



Proposed ISA 220, *Quality Management for Audits of Financial Statements*

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IAASB CAG Meeting

March 10, 2020

Agenda Item D



International Auditing
and Assurance
Standards Board

Introduction

Objectives:

- Obtain Representatives' views on the ISA 220 Task Force's proposals on:
 - The engagement team definition
 - Scalability up for audits of larger, more complex entities
- Provide an overview of how other issues raised by respondents to ED-220 have been resolved

Engagement Team Definition

- Engagement team includes all individuals who **perform audit procedures** on the engagement:
 - Includes component auditors
 - Clarified meaning of “perform audit procedures”
 - Guidance provided on how firm policies or procedures apply for engagement team members who are external to the firm or its network

IESBA Coordination Update on Engagement Team Definition

- At March 2020 IESBA meeting, IESBA will consider a proposal to:
 - Revise the engagement team definition in the IESBA Code consistent with the ISA 220 definition
 - Clarify the applicable independence requirements for component auditors in relation to a group audit

Matter for IAASB CAG Consideration

1. *Representatives are asked for their views on the definition of an engagement team and associated application material.*

See paragraphs 12(d), A16–A18 and A23–A25 of **Agenda Item D.3**

Upward Scalability – Task Force Proposals

- Reinforced the engagement partner's **overall responsibility for managing and achieving quality** on the audit including for direction, supervision and review
- Clarified when engagement partner has **sole responsibility**
- Clarified when design or performance of procedures, tasks or actions **may be assigned** to other engagement team members
 - Engagement partner retains responsibility
- Proposed illustrative example

See Section I.D of **Agenda Item D.2**

Matter for IAASB CAG Consideration

- 2. Representatives are asked for their views on how scalability has been addressed for audits of entities whose nature and circumstances are more complex*

Other Matters

- Public interest matters
- Objective of the standard
- Professional skepticism
- Firm's system of quality management
- Audit delivery models and technology
- Stand-back provision
- Documentation

Matters for IAASB CAG Consideration

3. *Representatives are asked whether there are any other matters that should be considered by the Board before finalizing ISA 220 (Revised)*



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