



**The Institute of  
Chartered Accountants  
of Pakistan**

**CA  
PAKISTAN**

**HEAD OFFICE**

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*(Submitted electronically)*

Technical Director  
International Auditing and Assurance Standards Board (IAASB)  
529, Fifth Avenue, 6th Floor  
New York, USA

**Comments on the Proposed International Standard on Auditing 220 (Revised) 'Quality Management for an Audit of Financial Statements'**

The Institute of Chartered Accountants of Pakistan (ICAP) is pleased to comment on the Exposure Draft, Proposed International Standard on Auditing 220 (Revised) 'Quality Management for an Audit of Financial Statements' (ED 220) published by the International Auditing and Assurance Standards Board (IAASB) in February 2019.

We fully support IAASB's focus and efforts to update and revise ISA 220 for enhancing quality management of audit engagements.

Our responses detailed by the questions contained in the ED 220, are presented in the 'Appendix' to this letter.

We hope our comments are helpful to the IAASB's deliberation on the proposal.

Should you require further clarification on our comments, please contact the undersigned at [sohail.malik@icap.org.pk](mailto:sohail.malik@icap.org.pk)

Yours truly

Sohail Malik  
Director Technical Services

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

*No comments.*

**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 support the focus on engagement partner to remain sufficiently involved in the engagement and take overall responsibility for managing the quality of the engagement. As for involvement of other partners in managing quality, we understand that role of other partners such as engagement quality control reviewer has been shifted to ISQM 2, whereas, the ED-220 places more focus on the engagement partner and the other senior members of engagement team.

- 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 is appropriately linked with the ISQMs. Further, we support the requirement to follow firm's policies and procedures. We also concur with the material explaining when the engagement partner may depend on such policies and procedures.

- 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 agree that sufficient and appropriate material has been provided on the exercise of professional skepticism in managing quality at the engagement level. However, we note that emphasis has been placed on the Engagement partner's role in the management of impediments to professional skepticism. We believe that more guidance needs to be given for other engagement team members to cope with such situations.

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

Response:

We note the Explanatory memorandum of ED-220 appropriately explains the effects of evolution of technology on audits. Moreover, it recognizes the evolutions in the audit team structure and the growing roles of technology in the audits of financial statements. However, we believe that more information of the different audit delivery models should be incorporated in the actual standard itself.

- 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 believe that the ED-220 contains significant guidance on direction, supervision and review by the engagement partner in accordance with the firm's policies and procedures. However, we note that para 28 of the ED-220 states that the engagement partner shall 'On or before' the date of the auditor's report, through review of audit documentation and discussion with the engagement team, determine that sufficient appropriate audit evidence has been obtained to support the conclusions reached and for the auditor's report to be issued. We believe that this review should be done before audit report so as to avoid any biases as defined in the para A28 of the ED-220, where the engagement partner may, due to pressure of meeting deadline etc., become unconsciously biased towards the evidence and information collected. Although, para 29 of the ED-220 clarifies this situation by stating that the Engagement partner will review audit documentation at appropriate times, however, it would be more understandable to make this clear in the wordings of para 28 as well.

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

Response:

We note that ED-220 along with ISA 230 sufficiently emphasizes appropriate maintenance of 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 the ED-220 is appropriately scalable to engagements of varying sizes, complexity and circumstances.

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

*No comments.*