Proposed ISA 220, Quality Management for Audits of Financial Statements

Lyn Provost, IAASB Member and Task Force Chair
IAASB CAG Meeting
March 10, 2020
Agenda Item D
Objectives:
• Obtain Representatives’ views on the ISA 220 Task Force’s proposals on:
  o The engagement team definition
  o 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 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
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
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
• 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
  o Engagement partner retains responsibility

• Proposed illustrative example

See Section I.D of Agenda Item D.2
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
3. Representatives are asked whether there are any other matters that should be considered by the Board before finalizing ISA 220 (Revised)