

July 1, 2019

International Auditing and Assurance Standards Board
529 Fifth Avenue
New York, NY 10017

Re: Overall Explanatory Memorandum

Thank you for the opportunity to comment on the Overall Explanatory Memorandum.

MNP LLP (“MNP”) is one of Canada’s largest chartered professional accountancy and business advisory firms. Our clients include a sizable contingent of publicly traded entities. In addition, our client base includes small to mid-size owner-managed businesses in agriculture, agribusiness, retail and manufacturing as well as credit unions, co-operatives, First Nations, medical and legal professionals, not-for-profit organizations, municipalities and government entities. Our engagements for such entities include audits, reviews and other assurance and related services engagements. As such we believe that we are positioned well to provide commentary on the content of the three ED’s.

We have reviewed the Overall Explanatory Memorandum and have provided our responses to the overall and general questions below. Overall, we support the International Auditing and Assurance Standards Board’s (the “IAASB”) project to adopt:

- Proposed International Standard on Quality Management 1 (“ISQM 1”);
- Proposed International Standard on Quality Management 2 (“ISQM 2”); and
- Proposed International Standard on Auditing 220 (Revised) (“ISA 220”).

Overall, we agree with the proposed changes as set out in the ED’s and we have set out, in the responses below, areas where we believe additional guidance is required.

IAASB General Questions

Overall Questions

- 1) **Do you support the approach and rationale for the proposed implementation period of approximately 18 months after the approval of the three standards by the Public Interest Oversight Board? If not, what is an appropriate implementation period?**

Yes, we support the approach and rationale for the proposed implementation period of approximately 18 months after the approval of the three standards by the Public Interest Oversight Board.

- 2) **In order to support implementation of the standards in accordance with the IAASB’s proposed effective date, what implementation materials would be most helpful, in particular for SMPs?**

In our view it would be helpful if additional practical examples could be made available, further to the draft examples in the document “Draft Examples: How the nature and circumstances of the Firm and the engagements it performs affect the implementation of proposed ISQM 1.” Specifically, practical examples to further assist with the risk assessment process would be beneficial as this aspect of the

standard is most subjective and most difficult to apply. Guidance or information on how “likelihood” and “effect” could be measured / defined (e.g. rating scales, ranges, definitions, etc.) would be helpful.

In our view the standard is limited with respect to recommendations or guidance in support of the development of innovative monitoring techniques and we would welcome further guidance and practical examples.

General Questions

In addition, the IAASB is also seeking comments on the general matters set out below for all three EDs:

- (a) ***Developing Nations***—Recognizing that many developing nations have adopted or are in the process of adopting the International Standards, the IAASB invites respondents from these nations to comment on the proposals, in particular, on any foreseeable difficulties in applying it in a developing nation environment.

This question is not applicable to our firm.

- (b) ***Public Sector***—The IAASB welcomes input from public sector auditors on how the proposed standards affect engagements in the public sector, particularly regarding whether there are potential concerns about the applicability of the proposals to the structure and governance arrangements of public sector auditors.

We do not have any potential concerns about the applicability of the proposals to the structure and governance arrangements of public sector auditors.

- (c) ***Translations***—Recognizing that many respondents may intend to translate the final ISQMs and ISA for adoption in their own environments, the IAASB welcomes comment on potential translation issues respondents may note in reviewing the proposed standards.

We do not foresee any potential translation issues.

We would be pleased to offer assistance to the IAASB in further exploring issues raised in our response or in finding alternative solutions.

Yours truly,

MNP LLP



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