

THE MALAYSIAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS
(INSTITUT AKAUNTAN AWAM BERTAULIAH MALAYSIA)

International Auditing and Assurance Standards Board

Exposure Draft

Proposed International Standard on Auditing 220 (Revised), Quality Management for an Audit of Financial Statements

Questionnaire

Respondents are asked to comment on the clarity, understandability and practicality of application of the requirements and related application material of ED-220. In this regard, comments will be most helpful if they are identified with specific aspects of ED-220 and include the reasons for any concern about clarity, understandability and practicality of application, along with suggestions for improvement.

Question 1

Do you support the focus on the sufficient and appropriate involvement of the engagement partner (see particularly paragraphs 11-13 and 37 of ED-220), as part of taking overall responsibility for managing quality on the engagement? Does the proposed ISA appropriately reflect the role of other senior members of the engagement team, including other partners?

Comments:

Yes, based on the paragraphs 11-13 and 37 of ED-220, the Institute support the focus on the sufficient and appropriate involvement of the engagement partner as part of taking overall responsibility for managing quality on the engagement.

Yes, the proposed ISA has appropriately reflected the roles of members of the engagement team including others supporting members for the firm.

Question 2

Does ED-220 have appropriate linkages with the ISQMs? Do you support the requirements to follow the firm's policies and procedures and the material referring to when the engagement partner may depend on the firm's policies and procedures?

MICPA's Comments:

Yes, the ED – 220 refers engagement partners responsibilities to the policies and procedures mentioned in the ISQMs.

Yes, the Institute support to the requirements to follow the firm's policies and procedures and the material mentions in the ISQMs.

Question 3

Do you support the material on the appropriate exercise of professional scepticism in managing quality at the engagement level? (See paragraph 7 and A27-A29 of ED-220)

MICPA's Comments:

Yes, the material supported the appropriate exercise of professional scepticism in managing quality at the engagement level.

Question 4

Does ED-220 deal adequately with the modern auditing environment, including the use of different audit delivery models and technology?

MICPA's Comments:

Para 56 – 59 have sufficiently dealt with the modern auditing environment. However, Guidance is required on what constitutes audit delivery models and technology due to its evolving nature.

Question 5

Do you support the revised requirements and guidance on direction, supervision and review? (See paragraphs 27-31 and A68-A80 of ED-220)

MICPA's Comments:

Yes, the Institute support the revised requirements and guidance on direction, supervision and review. The Institute would similarly encourage the IAASB to consider providing implementation guidance to assist SMPs in group audit situations and transnational audit engagements.

Question 6

Does ED-220, together with the overarching documentation requirements in ISA 230, include sufficient requirements and guidance on documentation?

MICPA's Comments:

Yes, it includes sufficient requirements and guidance on documentation. It is heartening to see the IAASB proposal incorporating the use of different audit delivery models and technology. The Institute would suggest that the IAASB consider whether the existing ISA 230 on audit documentation needs to be upgraded to align with this proposed ISA 220.

Question 7

Is ED-220 appropriately scalable to engagements of different sizes and complexity, including through the focus on the nature and circumstances of the engagement in the requirements?

MICPA's Comments:

Yes, the ED is appropriately scalable to the engagements.

Other Comments

MICPA's Comments:

The Institute appreciate the underlying intention of the IAASB's proposal to clarify 'significant judgments' versus 'significant matters'. Suggest that the IAASB clarifies the expectations and related documentation requirements of the Engagement Quality Reviewer ('EQR') in respect of 'significant matters'.