

# Swedish National Audit Office 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)

Our general comment is that we support the suggested revision to ISA 220. We specifically appreciate is the requirements related to leadership and management.

Below you will find our comments on specific questions We have comments on two paragraphs not covered in the questions:

- **Paragraph 5.** We find the purpose to be unclear, if kept please clarify:  
*5. Complying with the requirements in other ISAs may provide information that is relevant to quality management at the engagement level. (Ref: Para. A12)*
- **Paragraph 15.** We suggest moving b-c to application material and suggest including external experts in §15. As it is written now it only addresses the engagement team. In many audit engagements we use external experts and for those we also ensure that they are independent etc. Shouldn't the principle of ethical and independence also apply to those?

## 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:**

Yes. Though our suggestion is to move a-e) to the application material as we find it too detailed to be included in the requirements.

We would also like to suggest a clarification in §12. The paragraph states: *the engagement partner, and others to whom supervisory roles are assigned*, would it be possible to clarify what is meant by “to whom supplementary roles are assigned”. Is it supervisory roles assigned **by the engagement partner** or if the firm has assigned supplementary roles to other than the engagement partner.

We also suggest switch the order of §12 and §13.

- 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:**

Yes. Though suggestion to exclude the following requirement 4. b) *Given the nature and circumstances of the audit engagement, determining whether to design and implement responses beyond those set forth in the firm’s policies or procedures; and (Ref: Para. A9–A10)*. We do not believe that the engagement partner should identify other responses than those defined by the firm. If a situation arises that additional responses are necessary, the engagement partner should notify the responsible person/persons for the QM system before doing so.

- 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:**

Yes, we are very much supportive of the included paragraph and application material. We find the requirement etc. to be very strong on the engagement level but we miss this precise tone in ISQM 1 and the responsibilities of the top management. Irrespective of how precise the requirements are on the engagement level, the engagement partner is part of a larger environment within the firm and there is a huge risk that the engagement partner would be influenced by the environment.

Suggestion to include some of the material in ISQM as well.

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

**Response:**

Yes.

- 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:**

Paragraph 26.

*The engagement partner shall take responsibility for using the resources assigned or made available to the engagement team appropriately, given the nature and circumstances of the audit engagement. (Ref: Para. A58)*

In general, we support this paragraph but isn't this already reflected in other ISAs (efficient audit).

Reading the application material A58 we do not find A58 to be relevant and we do not see the clear link to paragraph 26.

We do not think that it is appropriate that the engagement partner uses new technologies if these specific technologies are not allowed by firm policies and procedures. There are many loops including information security that needs to be observed.

Therefore, we would suggest revising A58 to read: *if new technologies are found to be relevant and efficient but not allowed to use due to firm policies and procedures the engagement partner should not use. The engagement partner may suggest to the firm to include them in their policy.*

Another suggestion would be to include that the engagement partner could use new technologies approved within the firm ensuring efficient internal communication (skype meetings, chats, etc.) with the engagement team etc.

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

**Response:**

**Yes.**

- 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:

No comments.

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

*[Please include here comments of an editorial nature.]*