Proposed ISA 220 (Revised) – Respondents’ Comments on ED-220
Question 6 – Documentation

Question 6 asked:

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

Q6 – Agree

2. Regulators and Oversight Authorities

FRC
Yes.

NASBA
Yes, we believe that the ED-220 together with the requirements in ISA 230 provide sufficient requirements and guidance on documentation.

3. National Standard Setters

AICPA
Yes.

AUASB
The AUASB generally views that the documentation requirements in conjunction with the requirements of ISA 230 provide sufficient guidance on documentation although this can be enhanced by a link between the review requirements of the engagement partner and the documentation requirements to evidence this review.

Yes. We support that the requirements are appropriate.

CNCC-CSOEC
We consider that ED-220, together with the overarching documentation requirements in ISA 230, includes sufficient requirements and guidance on documentation.

HKICPA
We consider ED-220, together with the overarching documentation requirements in ISA 230, include sufficient requirements and guidance on documentation.

IDW
We believe that together with the overarching documentation requirements in ISA 230, the requirements and guidance on documentation are appropriate.

JICPA
We believe ED-220 includes sufficient requirements and guidance on audit documentation.

**NBA**
There are sufficient requirements and guidance on documentation.

**NZAASB**
The NZAuASB considers that ED-220, together with the overarching documentation requirements in ISA 230, includes sufficient requirements and guidance on documentation. It is important that the documentation requirements of ED-220 remain high level, principles-based, avoiding a checklist approach.

### 4. Accounting Firms

**BTI**
We believe that the requirements and guidance on documentation are reasonable.

**CASI**
Yes. we agree.

**DTL**
Yes. Documentation requirements are clear.

**DTTL**
DTTL believes that the overarching documentation requirements in ISA 230 together with the requirement in paragraph 38 of ED-220 and related application material provide sufficient requirements and guidance on documentation. The examples provided in paragraph A102 are helpful in demonstrating different ways in which the involvement of the engagement partner may be evidenced.

**EYG**
Yes, we believe that ED-ISA 220 together with the overarching documentation requirements in ISA 230 include sufficient requirements and guidance on documentation.

**HM**
Yes

**NI**
YES

**NSW**
Yes, we believe that there are sufficient requirements and guidance.

**PKFI**
In our view, ED-220 together with the overarching documentation requirements in ISA 230, includes sufficient requirements and guidance on documentation.

**PKFSA**
ED-220, together with the overarching documentation requirements in ISA 230, includes sufficient requirements and guidance on documentation.
RSMI
yes, we consider that the documentation requirements are sufficient.

5. Public Sector Organizations

ACAG
ACAG believes that the documentation requirements are sufficient.

AGSA
ED 220 requires the auditor to include documentation of matters identified with respect to fulfilment of ethical responsibilities relating to relevant ethical requirements including independence, acceptance and continuance of client relationships and the nature and scope of, and conclusions reached from the consultations undertaken. The ED-220 requires the auditor to document this information in accordance with the requirements of ISA 230, therefore, ED-220 together with the requirements in ISA 230 include sufficient guidance on documentation.

OAGA
We agree.

OAGNZ
We believe that the proposed standard and the overarching documentation requirements in ISA (NZ) 230 are sufficient.

6. Member Bodies and Other Professional Organizations

CAI
Yes ED ISA 220 does include sufficient requirements and guidance on documentation.

CalCPA
Yes.

CCC-ICPARD
Yes, it does.

CICC-AIC
Yes, they include.

CNDCEC
CNDCEC agrees with the proposal.
CPAA
Yes, we have not identified any further documentation requirements or guidance needed.

FSR
We believe that ED-220 together with the overarching documentation requirements in ISA 230 includes sufficient requirements and guidance on documentation.

IBRACON
Yes. We agree that in conjunction with ISA 230, there are sufficient requirements and guidance on documentation in ED-220.

ICAP
We note that ED-220 along with ISA 230 sufficiently emphasizes appropriate maintenance of documentation.

ICAS
We agree that, when taking the requirements from ED 220 together with the overarching documentation requirements in ISA 230, that the requirements and guidance on documentation are sufficient, but there is a need to address the references and interaction with ISA 230 for consistency.

ICPAU
ICPAU feels the ED-220 includes sufficient requirements and guidance on documentation.

IMCP
We consider that the documentation required by ED 220 as well as the guidance provided on it is appropriate.

NRF
Yes, we believe that ED-220 together with the overarching documentation requirements in ISA 230 include sufficient requirements and guidance on documentation.

NYSSCPA
We believe the proposed requirements and guidance on documentation are sufficient.

SAICA
We are satisfied that ED-220, together with the overarching documentation requirements in ISA 230 provide sufficient requirements and guidance in relation to documentation.

Q6 – Agree But With Further Comment

2. Regulators and Oversight Authorities

IRBA
Other than the further clarifications sought hereunder, ED-ISA 220 appropriately addresses requirements and guidance on documentation.

We recognise a need to document why a matter is not a significant matter or a significant judgment. Our inspection findings indicate differences in professional judgment between engagement partners and the audit regulator in expectations around such documentation. Documenting the reasoning of the engagement
partner as to why a matter that was a “borderline” significant matter or significant judgment is not regarded as a significant matter or a significant judgment provides evidence that the issue was not accidentally omitted but was given professional consideration.

We suggest that the documentation requirements include a record of the engagement partner’s determination that the engagement partner has complied with paragraph 37 of ED-ISA 220 (the stand-back provision).

ISA 220 could place more emphasis on professional skepticism by explaining that the engagement partner demonstrates his/her professional skepticism by documenting his/her considerations where he/she has applied professional skepticism.

Paragraph 36 of ED-ISA 220 uses the phrases “be satisfied that the engagement team has been made aware of results” and “remain alert throughout”. How would this be documented on the engagement file? How would the engagement partner demonstrate this with documentation?

3. National Standard Setters

KSW

When taking the requirements from ED-220 and ISA 230, we agree that the requirements and guidance on documentation are sufficient, but there is a need to properly address the interaction with ISA 230. As an example, the requirement included in paragraph 37 is part of a general requirement of ISA 230. We think the IAASB should review the consistency of the documentation requirements in a holistic manner and avoid quick fixes that would impair understandability.

MAASB

Except as highlighted in Question 4 above, we believe that ED-220 include sufficient requirements and guidance on documentation.

Further guidance on how the engagement partner can fulfill its responsibilities for engagements using evolving audit delivery models would be helpful. For example, in order to fulfil the requirement of paragraph 27 of ED-220, we recommend that the IAASB provide guidance on documentation required when the engagement involves multiple service delivery centers.

4. Accounting Firms

BDO

Overall, we agree that in conjunction with the documentation requirements in ISA 230, the ED-220 requirements appear to be proportionate and the guidance appropriate. There appears to be a more streamlined approach to documentation requirements in paragraph 38 of ED-220. For example, ED-220 now includes consideration of ‘…matters identified, relevant discussions with firm personnel, and conclusions reached…’ in the context of relevant ethical requirements (including independence) and acceptance and continuance decisions. Extant ISA 220 (Revised) only required consideration of ‘conclusions’ regarding acceptance and continuance decisions or independence requirements and ‘issues’ identified with regards to compliance. This broadening of the overall requirement reflects how many of these decisions at the engagement and firm level often involve internal discussions with firm personnel. This change does however give rise to a potentially duplicative set of requirements as arguably ED-220 paragraph 38 (b) could cover the decisions highlighted in part (a) – although we understand the need to continue to highlight part (i) and (ii) as areas of concern.
We support much of the previous engagement quality review documentation requirements being moved to ED-ISQM 2 with the overall requirement from an auditor perspective in terms of completion prior to the date of auditor’s report staying in ED-220. However, we note that ED 220 (when combined with increasing use of firm-based audit documentation technologies) may result in a more disaggregated evidence of engagement partner review and this may make it harder to ‘see’ how the engagement partner has performed their review. We suggest the IAASB consider additional guidance or implementation support to ensure that there is some form of documentation or signposting in order to bring together the various elements of review.

CG

The content of the standard on documentation ought to be more detailed. We acknowledge that the requirements of ISA 230 are overarching, but some of these ought to be included in ISA 220. The application guidance is well presented and some of this could be presented in the standard and regarded as a requirement.

ETY

We think that the documentation requirements include sufficient requirements. In our view more guidance and illustrative examples is needed on the documenting the exercise of professional skepticism by the team and the engagement partner.

GTIL

We are generally of the view that there are sufficient requirements and guidance on documentation in ISA 230 and ED-220 combined. However, we note that there is no specific documentation requirement in relation to evidencing the engagement partner’s involvement in the engagement. In particular, we note that paragraph 37 of ED-220 requires the engagement partner to determine that the engagement partner has taken overall responsibility for managing and achieving quality on the audit engagement. There is no guidance on how the engagement partner evidences the basis for the conclusion reached. We would recommend the incorporation of guidance on the documentation expected to demonstrate compliance with this requirement.

KI

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

KPMG

We believe that ED ISA 220 (Revised), together with the overarching documentation requirements in ISA 230, Audit Documentation, generally include sufficient and appropriate requirements and guidance regarding audit documentation.

In particular, we believe the application material is helpful in that it explains the purpose of audit documentation; describes that it is neither necessary nor practicable for the auditor to document every matter considered, or professional judgement made in an audit, and furthermore, that compliance with certain requirements, e.g. those in relation to professional skepticism, is often demonstrated within documents included in the audit file itself, and separate/additional documentation is therefore not required. This is particularly important in respect of this ISA, since it addresses matters such as involvement of the Engagement Partner (which may be evidenced, for example, through meeting minutes, agendas, and sign-offs on workpapers).
In connection with this, it may be helpful to elevate the guidance included in paragraph A103, which addresses documentation of matters that may pose risks to achieving audit quality, the exercise of professional skepticism and the auditor’s conclusion thereon, to a requirement, specifically a requirement to consider whether such matters have been appropriately documented, e.g. as part of the standback (please refer to our comments in Question 1). ISA 230 does not address these areas explicitly and, furthermore, we believe placement of such a requirement in this ISA, which addresses quality management at the engagement level, would be most appropriate.

We also recommend that paragraph 38 include an additional matter in respect of which documentation should be required, in relation to differences of opinion, in particular because these usually would relate to difficult and/or contentious matters, which are specific to the circumstances of an audit engagement, and which may have a bearing on audit quality.

We refer to our comments above regarding the potential implications of the proposed changes in respect of ISA 600, and we also suggest that the IAASB explore the interaction of the documentation requirements at paragraph 38, which relate to quality management on an audit engagement, with those at ISA 600.50, in terms of the extent to which consideration of such matters across a group engagement team more broadly should be addressed.

Additionally, we suggest the IAASB explore situations in which EQ reviews are performed at the component level, regarding the nature and extent of the responsibilities of the group Engagement Partner in this regard, as well as EQ reviews performed at the group level, which also address component-related matters, regarding the nature and extent of responsibilities of the component Engagement Partner.

**MGIW**

Together with ISA 230, the overarching documentation requirements are noted in paragraph 38 and the examples of how the engagement partner’s involvement can be evidenced (A102) will be useful to firms. One area for further guidance, examples and training will be in the extent to which the professional scepticism of the engagement team should be documented on files. This will be especially relevant for SMPs who are more likely to discuss matters within the team and resolve matters verbally rather than engage in formal internal or external consultations.

**MNP**

Yes, we believe the overarching documentation requirements in the proposed ISA-220 and in ISA 230 include sufficient requirements and guidance on documentation with one exception. We recommend the addition of guidance on the documentation required to evidence the completion of the stand-back requirement.

**MSI**

We are supportive of the requirements that are included. We do however believe that a specific requirement relating to documenting the involvement of the engagement partner would be useful particularly since this is something that many regulators continue to demand.

**MZRS**

It could be helpful to cross-reference with ISA 230, when ISA 220 requires reviewing the audit work performed through review of the audit documentation. The requirement to document who reviewed the audit work performed does not imply a need for each specific working paper to include evidence of review. The
requirement, however, means documenting what audit work was reviewed, who review such work, and when it was reviewed.

We think that the linkage between ISA 230 and ED ISA 220 needs to be checked to avoid any duplications or omissions when ISA 220 is finalised.

MZRSUS

Paragraph A9 should be expanded to provide illustrations of other circumstances or factors that would trigger a change in professional judgment by the engagement partner during the engagement that would result in additional personnel and procedures added at the engagement level as well as the documentation required.

We support the documentation requirements of ED-220, inclusive of the overarching documentation requirements of ISA 230, but suggest the following modifications:

ED-220 paragraph 33(d) and ED-OSQM-2 paragraph 24 should be conformed and clear on the meaning of “completion”.

Determination of “concurring approval” should come from the EQR and this notification should be documented.

Please note our responses to question 2) above.

PwC

We support the requirements and guidance provided on documentation but suggest that more specific guidance, including examples, is needed to clarify and illustrate what is meant by “matters identified, relevant discussions with firm personnel, and conclusions reached” (paragraph 38(a)). For example, application material could address potential non-compliance with ethical requirements including independence and the engagement team’s discussion of potential safeguards.

We also suggest more guidance is needed to clarify what evidence would need to be documented to support the engagement partner’s determination in accordance with paragraph 37 that they have taken overall responsibility for the audit, including the sufficiency and appropriateness of their involvement. We recommend including a cross-reference to the application material in paragraph A102 that discusses how the involvement of the engagement partner may be evidenced in the audit file, and further explaining that their assessment may be based on their review of the evidence of their involvement as described in A102.

Paragraph 37 Engagement partner’s stand-back (refer to our response to question 6):

We suggest that additional guidance is needed to clarify what evidence would need to be documented to support the engagement partner’s determination in accordance with paragraph 37 that they have taken overall responsibility for the audit, including the sufficiency and appropriateness of their involvement.

Paragraph 38 Documentation (refer to our response to question 6):

We suggest that additional examples would be useful to clarify and illustrate what is meant by “matters identified, relevant discussions with firm personnel, and conclusions reached” (paragraph 38(a)).

5. Public Sector Organizations

GAO
In our view, ED-220, together with the overarching documentation requirements in International Standard on Auditing (ISA) 230, generally includes satisfactory requirements and guidance on documentation. However, we encourage the IAASB to consider revising paragraphs 33(d) and 38(c) as follows:

Paragraph 33(d): Not date release the auditor’s report until the completion of the engagement quality review. (Ref: Para. A89–A92)

Paragraph 38(c): If the audit engagement is subject to an engagement quality review, that the engagement quality review has been completed on or before the date of the auditor’s report is released.

We believe that the IAASB should consider whether it is practical to require the engagement quality review to be completed by the report date rather than the report release date. It may not be feasible to complete the engagement quality review by the auditor’s report date given the requirements for obtaining certain audit evidence up to the date of the auditor’s report that are included in ISA 560, Subsequent Events, and the requirements in proposed ISA 220 for the engagement partner’s audit documentation review.

NAOM

The standard may discuss the issue of a formal report following the review.

OAGC

Yes, sufficient requirements and guidance on documentation are provided. Guidance could be further expanded to caution auditors about the heightened sensitivity and appropriateness of including detailed documentation concerning threats, threat resolution and breaches of engagement team member ethics in broadly accessible locations of the audit file. Alternatively, a requirement for firm policy concerning this issue could be added.

6. Member Bodies and Other Professional Organizations

ACCA-CAANZ

Concerns were raised around how the EP would evidence the requirements in relation to being satisfied with the firm’s policies and procedures. While we accept that the EP should be happy with the firm’s quality management, there is potential for the work effort required for the EP to question and document their considerations of these matters to be excessive when the objective of the ISQM series of standards is that firms should have suitable policies and procedures on which all EPs can rely. Similar to the issues in ISQM 1 in relation to network firms relying on network policies and procedures our stakeholders were uncertain of the cost versus benefit of implementing these requirements and expressed concerns that firms would simply develop boilerplate documentation for EPs to use.

The requirements in the standard are quite specific and some stakeholders expressed concerns that the documentation requirements do not have clear linkages to all the requirements. Further clarification and guidance would be useful.

AE

When taking the requirements from ED-220 and ISA 230, we agree that the requirements and guidance on documentation are sufficient, but there is a need to properly address the interaction with ISA 230. As an example, the requirement included in paragraph 37 is part of a general requirement of ISA 230. We think the IAASB should review the consistency of the documentation requirements in a holistic manner and avoid quick fixes that would impair understandability.
CAQ

Overall, we support the documentation requirements in ED-220 together with the overarching documentation requirements in ISA 230; however, please see response to question 2 related to ED-220 detailing comments on the documentation required to support the audit partner’s reliance on the firm’s policies and procedures and the following recommendation:

The use of the term “completion” in paragraph 33(d) of ED-220 to describe the engagement partner’s responsibility over the work performed by the EQR may not be consistently applied. There is a risk that “completion” may not indicate that open issues have been appropriately resolved. We suggest clarifying in paragraph 24 that the EQR is required to provide the engagement partner “concurring approval for issuance only if, after performing with due professional care the review required by the standard, he or she is not aware of a significant engagement deficiency.”10

The requirement proposed above to obtain “concurring approval for issuance...” (or as revised based on the Board’s final determination) from the EQR should be clarified as a responsibility of the engagement partner in both ED-ISQM 2 and ED-220 and the language in ED-220 paragraph 33(d) and ED-ISQM 2 paragraph 24 should conform as appropriate.

Overall, we support the revised requirements and guidance on direction, supervision and review; however, we recommend the following:

- Please see response to question 1 related to ED-220 detailing comments on the documentation required to be reviewed by the engagement partner when (s)he assigns procedures, tasks, or actions to other members of the team.

- Paragraph 31 requires the engagement partner to review “any formal written communications to management, those charged with governance, or regulatory authorities.” In a group audit situation, this requirement would significantly increase the work required from current practice, as it implies that the group engagement partner is required to review all communications from all component teams to component management, the component audit committee and others. We believe clarification of the intent of this requirement is necessary, including whether such reviews can be assigned to others (e.g., the engagement partner at the component).

In instances where the engagement partner has been made aware of issues around the design, implementation, and operation of the system of quality management, we recommend providing additional guidance in ED-220 paragraph A9. The guidance should include factors for the engagement partner to consider in determining the extent of procedures necessary and the level of documentation required to evidence the conclusions reached. We believe this would increase scalability and reduce the risk of a one-size-fits-all approach to meeting the requirements.

IAB-IEC

Regulation is justified because a company is listed. This leads to a top-down concept, where the standard is designed to suit PIE’s, listed and large companies and needs to be simplified, by carve-outs, SME-packages, guidelines, Q&A’s, technical note's or other means to meet the needs of SME’s.

The draft standard prefers to enter into the details of the procedures to be implemented, even if it means reducing the domain of the auditor's judgment, without wanting to eliminate it. The limiting of professional judgement could lead to box-ticking. This is caused by the basic principle ‘what is not written is not done’, that leads to detailed checklists, where the audit documentation serves more as evidence against any accountability or legal responsibility than as a record of the basis for the auditor’s report. This is reinforced
by the pyramidal model of large audit firms, i.e. a model for large companies that are organized internationally and that contain many requirements.

For this reason, a bottom-up concept is required. It is about starting with requirements designed for small and simple entities and then adding requirements for larger, more complex PIEs. Preferably, the more complex standards would be built or based on the less complex ones.

For this reason, a fundamental redrafting of the basic structure of the ISAs, not only ISA 220 is necessary.

**IBR-IRE**

Paragraph 38 gives the impression that all documentation must be centralized in the audit file. In certain circumstances, certain elements may be kept at the firm’s level.

**ICAEW**

The documentation requirements of ED-ISA 220 and ISA 230 need to be taken together with the requirement in ED-ISQM 2 para 27 (covering documentation of the engagement quality review) to get the full picture.

It is unclear how IAASB determines what needs to be included in an individual standard rather than relying on the overall requirements in ISA 230. A more systematic approach is warranted going forward, rather than simply including matters the working party thinks are particularly important.

For example, the documentation requirements in para 37 include nothing on evidencing the extent of the involvement of the engagement partner and we assume this is considered to be covered by the general requirements of ISA 230. Perhaps this is what is meant by the first sentence in para A102, but it seems odd to have application material in the standard that addresses this but no requirement to link it to.

We note that the requirements in respect of consultations now include documenting how the conclusions from consultations have been implemented, which was previously in the application material. This seems reasonable.

**ICAS**

ISA 230, that the requirements and guidance on documentation are sufficient, but there is a need to address the references and interaction with ISA 230 for consistency.

**ICJCE**

No additional documentation is required, but documentation included in ISA 230 is required by reference to other ISAs. This duplication is especially evident in Para A79.

**ICPAS**

Yes, overall, we believe the documentation requirements in ED-220 together with the overarching documentation requirements in ISA 230 include sufficient requirements and guidance on documentation. However, small firms and sole practitioners who perform mainly reviews and some audits could view the documentation as burdensome for the size and nature of their practice.

**MICPA**

The Institute appreciate the underlying intention of the IAASB’s proposal to clarify ‘significant judgments’ versus ‘significant matters’. Suggest that the IAASB clarifies the expectations and related documentation requirements of the Engagement Quality Reviewer (‘EQR’) in respect of ‘significant matters’.
Yes, it includes sufficient requirements and guidance on documentation. It is heartening to see the IAASB proposal incorporating the use of different audit delivery models and technology. The Institute would suggest that the IAASB consider whether the existing ISA 230 on audit documentation needs to be upgraded to align with this proposed ISA 220.

**SMPC**

Yes, the overarching documentation requirement is sufficiently principled-based and hence, appropriate for SMPs. However, this has to be read together with ISA 230 for a complete picture.

It can be unclear as to how IAASB determines what needs to be included in an individual standard rather than relying on the overall requirements in ISA 230. A more systematic approach may be warranted, going forward.

In addition, para A102 which provides a list of items the Engagement Partner (EP) should sign off to support taking overall responsibility for the engagement can be further enhanced, especially from the standpoint of very small SMPs. As an example, in a very small engagement team, minutes of meeting or agenda of discussion may not be necessary if the work is documented. Again, communication in respect of culture and expected behavior may not always be obvious in a small SMP.

**8. Academics**

**AAA-ASC**

While we believe the proposed enhancements substantially achieve the Board’s intent, in addition to the question-specific commentary provided below, we have an overarching concern. ED-220 requires fulfillment of its requirements be documented (paragraph 38), and many of the requirements detailed in ED-220 have the potential to become items on a long checklist that partners must acknowledge having completed. There is recent evidence that to reduce criticisms of regulators, auditors have increased their use of technology-enabled and other standardized audit processes, forms, and checklists – despite recognizing that doing so may negatively impact critical thinking and professional skepticism (Boland, Daugherty, and Dickins 2019; Westermann, Cohen, and Trompeter 2019). Although the documentation guidance provided in paragraphs A102-A104 is appropriate and appears to consider the balance between evidencing compliance and creating unintended consequences that may adversely impact audit quality, we believe additional prominence is warranted. Specifically, we recommend paragraph 38 be modified to include a statement that explicitly requires partners consider this balance when documenting compliance with the standard.

**3. Q6 – Disagree**

**No comments**