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Mr. Willie Botha  
IAASB Technical Director  
International Auditing and Assurance Standards Board  
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## Exposure Draft: Conforming and Consequential Amendments to the IAASB's Other Standards as a Result of the New and Revised Quality Management Standards

Dear Mr Botha

Ernst & Young Global Limited, the central coordinating entity of the Ernst & Young organization, welcomes the opportunity to offer its views on the Exposure Draft, *Conforming and Consequential Amendments to the IAASB's Other Standards as a Result of the New and Revised Quality Management Standards*, issued by the International Auditing and Assurance Standards Board (IAASB).

We support the revisions made to the International Standards to address inconsistencies between the International Standards at present and the new and revised Quality Management (QM) Standards issued by the IAASB. We agree it is important to align extant wording in the International Standards with the QM Standards on a timely basis. However, we have included suggestions in our letter that we believe would clarify certain of the proposed amendments.

### Specific questions

**Q1. Do respondents believe the proposed conforming and consequential amendments are sufficient to resolve actual or perceived inconsistencies between the IAASB's Other Standards and Framework, and the changes made by the IAASB in developing and approving the new and revised QM standards?**

Yes, we believe that the amendments are sufficient to resolve actual or perceived inconsistencies between the IAASB's Other Standards and Framework and the changes made by the IAASB in developing and approving the new and revised QM Standards. However, we suggest clarifying edits as follows:

#### ISRE 2400 *Engagements to Review Historical Financial Statements*

- ▶ ISRE 2400 paragraph 17(i), which includes the definition of relevant ethical requirements, is not in alignment with ISA 220 paragraph 12(k) as it relates to who is subject to those requirements. It is not clear why a different convention has been chosen for ISRE 2400, particularly because there is not a definition of engagement team specific to ISRE 2400.
  - ISA 220 states: "Principles of professional ethics and ethical requirements that are applicable to professional accountants when undertaking the audit engagement."

- The proposed amendment to ISRE 2400 states: “Principles of professional ethics and ethical requirements that are applicable to the engagement team when undertaking reviews of financial statements.”
- ▶ ISRE 2400 paragraph 24: For the purposes of engagement level quality management (as opposed to firm level quality management), we believe that the amendment should be adjusted as follows:
  - “The engagement partner....., including ~~being given~~ having sufficient time, ....”
- ▶ ISRE 2400 paragraph 25(d)(ii): Similar to the prior comment, we suggest the following adjustment:
  - “Being satisfied.... including ~~being given~~ having sufficient time, ...”
- ▶ ISRE 2400 paragraph A17: The word “arising” should be deleted to more closely align with the wording in ISA 220 paragraph 4(c).
- ▶ ISRE 2400 paragraph A32: There is a sentence fragment remaining that likely should be deleted as follows: “the circumstances before accepting an”.
- ▶ ISRE 2400 paragraph A24: The amendment has been made referring to “relationships” and “engagements” in plural. We believe the amendment should be adjusted to make these terms singular as the practitioner’s consideration is in the context of the specific review engagement being performed (not all review engagements performed by the firm).

#### ISAE 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*

- ▶ ISAE 3000 paragraph 22(b): Similar to our comment on ISRE 2400, we suggest the following adjustment:
  - “competence and capabilities, including ~~being given~~ having sufficient time to perform the engagement ...”
- ▶ ISAE 3000 paragraph 32(a): It is unclear why the heading “Assignment of the Team” is proposed to be deleted. Instead, perhaps the intention is to propose the heading be changed to “Engagement Resources”, which is suggested for the related application material in paragraph A69. We would be supportive of changing the heading to “Engagement Resources”.
  - Further, we suggest the following amendment consistent with the comment above: “competence and capabilities, including ~~being given~~ having sufficient time...”
- ▶ ISAE 3000 paragraph A126: The phrase “policies and procedures” should be adjusted to “policies or procedures”
- ▶ ISAE 3000 paragraph A205: The phrase “of engagement files” should be deleted to achieve alignment of the proposed change to ISQM 1.

#### ISAE 3402 *Assurance Reports on Controls at a Service Organization*

- ▶ ISAE 3402, paragraph A46: Suggested edit to remove the redundant phrase as follows: "... requires firms ~~to establish~~ to establish a quality objective that addresses..."

#### ISRS 4400 (Revised) *Agreed-Upon Procedures Engagements*

- ▶ ISRS 4400 paragraph 3: The amendment refers to "systems" of quality management as being the responsibility of the firm. ISQM 1 requires responsibility for "the system" of quality management. Suggest the worded be amended as follows: "~~Systems~~ The system of quality management...."
- ▶ ISRS 4400 paragraph 19(b)(ii): Consistent with prior comments, we suggest the wording be adjusted as follows: "competence and capabilities, including ~~being given~~ having sufficient time..."
- ▶ ISRS 4400 paragraph 19(b)(v): The firm is responsible for maintenance and retention of engagement documentation under ISQM 1. The other International Standards addressed in this ED, and the amendments proposed, speak only to the timely assembly of engagement documentation after the report date as an engagement level responsibility. For consistency across the International Standards, we believe the engagement partner's responsibility in ISRS 4400 should also be limited to timely assembly of engagement documentation. We suggest the following adjustment to the proposed amendment: "Taking responsibility for appropriate engagement documentation being assembled on a timely basis after the date of the agreed-upon procedures report, appropriately maintained and retained."
- ▶ ISRS 4400 paragraph A7 and A47: To avoid unnecessary repetition of the two bullets related to circumstances when dependence on the firm's policies or procedures may not occur in both of these paragraphs, we suggest paragraph A47 be reworded to refer to the two circumstances in the bullets in A7.

#### ISRS 4410 (Revised) *Compilation Engagements*

- ▶ ISRS 4410 paragraph 4: Consistent with our comment for ISRS 4400 above, we suggest the worded be amended as follows: "~~Systems~~ The system of quality management...."
- ▶ ISRS 4410 paragraph 23(b)(ii): Consistent with prior comments, we suggest the wording be adjusted as follows: "competence and capabilities, including ~~being given~~ having sufficient time..."
- ▶ ISRS 4410 paragraph 23(b)(v): Consistent with our comment for ISRS 4400 above, we suggest the wording be adjusted as follows: "Taking responsibility for appropriate engagement documentation being assembled on a timely basis after the date of the agreed-upon procedures report, appropriately maintained and retained."

International Framework for Assurance Engagements

- ▶ Paragraph 5(a): The word “control” within “engagement quality control reviewer” should be deleted to align to ISQM 2.
- ▶ Paragraph 9: The last bullet in the list “(a) Leadership responsibilities for quality” should be marked as deleted.

**Q2. Do respondents support the proposed effective date?**

Yes. We believe that it is appropriate that effective date of the conforming and consequential amendments to the International Standards aligns to the effective date of ISQM 2.

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We would be pleased to discuss our comments with members of the IAASB or its staff. If you wish to do so, please contact Kurt Hohl, Global Deputy Vice Chair, Professional Practice (Kurt.Hohl@eyg.ey.com).

Yours sincerely,

*Ernst + Young Global Limited*