

IAASB
Attn. Thomas Seidenstein, Chairman
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Date	Re	Our ref	Attachment
1 July 2019 (extended deadline)	ED for Quality Management ISA 220	KvH	-

Direct dial nr
020-3010281

Dear Mr. Seidenstein,

The NBA appreciates the opportunity to share our views and provide input on the *Quality Management Standards*. In this letter our responses to *Proposed International Standard on Auditing 220* (hereafter: ISA 220) are included.

For our general remarks we refer to our cover letter.

Royal Netherlands
Institute of Chartered
Accountants



ISA 220

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 over all 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?

We support the paragraphs relating to the involvement and responsibility of the engagement partner. This is essential to the quality of the audit engagement. The ISA appropriately reflects the role of other senior members including other partners. They also influence the quality of the audit. We also appreciate the paragraphs relating to project management (A63-A64). This is one of the drivers for audit quality.

We question why in the objective the term 'auditor' is used, while later on the term 'engagement partner' is used'. The first time, the use of the term 'auditor' seems all right, but the second time the term 'engagement partner' seems more appropriate. We recommend investigating this.

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?

The linkages are appropriate.

In the application material examples are described when the engagement partner may depend on the firm's policies or procedures. It could be further clarified that in general the engagement partner may depend on the firm's policies or procedures, unless he has contradictory information. We wonder what to do when there are no firm policies or procedures in certain areas.

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)*

We support the application material in paragraphs A27-A29. They give concrete examples. Paragraph 7 seems to partly reiterate paragraph 6 and is very elaborate. We suggest to move most of the content of paragraph 7 to the application material.

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

In general ED 220 has the right balance although the guidance is not really extensive. We wonder whether extensive guidance is necessary. If extensive guidance is provided it might be outdated before the standards are issued.

Overreliance on technological resources is mentioned. For service delivery centers overreliance could also be mentioned.

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

We support the paragraphs mentioned.

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

There are 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?*

This remains a difficult question and challenging especially for large and complex group audits where many component auditors are involved as well (according to us they are included in the definition of engagement team). In the standard itself, this aspect is less clear than in the appendix in the explanatory memorandum. We recommend incorporating the information in the appendix in a separate section in the introduction to the standard.



Closing Remarks

For further information, please contact Jan Thijs Drupsteen (j.th.drupsteen@nba.nl).

Yours sincerely,
NBA, the Netherlands Institute of Chartered Accountants,

A handwritten signature in blue ink, enclosed in a blue oval. The signature appears to be 'Anton Dieleman' with a stylized flourish.

Anton Dieleman,
Chair of the Dutch Assurance and Ethics Standards Board
NBA