QUALITY MANAGEMENT

We welcome the opportunity to respond to these proposed Quality Management standards. MSIL is committed to Quality in Everything We Do and we believe that the Quality Management approach in particular will represent a positive development in firm and engagement quality.

Moore Stephens International Limited is a global accounting and advisory network of some 270 independent firms in more than 110 countries.

Finally, If you would like to discuss any of our comments further please feel free to contact Gill Spaul, gill.spaul@msil.net MSIL Quality Director: Europe or Mike Hathorn, mike.hathorn@msil.net MSIL Global Quality Director.

Moore Stephens International Limited
Quality Management Covering Explanatory Memorandum

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?

Response: We believe that the implementation period will pose significant challenges for many firms and the wider impacted professional community (networks, software providers, methodology providers, training providers etc). The three standards together, as currently drafted, will have a significant impact on the profession and as currently drafted there is a huge amount of material to read, digest, understand and then operationalize. There is also a significant amount of material to translate. We believe a two year implementation period would be more appropriate.

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?

Response: The most important materials will be materials in peoples’ own languages and the issue is more to do with time than content. Another key issue will be that whatever material is generated and made available should be very very clear as to the extent (or not) of its authority. There is a danger of creeping de-facto requirements being introduced as a result of implementation material…and where this happens, the material will swiftly cease to be useful and instead become onerous (particularly if the material has not even been translated into every language).

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.

As some of the developing countries have limited support from their local professional institutes and service providers in the form of updates on developments, and training provision, there is a sense that firms will be very reliant on guidance and application material provided along with the QM standards. This will also require guidance on the practical implementation of the requirements and, as the majority of the firms in the developing countries are SMEs, how to apply the QM standards to smaller entities, on occasion firms with one or two partners only

(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.

Response: For jurisdictions such as the UK, public sector auditors already apply ISA standards, so these standards will also apply and they will face similar challenges to all audit firms. We suspect for many other jurisdiction, these standards will be beyond their reach for many years to come.

(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.
Response: Due to the length of the standards, and application materials, the time it will require to translate the standards will decrease the implementation time left substantially. Differences between localized versions of languages, for example, French, Portuguese and Spanish, will require additional translations even if the standards are made available in these conventional languages. Besides, given the limited resources in the firms, especially those from the developing nations, the quality of the local translation could be an issue in developed jurisdictions where proficiency in English may be limited. If official translations are delayed this could be a challenge for smaller firms (which will be required to comply from the official start date if they are members of global networks), where it may be difficult for them to do an appropriate interpretation with accurate translation themselves.
Proposed ISQM 1

General Comments

We welcome the opportunity to respond to this Exposure Draft. Our comments are set out below however we would like to stress that we have concerns about the timescale for implementation, particularly for smaller firms in certain jurisdictions, if the proposed date is not adjusted.

Overall Questions

1) Does ED-ISQM 1 substantively enhance firms’ management of engagement quality, and at the same time improve the scalability of the standard?

Response: We do, on balance, believe that ED-ISQM 1 could substantively enhance firms’ management of audit engagement quality (with some caveats as set out below); however, we have some concerns (which are set out below) regarding the management of the quality of non-audit assurance engagements. We believe that ED-ISQM 1 can be scalable; however, we have some issues regarding the likelihood of smaller firms, or firms undertaking only compilation engagements, finding this scalability easy to put into practice.

In particular:

(a) Do you support the new quality management approach? If not, what specific attributes of this approach do you not support and why?

Response: We do support the adoption of a quality management approach. However, we feel that the articulation of the approach in ED-ISQM 1 could be improved in order to better describe the process, to provide a more coherent flow in the standard (thus enhancing its readability and adoption) and to provide a more useful framework for the firms who will be applying the standard (in particular, but not only, smaller firms). To be specific, we believe that the ordering of the components of the SOQM is unhelpful. While we fully support the content that governance and leadership are vital, we feel that the risk assessment process is the key to the Quality Management approach. Without the risk assessment process, there is no quality management. Furthermore, the current placement of the section addressing governance and leadership leads directly to references to risk assessment before risk assessment has even been properly addressed. While one could argue it makes a good object lesson about the non-linearity of the whole endeavour, unnecessary non-linearity in the standard itself may lead to confusion. This is another example of the less than clear language and presentation that has been identified by some as an issue with other ISAs and which has had the unintended consequence of making them less scalable than they could be, as a result of being more difficult to understand than they should be. We therefore strongly feel that the components of the SOQM should be reordered with the Risk Assessment being placed first, followed by governance and leadership and so on.

In addition to the above we also believe that the lack of mandated audit quality risks (or possibly audit risks where there is a rebuttable presumption that they will be there) is unhelpful and illogical and undermines the whole QM process. We appreciate that risks that would always apply (or which are generally assumed may apply) may be difficult to articulate but since IAASB has identified risk responses which would always apply, we believe that this makes the existence of risks which would always (or could be generally presumed to) apply, implicit.
We accept that such risks would likely be high level and might need considerable tailoring to most appropriately suit a firm’s nature and circumstances, but we still feel that an articulation of those risks is really important. Firstly, this would remove confusion for firms, since there would no longer be a black hole in the middle of the process. Secondly, it would help firms to see (perhaps in the application material or additional guidance) how the mandated high-level risks matched up with both the mandated objectives and the mandated risk responses.

We believe it will be highly likely that many of the high level risks that would make sense in the context of the already identified mandated objectives and responses, would relate to either more than one objective or be mitigated by more than one response and this could be a useful point to draw out in the application material especially for firms that are unused to risk assessment as a result of a limited client base or service offering.

An alternative approach might be to continue with no articulation of risks in the requirements, and to remove the mandated responses also, putting both risks and responses either in application material or additional other guidance. This would reduce the length of the requirements thus making the standard easier to read and putting a maximum focus on the objectives which arguably is the key thing. It would then be possible to develop significant targeted application and guidance material that was not only scalable but also that specifically addressed different sizes or types of firm.

(b) In your view, will the proposals generate benefits for engagement quality as intended, including supporting the appropriate exercise of professional skepticism at the engagement level? If not, what further actions should the IAASB take to improve the standard?

Response: The proposals are unlikely to damage the appropriate exercise of professional scepticism, or engagement quality in general. Whether or not they benefit them will depend on implementation and on the amount of support provided to firms and, in particular, to smaller firms who will likely find some of the proposed requirements challenging. If firms find the proposed requirements too challenging, we expect to see a further reduction in the number of audit firms in the market.

(c) Are the requirements and application material of proposed ED-ISQM 1 scalable such that they can be applied by firms of varying size, complexity and circumstances? If not, what further actions should the IAASB take to improve the scalability of the standard?

Response: In principle yes. In practice, other than reordering the components of the SOQM as outlined above, and either articulating mandatory or presumed risks or removing the mandatory responses, as also outlined above, further simplification of language might be helpful. There is clearly a tension between the need for the support and clarification provided by application material and the perception (which is rooted in reality) that standards in general and this ED, in particular, are too lengthy. It is not immediately obvious how this tension could be resolved, especially since there is a danger that extensive application material may be perceived to have a degree of authority that it was never intended to have (and indeed such perception may be inconsistently experienced around the world). One possible solution might be to provide constructive practical support outside the body of the final documents, for example in the form of additional resources, slide packs, outreach events etc, that were very clearly badged as being designed to help those who wished for support rather than being extra mandatory material. If no attempt is made to address this concern, we will see a further reduction in the number of audit firms in the market.
2) Are there any aspects of the standard that may create challenges for implementation? If so, are there particular enhancements to the standard or support materials that would assist in addressing these challenges?

Response: The sheer length of the standard may be perceived to be a problem by some. The length will be a problem in terms of the timelines for implementation since the more words there are, the longer they will take to be translated. The absence of mandatory risks, despite the presence of mandatory responses, as noted above, will perhaps prove challenging for many. The move from a reactive mindset to a proactive mindset (and the amount of time proposed to be available to achieve that change) may be challenging for some, particularly those who have not followed the progress of the project in the last few years. Practitioners who have engagement portfolios with no audit engagements but only assurance engagements may find the extent of the requirements to be challenging even if they are comfortable with scaling them, practitioners with engagement portfolios existing only of compilation type engagements may find the risk assessment process extremely challenging. Practitioners with engagement portfolios consisting only of LCE audits may be comfortable with scaling the requirements appropriately but some may find this challenging. This constituency will possibly welcome additional support material outside the body of the standard, as suggested above, but there may also be a perception that this, rather than being helpful, is adding to their burden. There doesn't seem to be any obvious easy solution to this though.

3) Is the application material in ED-ISQM 1 helpful in supporting a consistent understanding of the requirements? Are there areas where additional examples or explanations would be helpful or where the application material could be reduced?

Response: The application material is largely helpful; the issues are the amount of application material which some may find excessive and the degree to which the material may be perceived as being effectively mandatory in certain quarters.

Specific Questions

4) Do you support the eight components and the structure of ED-ISQM 1?

Response: We support the components and the structure up to a point. As noted above we believe that the document would flow better and make more sense if the components were re-ordered and the risk assessment section was the first section. We recognize that it will always be problematic trying to articulate a non-linear process in a linear way, but for us the most sensible way to articulate what is intended would place risk assessment first.

5) Do you support the objective of the standard, which includes the objective of the system of quality management? Furthermore, do you agree with how the standard explains the firm’s role relating to the public interest and is it clear how achieving the objective of the standard relates to the firm’s public interest role?

Response: Yes.

6) Do you believe that application of a risk assessment process will drive firms to establish appropriate quality objectives, quality risks and responses, such that the objective of the standard is achieved?

Response: Yes, but as noted above we have reservations about how well this will be achieved.

In particular:
(a) Do you agree that the firm’s risk assessment process should be applied to the other components of the system of quality management?

Response: We do, this is one of the reasons why we believe the risk assessment should be regarded as primus inter pares.

(b) Do you support the approach for establishing quality objectives?

Response: We do In particular:

i. Are the required quality objectives appropriate?

Response: Yes

ii. Is it clear that the firm is expected to establish additional quality objectives beyond those required by the standard in certain circumstances?

Response: It is clear

(c) Do you support the process for the identification and assessment of quality risks?

Response: Yes; however, we do not support the absence of mandatory quality risks in the draft ED.

(d) Do you support the approach that requires the firm to design and implement responses to address the assessed quality risks?

Response: We do In particular:

i. Do you believe that this approach will result in a firm designing and implementing responses that are tailored to and appropriately address the assessed quality risks?

Response: We believe that it could have the results you desire; however, we wonder if it would not have been a better move to start with a blank sheet of paper when articulating mandatory responses. We believe that the familiarity of some of these may breed complacency with some firms which may in turn lead to sub optimal outcomes. This would be unfortunate.

ii. Is it clear that in all circumstances the firm is expected to design and implement responses in addition to those required by the standard?

Response: It is

7) Do the revisions to the standard appropriately address firm governance and the responsibilities of firm leadership? If not, what further enhancements are needed?

Response: They do

8) With respect to matters regarding relevant ethical requirements:

(a) Should ED-ISQM 1 require firms to assign responsibility for relevant ethical requirements to an individual in the firm? If so, should the firm also be required to assign responsibility for compliance with independence requirements to an individual?
Response: While there may be issues for the smallest firms, we believe it is appropriate for a named individual to ‘own’ relevant ethical requirements and compliance with independence requirements. We would prefer to see stronger linkage between this proposed standard and the International Code of Ethics for Professional Accountants as to the auditor independence requirements for PIE audits – the removal of the possibility to perform any non-audit and assurance services.

(b) Does the standard appropriately address the responsibilities of the firm regarding the independence of other firms or persons within the network?

Response: Yes

9) Has ED-ISQM 1 been appropriately modernized to address the use of technology by firms in the system of quality management?

Response: We appreciate that the issue of technology is a difficult one. In terms of this particular standard, a key issue is ADMs, particularly service delivery centres. Obviously the draft does address these but especially in the light of the fact that there is currently no consensus between regulators as to what is required in terms of the approach firms can or should take towards the use of these in a quality context, we would welcome further guidance probably in the application material. Given that these things are evolving all the time, a clear statement of the key principles (especially around responsibilities) which will remain and are essentially independent of whatever bright new ideas may emerge in the next few years would be helpful.

10) Do the requirements for communication with external parties promote the exchange of valuable and insightful information about the firm’s system of quality management with the firm’s stakeholders? In particular, will the proposals encourage firms to communicate, via a transparency report or otherwise, when it is appropriate to do so?

Response: It is entirely possible that some firms may read these as extending a requirement to produce transparency reports to all firms. While we understand that this is not the case, a clarification and underlining of this would be helpful.

11) Do you agree with the proposals addressing the scope of engagements that should be subject to an engagement quality review? In your view, will the requirements result in the proper identification of engagements to be subject to an engagement quality review?

Response: We would prefer it if the material on EQR reflected better that EQR is not the only tool for mitigating quality risks and recognized that there are other options which might sometimes be more appropriate. Such an approach would be more in keeping with one of the underlying principles of ISQM 1 (that quality should be managed in a way which is appropriate to the nature and circumstances of the firm rather than through seeking to apply a one size fits all approach regardless of how appropriate that might actually be).

12) In your view, will the proposals for monitoring and remediation improve the robustness of firms’ monitoring and remediation?

Response: This will depend in part on how quickly existing mandated resources for monitoring (which are used in many countries) are updated. It will also depend on whether additional mandated resources relating to remediation are introduced in those same countries (or others). It would probably be very helpful if IAASB provided more guidance in this area either to the PAOs that provide and mandate such resources or in the application material, stressing that as with all things the best monitoring and remediation is that which is appropriate for the nature and
circumstances of the firm and its engagements. We do welcome the new material on remediation; we strongly believe a focus on this is overdue.

In particular:

(a) Will the proposals improve firms’ monitoring of the system of quality management as a whole and promote more proactive and effective monitoring activities, including encouraging the development of innovative monitoring techniques?

Response: See our answer above – our concerns are related to the situation where firms are required to use resources that may not allow for the proactivity and flexibility called for in the proposals. We do not see many smaller firms acting in the way suggested.

(b) Do you agree with the IAASB’s conclusion to retain the requirement for the inspection of completed engagements for each engagement partner on a cyclical basis, with enhancements to improve the flexibility of the requirement and the focus on other types of reviews?

Response: The review of completed files allows for the widest view possible to be taken of an engagement. This is useful. Therefore, we do agree although we recognise that retaining such a traditional approach may be seen as counter to innovation.

(c) Is the framework for evaluating findings and identifying deficiencies clear and do you support the definition of deficiencies?

Response: We support what we believe are the ideas and aims behind this. We feel that the whole area could be better articulated particularly as there are inconsistencies between definitions of deficiencies currently in use by various regulators and the relationship between findings and deficiencies is not always clear both in the real world and in the material presented in this ED.

(d) Do you agree with the new requirement for the firm to investigate the root cause of deficiencies?

Response: Yes, although see above

In particular:

i. Is the nature, timing and extent of the procedures to investigate the root cause sufficiently flexible?

Response: We believe that they are flexible, but we are concerned they may not be scalable.

ii. Is the manner in which ED-ISQM 1 addresses positive findings, including addressing the root cause of positive findings, appropriate?

Response: We believe that Root Cause Analysis is a powerful tool that can usefully be used beyond the investigation of what went really wrong. Proactivity requires an appreciation of what goals are being aimed for, and RCA of – for want of a better phrase – audit ‘success’ can be a useful tool in identifying that which firms should be aspiring towards.

(e) Are there any challenges that may arise in fulfilling the requirement for the individual assigned ultimate responsibility and accountability for the system of quality management to
evaluate at least annually whether the system of quality management provides reasonable assurance that the objectives of the system have been achieved?

Response: In theory this should be entirely achievable for even the smallest firms but in practice smaller firms may struggle, and some suitably scaled examples would probably be helpful.

13) Do you support the proposals addressing networks? Will the proposals appropriately address the issue of firms placing undue reliance on network requirements or network services?

Response: We would have preferred to see more explicit requirements directed at networks since these are already inferred by some regulators. The proposed requirements may make the situation even more confused and inconsistent. We do not disagree with the principles behind the proposals, the issue is that they are only one half of the equation. There is currently no 'standard way' in which networks operate, since there are no explicit requirements in standards, and we are concerned that quasi requirements may be inferred inconsistently between jurisdictions.

14) Do you support the proposals addressing service providers?

Response: Audit firms of all sizes use service providers for things ranging from training to methodology, audit tools to data analytics… we agree with the principle behind the proposals, but we wonder how this will work in practice. It would be most useful if there was an explicit requirement for auditors using such service providers to require an ISAE 3402 report or equivalent however we note that in practise, this might prove to be very difficult to obtain as it is not a requirement for service organisations in all jurisdictions to have such an report done, especially considering the type of service organisations many smaller firms use such as IFRS advisors and training providers.

15) With respect to national standard setters and regulators, will the change in title to “ISQM” create significant difficulties in adopting the standard at a jurisdictional level?

Response: We have no comment on this.
**Proposed ISQM 2**

**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 are not opposed to the principle of having a separate standard dealing with the performance of EQR however we have some issues with the way this has been addressed in practice. ISQM 2 combines firm wide and engagement level requirements and we believe this is not an optimal solution. We note that many years ago ISQC 1 was invented precisely to keep a line of separation between firm level and engagement level requirements, the draft of ISQM 2 ignores that line. We believe that the current confusion in some quarters between who is responsible for what will not really be reduced as a result of the strategy proposed for ISQM 2. We would better prefer to see all firm level requirements, including those relating to EQR, in one document (ISQM 1) and a separate ISA dealing specifically with engagement level requirements relating to EQR. This would maintain the line of separation between firm and engagement level and it would usefully cordon off EQR requirements at the engagement level for engagement teams performing engagements that are not subject to EQR. The key benefit would be a reduction in the potential for confusion.

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

Response: We believe they are.

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: We have no problem with changing away from EQCR because obviously the C no longer makes sense in context. That having said, the term engagement quality management review/er (EQMR) might better link the whole concept to what came before (EQCR). All forms of review address quality, whether they are hot reviews or cold reviews, independent or not so independent, and whoever performs those reviews. If the review in question was called an EQMR then at least the symbolism, that this was special, and that it linked specifically to the QM standards, would be maintained. The fact is in some jurisdictions there remains confusion to this day about what an EQCR is, what qualifies to be regarded as an EQCR and what standards apply, even with the clue in the name. Removing the explicit linkage with the firm level quality standard will probably not reduce this confusion. So, all things considered, we would prefer the terminology to be changed to EQMR.

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. We are pleased to note that the application material envisages eligibility including people from outside the firm which is an important scalability consideration and also will be very relevant in countries where the majority of firms are very small.

(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 believe a two year cooling off period should be a requirement for audits of listed entities. For other engagements we feel that there could be more flexibility under certain circumstances.

(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: We think that the requirement would probably be best stated in both standards, this would ensure that the scope for misunderstanding or misinterpretation was minimized.

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 have some specific issues with the articulation of the requirements – we believe there is some scope for confusion as a result of drafting choice. The references to significant matters and significant judgements could certainly give rise to confusion, possibly especially when the terms are translated. We believe there is a danger that the word significant is becoming overused and that it is become a catch all term and we believe this is unfortunate. We also have a problem with the use of the phrase ‘appropriate points in time’ in para 21 since there is scope for this to be interpreted as meaning procedures should be performed once rather then as and when necessary (which might include repetition or revisitaton). We would like to see more emphasis on the timeliness of the EQR. An EQR performed at the last minute will face challenges which are not present if the EQR is performed in a more timely manner.

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 that the EQR’s evaluation of the engagement team’s significant judgement should include the exercise of professional scepticism. Regarding the exercise of professional scepticism by EQRs, we believe that other than emphasising that EQRs like auditors should be sceptical, there is nothing more really to say in the standard. EQRs should not be any more sceptical than any other auditor... it’s not actually possible. One either is sceptical or one is not. One cannot be slightly sceptical. The key focus here is the scepticism deployed and documented by the engagement team.

7) Do you agree with the enhanced documentation requirements?

Response: Yes.

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: We believe that the requirements are scalable in theory however we also believe that in practice they may prove to be challenging for some LCE engagements. On balance this is an issue better considered in the context of IAASBs ongoing LCE project.
Questions

1) Do you support the focus on the sufficient and appropriate involvement of the engagement partner (see particularly paragraphs 11–13 and 37 of ED-220), as part of taking overall responsibility for managing quality on the engagement? Does the proposed ISA appropriately reflect the role of other senior members of the engagement team, including other partners?

Response: We support a focus on sufficient appropriate involvement of engagement partners and we appreciate that this is what IAASB has been trying to achieve and articulate however we do feel that the paragraphs as drafted leave some scope for confusion (in some jurisdictions). The reference to ‘the auditor’ in the objective is not entirely helpful.

We feel that references to supervisory roles are unclear. It may be helpful to distinguish in the application material when individuals whose job title includes supervision are intended to be addressed and when (or if) more junior staff who nevertheless have been tasked with some level of supervision in the context of a specific engagement team are being addressed (if at all).

2) Does ED-220 have appropriate linkages with the ISQMs? Do you support the requirements to follow the firm’s policies and procedures and the material referring to when the engagement partner may depend on the firm’s policies or procedures?

Response: We believe there is some inconsistency in the drafting since not all references to the firm’s policies and procedures are contained in requirements, in some cases these are in the application material instead.

We have specific concerns with para A8. The first bullet implies that an engagement partner may not have knowledge or understanding of (some of) the firm’s policies and procedures. While this is probably possible we believe that should this be revealed to be the case then the engagement partner would need to obtain the missing knowledge or understanding – and more importantly, in a situation where the engagement partner was unaware of policies and procedures that partner would not be in a position to determine whether or not they were going to depend on those policies and procedures. So the whole thing is somewhat illogical. The second bullet seems to envisage a situation where policies and procedures have been deemed deficient but the deficiencies have not been remedied, in such a situation engagement partners obviously would not be depending on them and that should be stated clearly.

3) Do you support the material on the appropriate exercise of professional skepticism in managing quality at the engagement level? (See paragraph 7 and A27–A29 of ED-220)

Response: We believe this material is helpful however we would welcome its inclusion in ISA 200 rather than in ISA 220

4) Does ED-220 deal adequately with the modern auditing environment, including the use of different audit delivery models and technology?

Response: This is a difficult question to answer. The use of technology in the modern auditing environment is so fast moving that anything enshrined in a standard may soon be out of date. We believe that technology in particular should be addressed outside the regular IAASB standards, in material which is regularly (possibly annually) updated or at least reviewed for continued applicability and completeness.

5) Do you support the revised requirements and guidance on direction, supervision and review? (See paragraphs 27–31 and A68–A80 of ED-220)

Response: Yes

6) Does ED-220, together with the overarching documentation requirements in ISA 230, include sufficient requirements and guidance on documentation?
Response: We are supportive of the requirements that are included. We do however believe that a specific requirement relating to documenting the involvement of the engagement partner would be useful particularly since this is something that many regulators continue to demand.
7) Is ED-220 appropriately scalable to engagements of different sizes and complexity, including through the focus on the nature and circumstances of the engagement in the requirements?

Response: We believe the standard is capable of being scaled to all types of engagement.

Editorial Comments on Proposed ISA 220 (Revised)

[Please include here comments of an editorial nature.]