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International Auditing and Assurance Standards Board (IAASB)

529 5th Avenue
New York, New York
United State of America.

28th June 2019

Dear Sir,

RESPONSES TO EXPOSURE DRAFT ON ISQM 1, 2 AND ISA 220 (REVISED).

We refer to the above invitation for response toward the exposure draft, on behalf of the Audit & Assurance Committee for CAS International, are pleased to submit our responses as follows;

- a) Response Template – covering EM
- b) Response Template ISQM 1
- c) Response Template ISQM2
- d) Response to IAASB ED ISA 220.

We hope the responses are useful for the standard setting process and please do not hesitate to contact us if you require any clarification.

About CAS International

CAS International is a network comprises of accounting and consulting firms serving a wide range of clients globally. The network operation is supported by more than 700 partners and professional staff from local and overseas firms, International committees, task force and frequent meetings, and seminars, which in turn lead to consistent high standards. Website: www.casinternational.net

Thank you.

Yours faithfully,

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Mr. Chen Voon Hann
Chairman of Audit and Assurance Committee
CAS International

Response Template: Proposed ISQM 2

Note to respondents:

- The questions below are from the exposure draft of proposed International Standard on Quality Management (ISQM) 2, *Engagement Quality Reviews*, which is available at www.iaasb.org/quality-management.
- Respondents are asked to respond separately to each of the exposure drafts and the overall explanatory memorandum.
- We request that comment letters do not include tables as they are incompatible with the software we use to help analyze respondents' comments.

General Comments on Proposed ISQM 2

[Please include here comments of a general nature and matters not covered by the questions below.]

Questions

- 1) **Do you support a separate standard for engagement quality reviews? In particular, do you agree that ED-ISQM 1 should deal with the engagements for which an engagement quality review is to be performed, and ED-ISQM 2 should deal with the remaining aspects of engagement quality reviews?**

Response:

We do support the approach.

- 2) **Are the linkages between the requirements for engagement quality reviews in ED-ISQM 1 and ED-ISQM 2 clear?**

Response:

Yes, it is clear.

- 3) **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?**

Response:

The change is consistent with the change in approach from “quality control” to “quality management”. We do not anticipate any adverse consequences.

- 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?**

Response:

We do support the eligibility requirements of an engagement quality reviewer as set out in the ED.

- (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?**

Response:

We see no need for the specific guidance in ISQM 2 on a “cooling-off” period for that individual before being able to act as the engagement quality reviewer as it is dealt with in the IESBA’s Code.

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

Response:

Not applicable

- 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)?**

Response:

We agree with the requirements relating to the nature, timing and extent of the engagement quality reviewer’s procedures and we are of the view that the responsibilities of the engagement quality reviewer are appropriately given in the revised responsibilities of the engagement partner in proposed ISA 220 (Revised).

- 6) **Do you agree that the engagement quality reviewer’s evaluation of the engagement team’s significant judgments includes evaluating the engagement team’s exercise of professional skepticism? Do you believe that ED-ISQM 2 should further address the exercise of professional skepticism by the engagement quality reviewer? If so, what suggestions do you have in that regard?**

Response:

We agree.

- 7) **Do you agree with the enhanced documentation requirements?**

Response:

We agree.

- 8) **Are the requirements for engagement quality reviews in ED-ISQM 2 scalable for firms of varying size and complexity? If not, what else can be done to improve scalability?**

Response:

Yes, the requirements for engagement quality reviews in ED-ISQM 2 are scalable for firms of varying size and complexity.

Editorial Comments on Proposed ISQM 2

Not applicable.