples of what would be included in the description of updates:</p> <ul style="list-style-type: none"> • If the update relates to the issuance of a new standard, the description should include the number and title of the new standard, and the standard-setting body that issued it • If the update relates to a product enhancement, the description should describe what was enhanced and how it was enhanced. <p>The description of updates to the QCM need not be lengthy or complex. For example, an indication that updates were made to the QCM to reflect ASU No. XXX, [<i>Title</i>], or ASU No. XX1, [<i>Title</i>]-No. XX2, [<i>Title</i>], and the standard-setting body that issued them, would be sufficient.</p> <p>It is ordinarily not necessary to identify specific wording additions or deletions unless relevant to the correction of an error that is being described.</p> <p>The information in the description of updates to the QCM content should complement and not conflict with the information presented to address DC8 (an identification of the standards and interpretive guidance relevant to the QCM that the QCM address); DC9 (an identification of standards and interpretive guidance relevant to the QCM that were issued and effective but not addressed or not fully addressed); and DC10 (how the QCM address standards and interpretive guidance relevant to the QCM that were issued but not effective).</p>
DC13	<p>A statement that user firms are responsible for the following:</p> <p>The description should include the statement required by DC13, without modification.</p>

QCM Description Criteria	
Criteria	Implementation Guidance
<ul style="list-style-type: none"> a. Determining whether the QCM are suitable for the user firm's purposes b. Understanding that the QCM are not intended to be a substitute for the standards and interpretive guidance, an evaluation thereof, or professional judgment c. Using the most up to date QCM available that are applicable in the circumstances, including accessing and using the most recent and effective relevant standards and interpretive guidance that are not addressed or not fully addressed by the QCM d. Properly implementing the QCM and using professional judgment in the application of the QCM based on the facts and circumstances (for example, of each engagement) e. Providing the appropriate training for the use of the QCM and performing the appropriate supervision and review procedures regarding the use of the QCM, based on the skill, training, knowledge, and experience of individual users within the user firm f. Identifying that there may be certain facts, circumstances, risk factors, or specific issues that exist for a particular client, engagement, or user firm that may not be addressed by the QCM; in that case, understanding that the QCM will require tailoring and augmentation to address such facts, circumstances, risk factors, or specific issues g. Monitoring the activities of standard-setting bodies for changes that would affect the user firm, including amendments of standards and interpretive guidance and deferrals of effective dates 	

QCM Description Criteria	
Criteria	Implementation Guidance
<ul style="list-style-type: none"> <i>h.</i> Complying with relevant professional standards and interpretive guidance <i>i.</i> Understanding that the effectiveness of the QCM is dependent on the user firm fulfilling the preceding responsibilities and the effectiveness of its actions 	

Proposed Criteria for the Content of Quality Control Materials (QCM) Related to the Relevant Standards and Interpretive Guidance (QCM Content Criteria) and Related Implementation Guidance

QCM Content Criteria	
Criteria	Implementation Guidance
<p>The quality control materials (QCM) are in accordance with the following criteria:</p>	
<p>CC1 The quality control materials (QCM)¹ content accurately reflects the standards and interpretive guidance addressed by the QCM² and address the standards and interpretive guidance in the manner described in the description, including the following:</p>	<p>The following are examples of how to measure or evaluate whether the QCM content addresses the standards and interpretive guidance in the manner identified in the description:</p> <ul style="list-style-type: none"> • As it relates to DC9b, which requires that the description identify how the QCM address standards and interpretive guidance relevant to the QCM that were issued and effective up to the date (if using the date approach referred to in DC8bi) or the number and title (if using the title approach referred to in DC8bii) but not fully addressed, assume the following: <ul style="list-style-type: none"> — The description of QCM content states that the QCM address all Statements on Auditing Standards (SASs) that were issued and effective through December 31, 20X1.

¹ The first mention of certain terms in the criteria is hyperlinked to the definition of that term in appendix A, "Glossary."

² QCM description criterion DC8 requires that the description identify the standards and interpretive guidance relevant to the QCM that the QCM address. All QCM description criteria can be found in AICPA *Measurement Criteria*.

QCM Content Criteria	
Criteria	Implementation Guidance
	<p>— SAS No. XX5, which was issued and effective for audits of financial statements for periods ending on or after December 31, 20X1, was addressed in the QCM only at a high level to make users aware of its issuance; it was not addressed in full in the QCM.</p> <p>Because the description does not differentiate how SAS No. XX5 is addressed in the QCM from how other standards that were issued and effective were addressed, the QCM would be expected to fully address SAS No. XX5. Because the QCM address SAS No. XX5 only at a high level for the purpose of making users aware of its issuance, the QCM do not address the standards and interpretive guidance in the manner identified in the description of QCM content, and the QCM are not in accordance with CC1.</p> <ul style="list-style-type: none"> • As it relates to DC10, which requires that the description identify how the QCM address standards and interpretive guidance relevant to the QCM that were issued but not effective up to the date (if using the date approach referred to in DC8<i>bi</i>) or the number and title (if using the title approach referred to in DC8<i>bii</i>), assume the following: <ul style="list-style-type: none"> — The description states that the QCM address all SASs that were issued through December 31, 20X1, including SASs that were issued through that date but <i>not</i> effective until after that date. — SAS No. XX4 was issued prior to December 31, 20X1, but is not effective until after that date. The QCM do not address SAS No. XX4. <p>The description does not differentiate how SASs that were issued but not effective are addressed in the QCM from those that were issued and effective. The QCM would be expected</p>

QCM Content Criteria	
Criteria	Implementation Guidance
	to address all SASs issued, whether or not effective, including SAS No. XX4. Because the QCM do not address SAS No. XX4, the QCM do not address the standards and interpretive guidance in the manner identified in the description of QCM content, and the QCM are not in accordance with CC1.
<p>a. QCM content reproduced in whole or in part from standards and interpretive guidance does the following:</p> <p>i. Appropriately references the relevant standards and interpretive guidance to enable user firms to locate the content</p>	<p>Appropriate references³ contain sufficient information to permit user firms to find the source of the information, such as the title, version, and effective date of the standard or interpretive guidance. The reference may identify the particular paragraph, chapter, section, or other relevant component of the standards or interpretive guidance.</p> <p>For example, a mention of “the standards on auditing investments” might not enable a user firm to find the standards and interpretive guidance issued by the standard-setting body. Instead, mention should be made of either the number or title of the Statement on Auditing Standards (if applicable) or the specific AU-C section in AICPA <i>Professional Standards</i>, so the user firm can find the standard or interpretive guidance. Subsequent references to the same standards and interpretive guidance do not need to be fully cited.</p> <p>The following are examples of content that is in accordance with this criterion:</p> <ul style="list-style-type: none"> • Paragraph .01 of QM section 10A, <i>A Firm’s System of Quality Control</i>, in AICPA <i>Professional Standards</i>, states that ...

³ In most instances, standards and interpretive guidance are copyrighted by the standard-setting body. It is the responsibility of the QCM provider to evaluate its use of the standards and interpretive guidance in the QCM and, if necessary, obtain permissions from the standard-setting body. Required permissions are outside the scope of these criteria.

QCM Content Criteria	
Criteria	Implementation Guidance
	<ul style="list-style-type: none"> • QM section 10A states that ...
ii. Agrees with the relevant standards and interpretive guidance	<p>The following is an example of how to measure or evaluate whether the QCM content agrees with the relevant standards and interpretive guidance:</p> <ul style="list-style-type: none"> • Assume FASB <i>Accounting Standards Codification (ASC)</i> XXX states, “Any entity may decide whether to elect the fair value option for each eligible item on its election date.” The following examples show how variations on this language may or may not be in accordance with the criterion: <ul style="list-style-type: none"> — Stating in the QCM, “FASB <i>Accounting Standards Codification (ASC)</i> XXX states, ‘Any entity may decide whether to elect the fair value option for each eligible item’” is not in accordance with the criterion because the critical words “on its election date” have been omitted. — Stating in the QCM, “FASB <i>Accounting Standards Codification (ASC)</i> XXX states, ‘An entity must decide whether to elect the fair value option for each eligible item on its election date’” is not in accordance with the criterion because the change from “may” to “must” changes this from an option to a requirement to elect the fair value option for each eligible item on its election date. — Stating in the QCM, “FASB <i>Accounting Standards Codification (ASC)</i> No. XXX states, ‘An entity may decide whether to elect the fair value option for each eligible item on its election date’” is in accordance with the criterion

QCM Content Criteria	
Criteria	Implementation Guidance
	because it agrees with the standards and interpretive guidance.
<p>b. QCM content derived from the standards and interpretive guidance explains, elaborates, interprets, or paraphrases the relevant standards and interpretive guidance in a manner that does not change the meaning and intent of the standards and interpretive guidance.</p>	<p>The following is an example of how to measure or evaluate QCM content based on this criterion:</p> <ul style="list-style-type: none"> • Assume AU-C section XXX states, “The expected effectiveness and efficiency of a substantive analytical procedure in addressing risks of material misstatement depends on, among other things, (a) the nature of the assertion, (b) the plausibility and predictability of the relationship, (c) the availability and reliability of the data used to develop the expectation, and (d) the precision of the expectation.” The following examples show how variations on this language may not be in accordance with the criterion: <ul style="list-style-type: none"> — Stating in the QCM, “The effectiveness of a substantive analytical procedure depends only on the nature of the assertion” is not in accordance with the criterion because the addition of the word “only” changes the meaning, intent, and spirit of the standard. — Stating in the QCM, “The effectiveness of a substantive analytical procedure depends in part on the precision of the underlying expectation” is in accordance with the criterion because (1) the statement does not set the expectation that it is reproduced in whole or in part from the standard by referencing the standard, and therefore the language need not agree with each word of the relevant standard as would be required by CC1aⁱⁱ and (2) the words “in part” clarify that this is not the only factor that could affect the effectiveness of the analytical procedures. The word “underlying” in the statement is not in the standard, but its addition does not change the meaning, intent, or spirit of the standard from which the

QCM Content Criteria	
Criteria	Implementation Guidance
	<p>statement is derived. Several words such as “efficiency” and the phrases in items (a)–(c) of the standard are not in this statement; however, their exclusion does not render the statement in conflict with the standard. For example, the concepts in items (a)–(c) may be addressed by other language in the QCM.</p> <p>In addition, although the content in the statement was derived from the standards and interpretive guidance, it would still need to be in accordance with CC3, which requires that the QCM not omit relevant principles, topics, requirements, considerations, procedures, or other aspects of the standards and interpretive guidance except as described in the description of QCM content in accordance with DC10 (related to standards and interpretive guidance relevant to the QCM that were issued but not effective) or DC9 (related to standards and interpretive guidance relevant to the QCM that were issued and effective but not addressed or fully addressed in the QCM).</p>
<p>c. QCM content that illustrates the application of the relevant standards and interpretive guidance is not in conflict with the standards and interpretive guidance.</p>	<p>An example of QCM content that illustrates the application of the relevant standards and interpretive guidance is content that identifies the specific procedures to be performed in an audit or attestation engagement.</p> <p>The following examples show how to measure or evaluate whether illustrations of the application of a standard are in accordance with the criterion:</p> <ul style="list-style-type: none"> — Assume AU-C section XXX states, “In planning the audit, the auditor makes judgments about misstatements that will be considered material.” If a practice aid that is intended to assist users in evaluating uncorrected misstatements assumes that all uncorrected misstatements under a

QCM Content Criteria		
	Criteria	Implementation Guidance
		<p>specified threshold are not material and does not prompt the user firm to make the judgments required by the AU-C Section XXX, then the practice aid is in conflict with the standards and interpretive guidance, and thus is not in accordance with this criterion.</p> <p>— Assume AU-C section XXX states, “Determining materiality involves the exercise of professional judgment. A percentage is often applied to a chosen benchmark as a starting point in determining materiality for the financial statements as a whole.” The AU-C section then presents factors that may affect the identification of an appropriate benchmark. If a practice aid intended to assist users in calculating materiality provides factors that may affect the identification of an appropriate benchmark and avoids the assumption that the benchmark is always a specific percentage of a specific income category in the financial statements of the entity being audited, then the practice aid is not in conflict with the standards and interpretive guidance, and thus is in accordance with this criterion.</p>
CC2	<p>QCM content</p> <p>a. identifies assumptions or judgments made in developing QCM content related to the relevant standards and interpretive guidance, if any.</p>	<p>The following are examples of language that identifies assumptions or judgments made in developing content for the QCM:</p> <ul style="list-style-type: none"> • The guidance presented in this practice aid is based on the assumption that the practitioner uses an engagement letter (rather than another form of written agreement) to establish the terms of the engagement. • Conclusions derived from the use of this form are valid only if the sample is representative of the population. • The procedures in this audit program are based on the assumption that the auditor does not intend to rely on the

QCM Content Criteria	
Criteria	Implementation Guidance
	operating effectiveness of controls in determining the nature, timing, and extent of substantive procedures.
b. identifies QCM content that is based on widely recognized or generally accepted practice rather than on the relevant standards and interpretive guidance.	Examples of phrases that may be used to identify content that is based on widely recognized or generally accepted practice are “in practice,” “best practice,” and “widely recognized.”
c. identifies QCM content that represents the QCM provider’s opinion or interpretation of the relevant standards and interpretive guidance.	Examples of phrases that may be used to identify content that represents the QCM provider’s opinion or interpretation of the standards and interpretive guidance are “in our opinion” or “the authors believe.”
d. uses the same terminology and definitions used in the relevant standards and interpretive guidance.	<p>The following are examples of standards that use terms with specific meaning that should be used in the QCM content:</p> <ul style="list-style-type: none"> • The AICPA Code of Professional Conduct (code) uses terms with a specific meaning such as <i>acceptable level</i>, which in the code, in the context of independence, means a level at which a reasonable and informed third party who is aware of the relevant information would be expected to conclude that a member’s independence is not impaired. When applicable, in QCM that address independence in the context of the code, the term <i>acceptable level</i> should be used as defined in the code. • Statements on Standards for Attestation Engagements (SSAEs) use terminology and definitions that convey the authority of the requirements and guidance in the standards and interpretive guidance they address. For example, in the “Requirements” section of an attestation standard, the term <i>must</i> is used to indicate an unconditional requirement and the term <i>should</i> is used to indicate a presumptively mandatory requirement. In the “Application and Explanatory Material” section of an attestation standard, the terms <i>may</i>,

QCM Content Criteria	
Criteria	Implementation Guidance
	<p><i>might</i>, and <i>could</i> are used to indicate actions and procedures the practitioner may, might, or could perform to achieve the objectives of the attestation standard (that is, ways in which the practitioner may meet the requirements). QCM that address the SSAEs would need to use those same terms and definitions.</p>
<p>CC3 QCM content does not omit relevant principles, topics, requirements, considerations, procedures, or other aspects of the relevant standards and interpretive guidance.</p>	<p>QCM content may omit relevant principles, topics, requirements, considerations, procedures, or other aspects of the standards and interpretive guidance only if the description of QCM content describes standards and interpretive guidance relevant to the QCM that were issued and effective but not addressed or not fully addressed in the QCM, or issued but not effective, respectively, in accordance with DC9 or DC10.</p> <p>The following is an example of the measurement or evaluation of whether the QCM omit relevant principles, topics, requirements, considerations, procedures, or other aspects of the standards and interpretive guidance:</p> <ul style="list-style-type: none"> • A guide for audits of not-for-profit organizations would be expected to address, at a minimum, relevant principles, topics, requirements, considerations, procedures, or other aspects of the (a) Statements on Auditing Standards (SASs), (b) AICPA Audit and Accounting Guide <i>Not-for-Profit Entities</i>, and (c) if applicable, Government Auditing Standards, and the AICPA Audit Guide <i>Government Auditing Standards and Single Audits</i>. <p>If the guide omits any relevant principles, topics, requirements, considerations, procedures, or other aspects of the previously mentioned standards and interpretive guidance, or any other relevant standards and interpretive guidance, and the description of QCM content does not describe standards and interpretive guidance relevant to the</p>

QCM Content Criteria		
	Criteria	Implementation Guidance
		QCM that were issued and effective but not addressed or not fully addressed in the QCM, or issued but not effective, respectively, in accordance with DC9 or DC10, then the guide is not in accordance with this criterion.
CC4	If the description indicates that a purpose of the QCM content is to provide a means to document compliance with the standards and interpretive guidance that the QCM address, the QCM content enables user firms to do so.	<p>Among other purposes, documentation of procedures performed provides evidence of the basis for the practitioner's conclusions about the achievement of the overall objectives, and evidence that an engagement was performed in accordance with the applicable standards and interpretive guidance.</p> <p>QCM content can provide user firms with the ability to document their compliance with the standards and interpretive guidance in various ways, such as via editable fields in a document or the submission of responses into application software.</p>

Effective Date

28. The QCM description criteria and QCM content criteria in this document are effective when issued.

Appendix A — Glossary

For the purposes of this document, terms are defined as follows:

content. The information provided in the QCM through, for example, text or images.

criteria. The benchmarks used to measure or evaluate the underlying subject matter.¹ As used in the QCM description criteria and QCM content criteria, they are the benchmarks used to measure or evaluate the description of the content of the QCM and the QCM content related to the relevant standards and interpretive guidance, respectively. Also see **QCM description criteria** and **QCM content criteria**.

date approach. As used in DC8*bi*, an approach that uses a date (that is, the date through which) to identify the standards and interpretive guidance relevant to the QCM addressed by the QCM. Also see **title approach**.

delivery method. The way QCM are accessed or delivered, such as via download or website (for example, SaaS).

description of the content of quality control materials (description). A description of the content of QCM prepared by management of the QCM provider that contains the information required by the QCM description criteria. The description is intended to provide user firms with information about the content of the QCM and help them determine whether the QCM will meet their needs. There is no prescribed format for the description. It may be presented in a variety of formats, as long as the description contains the information required by the criteria and all the information is accessible within the description.

element. As used in these criteria, a part or component of the QCM.

firm. A form of organization permitted by law or regulation whose characteristics conform to resolutions of the Council of the AICPA and that is engaged in public practice.² Also see **user firm or prospective user firm**.

format (of the QCM). The way in which QCM are set out or presented, such as paper-based, digital, or application software.

product. As used in these criteria, an object or system developed, maintained, and delivered by a QCM provider. A product may consist of only QCM. In those circumstances, references to a product or QCM are interchangeable; however, in certain circumstances, there could be elements of the product that are not QCM, and the terms would not be interchangeable. Also see **QCM (quality control materials)**.

professional standards. Standards promulgated by the Auditing Standards Board (ASB) or Accounting and Review Services Committee (ARSC) under the "General Standards Rule" (ET sec. 2.300.001)³ or the

¹ See AT-C Glossary of Terms in *AICPA Professional Standards*.

² Paragraph .13 of QM section 10A, *A Firm's System of Quality Control*, in *AICPA Professional Standards*.

³ All ET sections can be found in *AICPA Professional Standards*.

"Compliance With Standards Rule" (ET sec. 1.310.001) of the AICPA Code of Professional Conduct, or by other standard-setting bodies that set auditing and attest standards applicable to the engagement being performed and relevant ethical requirements.⁴

QCM (quality control materials). Materials (for example, manuals or tools), including industry- or subject matter-specific materials, intended to enable the operation of a firm's system of quality control and promote consistency in performing quality engagements. QCM may be made available through technology, for example, automated tools and techniques, and IT applications. QCM address any of the following:

- a. Accounting standards and interpretive guidance issued by, for example, the Financial Accounting Standards Board (FASB), Federal Accounting Standards Advisory Board (FASAB), Governmental Accounting Standards Board (GASB), and International Accounting Standards Board (IASB)
- b. Standards and interpretive guidance for performing audit, attestation, review, compilation, and preparation engagements, or other services that CPA firms may provide, issued by, for example, the AICPA Auditing Standards Board (ASB), AICPA Accounting and Review Services Committee (ARSC), Public Company Accounting Oversight Board (PCAOB), International Auditing and Assurance Standards Board (IAASB), and United States Government Accountability Office (GAO)
- c. Or related to the services that CPA firms may provide:
 - i. Standards and interpretive guidance related to ethics and independence issued by, for example, the AICPA Professional Ethics Executive Committee (PEEC), Securities and Exchange Commission (SEC), PCAOB, Federal Deposit Insurance Corporation (FDIC), GAO, and International Ethics Standards Board for Accountants (IESBA)
 - ii. Quality control and quality management standards and interpretive guidance issued by, for example, the ASB, PCAOB, and IAASB
 - iii. Peer review and practice monitoring standards and interpretive guidance issued by, for example, the AICPA Peer Review Board

Ordinarily, the product developed, maintained, and delivered by a QCM provider consists of only quality control materials (QCM). However, in certain circumstances, there could be elements of the product that are not QCM.

Continuing professional education (CPE) program materials are excluded from the definition of QCM because there is a separate framework for measuring and evaluating CPE materials. The AICPA and the National Association of State Boards of Accountancy (NASBA) jointly established the separate framework, called the Statement on Standards for Continuing Professional Education (CPE) Programs. That statement indicates that it was published "to provide a framework for the development, presentation, measurement and reporting of CPE programs."

Also see **product**.

QCM content criteria. The benchmarks used to measure or evaluate QCM content related to the relevant standards and interpretive guidance.⁵

QCM description criteria. The benchmarks used to measure or evaluate the description of QCM content.⁵

QCM provider. An entity, which could also be a CPA firm, that develops, maintains, and delivers QCM to user firms.

⁴ See footnote 2.

⁵ All QCM criteria can be found in AICPA *Measurement Criteria*.

SaaS. Software as a service. A software delivery model in which a third-party provider hosts application software that is available to customers on the internet.

standards and interpretive guidance. Items (a)–(c) in the definition of **QCM (quality control materials)**.

system of quality control. The policies designed by a user firm to achieve the following objective, and the procedures necessary to implement and monitor compliance with those policies:

Objective of the firm: To establish and maintain a system of quality control to provide the user firm with reasonable assurance that (a) the user firm and its personnel comply with professional standards and applicable legal and regulatory requirements and (b) reports issued by the firm are appropriate in the circumstances.⁶

title approach. As used in DC8bii, an approach that uses the number and title of the most recently issued and effective standards and interpretive guidance to identify the standards and interpretive guidance relevant to the QCM addressed by the QCM. Also see **date approach**.

user firm or prospective user firm. A CPA firm (and its employees) that uses or is considering the use of the QCM provided by a QCM provider. Also see **firm**.

⁶ See paragraphs .04 and .12 of QM section 10A.