Proposed ISA 220 (Revised), Quality Management for Audit of Financial Statements

Presented by:
Lyn Provost, ISA 220 Task Force Chair

IAASB CAG Meeting
September 8, 2020
Agenda Item B3.1
Project Status and Timeline

- **March/April 2020** – Discussion of full draft with IAASB and CAG
- **June 2020** – Discussion of engagement resources section with IAASB
- **September 2020** – Planned approval by IAASB
Objective (Para 10–11)

- Consistent with ISQM 1, the Task Force proposes moving material on **public interest** to follow the Objective (see paragraph 11) to:
  - Show the **fundamental link** of the public interest to the Objective of proposed ISA 220 (Revised)
  - Improve the **prominence of the public interest** in proposed ISA 220 (Revised) because it is essential material supporting the Objective
  - Facilitate **understanding** of the Objective of proposed ISA 220 (Revised)
Engagement Resources (Para. 25 – 28 and A60–A75)

• In the March 2020 draft:
  o Referred to engagement resources “assigned or made available … by the firm”
  o The IAASB questioned whether this wording appropriately addressed component auditors not directly engaged by the firm

• In response, the Task Force clarified that:
  o The firm may not always be directly responsible for providing engagement resources (e.g., some component auditors)
  o The firm’s policies or procedures may address those situations
IESBA Coordination

• Continued coordination with IESBA on relevant projects:
  o The engagement team definition (IESBA “engagement team – group audits independence” project)
  o Professional skepticism and bias (IESBA “role and mindset” project)
1. Representatives are asked whether:
   a) The changes to the Objective section will improve readers’ understanding of the relationship between the public interest and quality management at the engagement level.
   b) Whether the changes to the engagement resources section improve the application of the standard to component auditors who are not from the auditor’s firm or network.

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