

Meeting: IAASB Consultative Advisory Group (CAG)
Meeting Location: New York, United States of America
Meeting Date: September 10–11, 2019

Agenda Item G

Proposed ISA 220¹ – Cover

Objectives of Agenda Item

1. The objectives of this agenda item are to:
 - (a) Provide an overview of respondents' feedback on the Exposure Draft (ED) of ISA 220 (ED-220).
 - (b) Obtain Representatives' views about how the ISA 220 Task Force (TF) proposes to address significant issues and concerns respondents to ED-raised.

Project Status

2. ED-220 was published for comment on February 8, 2019 and the comment period closed on July 1, 2019. As a result, the IAASB has not held any discussions on proposed ISA 220 since the March 2019 IAASB CAG meeting. A report back on the input received at the September 2018 IAASB CAG meeting was provided at the March 2019 IAASB CAG meeting.
3. At the September 2019 IAASB meeting, the Task Force plans to:
 - (a) Provide a high-level overview of respondents' feedback on ED-220; and
 - (b) Obtain the Board's views on how the Task Force proposes to address significant issues and concerns respondents raised. In particular, the TF is seeking the Board's views on:
 - The role and responsibility of the engagement partner;
 - The definition of the engagement team;
 - Scalability, including how to address concerns with the practicality of the revised definition for audits of larger, more complex entities.
4. As noted above, the Task Force plans to present at the September 2019 IAASB meeting a high-level overview of respondents' feedback on the areas / questions raised in response to ED-220, in particular those listed in paragraph 3(b). The issues and concerns arising from the remaining questions and the relevant Task Force proposals to address these will be discussed in future IAASB meetings as outlined in **Appendix 4 (Questions and Topics to be considered by the IAASB)** of **Agenda Item G.2** (IAASB Agenda Item 8 – Issues and Recommendations).

¹ Proposed International Standard Auditing (ISA) 220, Quality Management for an Audit of Financial Statements

CAG Discussion in September 2019

5. For the purposes of the CAG discussion, the ISA 220 Task Force Chair will present:
- (a) A high-level overview of the feedback received on ED ISA220 (**Agenda Item G.1**).
 - (b) The TF's proposals to address the matters highlighted in paragraph 3(b) above (**Agenda Item G.2**).

Representatives will then be asked to provide input on the questions outlined below in this paper.

6. **Agenda Item G.2**, which accompanies this cover note, is the ISA 220 Issues Paper that will be presented at the September 2019 IAASB meeting. The table below indicates the relevant sections and paragraphs in **Agenda Item G.2**.

Matters highlighted in paragraph 3(b) include:	What we heard in responses to:	TF's proposals to address the matters highlighted in paragraph 3(b) are included in:
The engagement partner's overall responsibility for managing and achieving audit quality	ED-220 – Question 1 are summarized Section II.A of Agenda Item G.2	Section II.A of Agenda Item G.2
Engagement team definition	ED-220 – Question 4 are summarized in Section II.B of Agenda Item G.2	Section II.B of Agenda Item G.2
Scalability	ED-220 – Question 7 are summarized in Section II.C of Agenda Item G.2	Section II.C of Agenda Item G.2

7. In navigating **Agenda Item G.2**, which is an IAASB Board paper, Representatives are requested to note the following:
- (a) The questions in **Agenda Item G.2** are those that will be posed to the IAASB Board, and therefore, Representatives are not being asked to respond to these questions. The questions that are being asked of CAG Representatives are outlined below.
 - (b) **Agenda Item G.2** includes references to a variety of other Agenda Items that will be presented at the September 2019 IAASB meeting. These Agenda Items have not been provided to Representatives for the purposes of the CAG discussion, but if CAG members would like to access these papers, they will be available at: <https://www.iaasb.org/meetings/iaasb-board-meeting-new-york-usa-0>.
8. **Appendix A** to this paper provides a history of previous discussions with the IAASB CAG and IAASB Board on proposed ISA 220, including links to the relevant IAASB CAG agenda papers and minutes of meetings.

Matters for IAASB CAG Consideration

1. What views do Representatives have on the Task Force's proposed actions to clarify the engagement partner's leadership responsibilities?
2. What views do Representatives have on the Task Force's proposal to continue to include anyone who performs audit procedures in the engagement team, including individuals from the firm and network and non-network component auditors? Please note the importance of coordination as noted above.
3. What views do Representatives have on the Task Force's preliminary views on addressing scalability, both for audits of larger, more complex entities and LCEs?

Materials Presented – IAASB CAG Papers

Agenda Item G.1 Proposed ISA 220 – Presentation

Agenda Item G.2 Proposed ISA 220 – IAASB Agenda Item 8 – Issues and Recommendations

Appendix A

ISA 220 Project History

Project Summary: [ISA 220](#)

Project Phase	IAASB CAG Meeting	IAASB Meeting / Publication
Project Commencement	March 2015 September 2015 September 2016	December 2014 March 2015 June 2015 September 2015 December 2015 June 2016 September 2016
Project Proposal	November 2016 Teleconference	December 2016
ISA 220 Issues Discussion	September 2017	June 2017 August 2017 September 2017 December 2017
First Read of Draft ED of Proposed ISA 220		June 2018
Second Read of Draft ED of Proposed ISA 220	September 2018	September 2018
Approval of ED-220		December 2018

IAASB CAG Discussions	Detailed References
Information Gathering: Responding to Calls to Enhance Audit Quality	<p><u>March 2015</u> See IAASB CAG meeting material and CAG meeting minutes (Agenda Items B and C). http://www.ifac.org/meetings/new-york-usa-5</p> <p><u>September 2015</u> See IAASB CAG meeting material and CAG meeting minutes (Agenda Item F). http://www.iaasb.org/cag/meetings/new-york-usa-0</p>
Information Gathering: Overview of Responses to the ITC, Group Audits and EQC Reviews	<p><u>September 2016</u> See IAASB CAG meeting material and CAG meeting minutes (Agenda Item G). http://www.iaasb.org/cag/meetings/new-york-usa</p>
Project Proposal	<p><u>November 2016</u> See IAASB CAG meeting material and CAG meeting minutes (Agenda Item B). http://www.iaasb.org/cag/meetings/iaasb-cag-conference-call-november-29-2016-730-am-1030-am-est</p>
ISA 220 Issues Discussion	<p><u>September 2017</u> See IAASB CAG meeting material and CAG meeting minutes (Agenda Item G). http://www.iaasb.org/cag/meetings/iaasb-cag-meeting-madrid-spain</p>
ISA 220 Issues Discussion	<p><u>September 2018</u> See IAASB CAG meeting material and CAG meeting minutes (Agenda Item D). http://www.iaasb.org/cag/meetings/iaasb-cag-meeting-new-york-ny-0</p>
ISA 220 Report Back	<p><u>March 2019</u> See IAASB CAG meeting material and CAG meeting minutes (Agenda Item H-3). https://www.iaasb.org/cag/meetings/iaasb-cag-meeting-new-york-ny-1</p>