June 28, 2019

Willie Botha
Technical Director
International Auditing and Assurance Standards Board
International Federation of Accountants
529 Fifth Avenue, 6th Floor
New York, NY 10017

KICPA’s Comments on IAASB’s Exposure Draft for the Proposed ISQM 2, Engagement Quality Reviews

Dear Willie Botha,

KICPA is pleased to have an opportunity to comment on the Exposure Draft (ED) issued by the International Auditing and Assurance Standards Board for Accountants (IAASB), regarding the proposed ISQM 2, Engagement Quality Reviews. KICPA is a strong advocate of IAASB for your relentless efforts to serve the public interest by setting high-quality international standards for auditing, assurance, and other related standards, and by facilitating the convergence of international and national auditing and assurance standards.
Please see the below for our responses to the specific questions.

<Date>

<Request for Comments>

1) Do you support the change from “engagement quality control review/reviewer” to “engagement quality review/reviewer?” Will there be any adverse consequences of changing the terminology in respondents’ jurisdictions?

We support and believe that there would be no adverse consequences, but terms used in the IESBA Code should be considered as well.

4) Do you support the requirements for eligibility to be appointed as an engagement quality reviewer or an assistant to the engagement quality reviewer as described in paragraphs 16 and 17, respectively, of ED-ISQM 2?

(a) What are your views on the need for the guidance in proposed ISQM 2 regarding a “cooling-off” period for that individual before being able to act as the engagement quality reviewer?

(b) If you support such guidance, do you agree that it should be located in proposed ISQM 2 as opposed to the IESBA Code?

We are for the need for the guidance regarding a cooling-off period, since the objectivity of engagement quality reviews could be ensured via the period. We believe the guidance needs to be situated in the ISQM 2, allowing firms to give flexibility to their policy and procedures on the period, as the responsibility of setting up such policy and procedures lie to individual firms and the review could differ from audits of listed companies’ financial statements and other engagements, in terms of nature and circumstances.
5) Do you agree with the requirements relating to the nature, timing and extent of the engagement quality reviewer’s procedures? Are the responsibilities of the engagement quality reviewer appropriate given the revised responsibilities of the engagement partner in proposed ISA 220 (Revised)?

We agree with the requirements relating to the nature, timing and extent of the engagement quality reviewer’s procedures, and the responsibilities of the engagement quality reviewer are appropriate, since his/her responsibility should not be bigger than those of engagement partner.