



Kreston International Response: Proposed ISA 220 (Revised)

General Comments on Proposed ISA 220 (Revised)

The revision of ISA 220 is welcomed and brings clarity to the responsibilities of the engagement partner in ensuring engagement quality.

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: The focus on the sufficient and appropriate involvement of the engagement partner is appropriate. In some group situations a partner could be undertaking the role of both an engagement partner on an element of the group and a key audit partner in respect of the overall group audit. The standard or application material could include guidance that the engagement partner retains overall responsibility for quality on the elements of the assignment where they are the engagement partner.

Paragraph 33 deals with consideration of the Engagement Quality Review. The engagement partner could be required to ensure the EQR has maintained their objectivity. In SMP's there can be a risk that the EQR provides technical support and that responsibilities of the engagement partner are taken by the EQR.

- 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: The linkage to the ISQMs in the application material is appropriate.

- 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: The material on the appropriate exercise of professional skepticism is supported. The potential impact of bias is significant and this could be further emphasized by having specific reference in Paragraph 12 (e).

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

Response: Paragraphs 23- 26 should enable the engagement partner to take account of different delivery models in assessing the engagement resources.

- 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: The revised requirements and guidance on direction, supervision and review are supported and clarify the review responsibilities of the engagement partner. Paragraph 28 refers to the review of audit documentation by the engagement partner. This could be interpreted as requiring the engagement partner to review all audit documentation. A reference to paragraph 29 would clarify the extent of the engagement partner review. Paragraph 27 sets out clearly the review

process. Consideration could be including reference to determining that sufficient appropriate audit evidence has been obtained. This is given as the responsibility of the engagement partner in paragraph 28. To impact quality all team members should have a responsibility when supervising or reviewing work to consider whether sufficient and appropriate audit evidence has been obtained.

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

Response: The requirements at paragraph 38 do not include the documentation requirements regarding the evidence of supervision and review of audit working papers.

- 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: The standard is appropriately scalable.

Editorial Comments on Proposed ISA 220 (Revised)

Paragraph 9 and 9(a) refer to the auditor. This is an undefined term. It is unclear if this is intended to be the engagement partner or the firm.

Paragraph 12 appears to be missing sub point (c).

Paragraph 37 requires that “the engagement partner shall determine that the engagement partner has taken...”. This language is complex and could be simplified.

[Please include here comments of an editorial nature.]