



MALAYSIAN INSTITUTE  
OF ACCOUNTANTS

28 June 2019

Mr Matt Waldron

Technical Director, International Auditing and Assurance Standards Board  
International Federation of Accountants  
529 Fifth Avenue, 6th Floor  
New York, 10017 USA

Dear Matt,

**INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD (“IAASB”)  
EXPOSURE DRAFT, INTERNATIONAL STANDARD ON AUDITING 220 (REVISED),  
QUALITY MANAGEMENT FOR AN AUDIT OF FINANCIAL STATEMENTS**

The Auditing and Assurance Standards Board (“AASB”) of the Malaysian Institute of Accountants (“MIA” or “the Institute”) welcomes the opportunity to provide its comments on the International Auditing and Assurance Standards Board (“IAASB”) Exposure Draft, International Standard on Auditing (ISA) 220 (Revised), *Quality Management for an Audit of Financial Statements*.

Appendix 1 set out our responses to the questions contained in the proposed ISA 220 (Revised).

Please do not hesitate to contact Mr. Simon Tay at [technical@mia.org.my](mailto:technical@mia.org.my) should you require further clarification on the responses.

Thank you.

Yours sincerely,

**MALAYSIAN INSTITUTE OF ACCOUNTANTS**

**DR. NURMAZILAH DATO' MAHZAN**  
Chief Executive Officer

## Response Template: Proposed ISA 220 (Revised)

### Note to Respondents:

- The questions below are from the exposure draft of proposed International Standard on Auditing (ISA) 220 (Revised), *Quality Management for an Audit of Financial Statements*, which is available at [www.iaasb.org/quality-management](http://www.iaasb.org/quality-management).
- Respondents are asked to respond separately to each of the exposure drafts and the overall explanatory memorandum.
- We request that comment letters do not include tables as they are incompatible with the software we use to help analyze respondents' comments.

### **General Comments on Proposed ISA 220 (Revised)**

#### **Questions**

- 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?

Response:

We do support the requirement of the engagement partner's responsibilities in the ED-220 which explicitly emphasises the role of the engagement partner taking on overall responsibility for managing quality on the engagement. The proposed ED-220 does appear to place an equal amount of responsibility on the role of other senior members of the engagement team. We wish to further clarify if the IAASB's intention is as such.

- 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 or procedures?

Response:

We believe that ED-220 has the appropriate linkages with ISQMs. We support the IAASB's approach on situation where the engagement partner may depend on the firm's policies or procedures as it relates to specific circumstances of the engagement.

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

Response:

We support the material on the appropriate exercise of professional skepticism in managing quality at the engagement level.

We also wish to suggest for the possible actions as highlighted in paragraph A29 to be extended to other members of the engagement team and not only the engagement partner, as professional skepticism should be embedded in procedures and applied by all parties involved.

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

Response:

We acknowledge the IAASB's effort to not only cover human resources involved in an audit engagement, but also the technology and intellectual resources. However, we do not agree that ED-220 deals adequately with the modern auditing environment in terms of technology. Further example on how automated tools and techniques are used in audit engagement would be helpful. We would also like to further understand the IAASB's Data Analytics Working Group's efforts in terms of exploring the use of technology on audits and how the discussion has contributed to the development of this standard.

Further guidance on how the engagement partner can fulfill its responsibilities for engagements using evolving audit delivery models would be helpful. For example, in order to fulfil the requirement of paragraph 27 of ED-220, we recommend that the IAASB provide guidance on documentation required when the engagement involves multiple service delivery centers.

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

Response:

We support the revised requirements and guidance on direction, supervision and review which are comprehensive to obtain sufficient appropriate audit evidence to support the audit conclusion.

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

Response:

Except as highlighted in Question 4 above, we believe that ED-220 include sufficient requirements and guidance on documentation.

- 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?

Response:

We believe that ED-220 is scalable to engagements of different sizes and complexity. However, it should be noted that given the current audit environment, the timeline of the audit engagement may be stretched and further impede the audit progress due to additional requirements by the standard. Strategic ways and scenario based examples in the form of charts and videos on the application of the standard would be helpful to understand the benefit and importance of such requirements for an audit engagement.

**Editorial Comments on Proposed ISA 220 (Revised)**

*Not applicable.*