

Brasília, Brazil, July 1st, 2019

International Auditing and Assurance Standards Board – IAASB
United States

Dear Sirs,

The Conselho Federal de Contabilidade - Federal Accounting Council (in English) – CFC is the national body of the accounting profession in Brazil that sets Brazilian Accounting Standards, regulate and supervise the profession and promotes continuing professional development.

The CFC has been active on the world scenario for over twenty years, participating in accounting discussions, through representations in international organizations such as IFAC, AIC, CILEA. The IASB Board and also IFAC Board currently have Brazilian members and the GLASS (Group Latin American Standard Setters) is chaired by a Brazilian.

Our responses to the questions included in the ED ISQM 2 are set out below.

- 1) Do you support a separate standard for engagement quality reviews? In particular, do you agree that ED-ISQM 1 should deal with the engagements for which an engagement quality review is to be performed, and ED-ISQM 2 should deal with the remaining aspects of engagement quality reviews?
Response: We support a separate standard for engagement quality reviews. We agree that ED-ISQM 1 should deal with the engagements for which an engagement quality review is to be performed, and ED-ISQM 2 should deal with the remaining aspects of EQR.
- 2) Are the linkages between the requirements for engagement quality reviews in ED-ISQM 1 and ED-ISQM 2 clear?
Response: Yes. We believe the linkages are appropriate.
- 3) Do you support the change from “engagement quality control review/reviewer” to “engagement quality review/reviewer?” Will there be any adverse consequences of changing the terminology in respondents’ jurisdictions?
Response: We believe it is a positive change because it turns to an individual professional and there will be no adverse consequences in Brazil by changing it.
- 4) Do you support the requirements for eligibility to be appointed as an engagement quality reviewer or an assistant to the engagement quality reviewer as described in paragraphs 16 and 17, respectively, of ED-ISQM 2?

- (a) What are your views on the need for the guidance in proposed ISQM 2 regarding a “cooling-off” period for that individual before being able to act as the engagement quality reviewer?

Response: We believe a cooling off period is a good principle to be stability however we do not support a prescriptive number of years (i.e. two years for example) since this should vary depending on the nature of the engagement and the firm.

- (b) If you support such guidance, do you agree that it should be located in proposed ISQM 2 as opposed to the IESBA Code?

Response: Yes, however we suggest that a reference to the applicable section/reference of the IESBA code be included.

- 5) Do you agree with the requirements relating to the nature, timing and extent of the engagement quality reviewer’s procedures? Are the responsibilities of the engagement quality reviewer appropriate given the revised responsibilities of the engagement partner in proposed ISA 220 (Revised)?

Response: Yes. We agree with EQR’s procedures and responsibilities.

- 6) Do you agree that the engagement quality reviewer’s evaluation of the engagement team’s significant judgments includes evaluating the engagement team’s exercise of professional skepticism? Do you believe that ED-ISQM 2 should further address the exercise of professional skepticism by the engagement quality reviewer? If so, what suggestions do you have in that regard?

Response: Yes. We agree.

- 7) Do you agree with the enhanced documentation requirements?

Response: Yes.

- 8) Are the requirements for engagement quality reviews in ED-ISQM 2 scalable for firms of varying size and complexity? If not, what else can be done to improve scalability?

Response: Yes, the requirements are scalable.

Sincerely yours,

Idésio da Silva Coelho Júnior
Technical Vice President