

Quality Control at the Engagement Level (ISA 220)¹—Issues and Discussion

Objectives of the Agenda Item

The objective of the agenda item is to obtain the Board’s feedback on possible revisions to ISA 220.

Introduction

1. The IAASB’s Invitation to Comment (ITC), [Enhancing Audit Quality: A Focus on Professional Skepticism, Quality Control and Group Audits](#), set out the following matters as “crossover issues or issues relevant to more than one project”:
 - Engagement partner (EP) roles and responsibilities.
 - Others involved in the audit, including ‘other’ auditors.
 - Quality control considerations when operating as part of a network firm.
 - Exploring the potential effect as that firms’ changing business models and structures have on audit quality (audit delivery models or ADMs).²

A summary of the relevant feedback (i.e., on paragraphs 68—123 of the ITC) can be found in **Appendix B**.

2. As many of the ‘crossover’ issues relate to quality control at the engagement level, i.e., ISA 220, it was agreed that the Enhancing Audit Quality Coordination Group be reconstituted as a working group (the “Crossover Working Group (WG)) to address these, and other, issues relating to ISA 220. Coordination with other relevant working groups is discussed further below.
3. At its September 2016 meeting, the IAASB discussed the feedback from the ITC (see summary of the IAASB’s discussions in the minutes in **Appendix A**) and agreed to move forward on revising ISA 220. The Board also agreed that the WG should further explore the possibility of a new standard to address requirements and guidance for ‘other auditors.’ The WG’s deliberations since the September 2016 meeting have been focused on the content of the standard (i.e., requirements and guidance) and not the structure. The WG’s views on these matters is discussed further in paragraphs 71–72.
4. A project proposal setting out the proposals for the revisions to the IAASBs standards relating to both quality control and group audits can be found in **Agenda Item 9-A**, and is subject to Board approval at the IAASB’s December 2016 meeting. This paper sets out the WG’s initial views on possible revisions to ISA 220 to address the issues identified in the ITC, taking into account stakeholder feedback from the responses. The IAASB’s views on these matters will help the WG progress the possible changes to ISA 220.

¹ International Standard on Auditing (ISA) 220, *Quality Control for an Audit of Financial Statements*

² An ADM is a term used by the IAASB to describe different engagement team structures. It is not a defined term.

5. This paper is set up as follows:
- Section A–Interaction with Other IAASB Projects
 - Section B–Discussion and WG Views on Possible Changes to ISA 220
 - Section C–WG Views on the Way Forward

A. Interaction with Other IAASB Projects

Interaction with the Project to Revise ISQC 1³

6. ISA 220 deals with the specific responsibilities of the auditor regarding quality control procedures for an audit of financial statements (i.e., at the engagement level). ISA 220 also deals with responsibilities of the engagement quality control (EQC) reviewer where one is required. ISA 220 builds on the quality control requirements of ISQC 1, which deals with the firm’s responsibilities for its system of quality control.
7. ISQC 1 is currently being revised to address, and build in, quality management at the firm level. This comprises the following aspects:
- Foundational components, including appropriate governance and leadership, and communication, information and documentation.
 - The quality management process (QMP), which encompasses the activities for determining quality objectives, performing quality risk assessment, designing and implementing responses to quality risks, and monitoring and remediation.
 - Applying the QMP, which addresses how the QMP is applicable to the elements of ISQC 1 including compliance with law, regulation and relevant ethical requirements, acceptance and continuance of client relationships and specific engagements, resources (including human resources) and engagement performance.

Agenda Item 6-A sets out matters for the Board’s consideration regarding the revision of ISQC 1 using quality management.

8. The WG recognizes the importance of quality management at the engagement level (supported by respondents to the ITC) and has further considered how best to revise ISA 220 to build in quality management principles, using a risk-based approach, for individual engagements (which is explained further in this paper). In revising ISA 220, the WG will further explore how best to build in management of quality at the engagement level, i.e., it is not suggested that exactly the same process for quality management as is being developed for ISQC 1 will be most appropriate at the engagement level. There are, however, several aspects of ISQC 1, including communication, acceptance and continuance of engagements, network firms and EQC reviews that are also under consideration in ISA 220, and coordination between the working groups will be essential for alignment and consistency. Accordingly, there are some members of the WG that are also members of the Quality Management process (QMP) Working Group, who are tasked with the revision of ISQC 1. These ‘crossover’ members will assist with the coordination between the two working groups relating to the potential changes being made to ISQC 1 that impact ISA 220, and vice versa.

³ International Standards on Quality Control (ISQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Assurance and Related Services Engagements*

Interaction with the Project to Revise ISA 600⁴

9. ISA 600 deals with special considerations for auditors that apply to group audits. In essence, the standard assists auditors with how to apply the ISAs, including ISA 220, to a group audit. Accordingly, changes made in ISA 220 will also impact group audit engagements. Many of the principles in ISA 220 are foundational to the considerations of the group audit partner and group engagement team relating to quality control for a specific engagement, therefore as changes are made to relevant aspects of ISA 220 that impact ISA 600, the Group Audits Working Group (GAWG) will further consider the impact of these changes in ISA 600. Again, there are some members of the WG that are also members of the GAWG. These ‘crossover’ members will assist with the coordination between the two working groups relating to the potential changes being made to ISA 220 that impact ISA 600, and vice versa.

B. Discussion and WG Views on Possible Changes to ISA 220

10. Paragraph 8 of ISA 220 requires that the EP takes responsibility for the overall quality on the engagement. Concerns have been raised, and were further explored in the ITC, relating to various aspects of the EP’s responsibilities, including appropriate direction, supervision and review. Respondents⁵ to the ITC supported actions to provide clarity regarding the roles and responsibilities of the EP. Regulators and oversight bodies in particular supported strengthening the requirements addressing the various aspects of the EP’s responsibilities in ISA 220. These respondents are particularly concerned about situations where the engagement partner is not located where the majority of the audit work is being performed.⁶ Other respondents, who were supportive of the IAASB addressing the issues relating to the roles and responsibilities of the EP, cautioned that this should be done in a way that did not result in an overly prescriptive approach. A summary of the specific comments relating to the roles and responsibilities of the EP can be found in Appendix B, paragraphs 7–24. The roles and responsibilities of the EP are considered through the rest of this paper as appropriate as various aspects of ISA 220 are relevant.
11. The ITC also set out issues around changing engagement team structures, further explaining that the ISAs did not specifically contemplate some of the ADMs that are in existence today. The ITC also discussed other issues where other auditors, who are not component auditors, are used on audit engagements. Respondents to the ITC generally supported further consideration about what could be done in the ISAs to address the issues on these topics. A summary of the specific comments relating to others involved in the audit can be found in Appendix B, paragraphs 25–33, and relating to ADM’s can be found in paragraphs 1–6. These topics are considered throughout the rest of this paper as appropriate, as they impact various aspects of ISA 220.
12. The ITC set out the issues and possible actions relating to network firms. The issues and possible actions relate to various aspects of ISQC 1, ISA 220 and ISA 600. The working groups for these three

⁴ ISA 600, *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

⁵ Appendix B to this paper sets out more detail about the comments made by respondents to the ITC, including attribution to individual respondents. In this paper, only a summary of the relevant responses is presented to provide context for the views of the WG, but refers to the specific paragraphs where the more detailed comments can be found in the Appendix. In addition, the supplements to [Agenda Item 5](#) from the IAASB’s September 2016 meeting provides a compilation of the actual responses to individual questions.

⁶ Situations where the engagement partner is not located where the majority of the audit work is being performed are sometimes referred to as “audits of letterbox companies.”

projects will coordinate on addressing issues relating to network firms, and plan to have more substantive discussions on this topic at the March 2017 IAASB meeting.

13. The matters set out below present the initial views of the WG in addressing the issues that have been identified, and where respondents to the ITC have supported further action. In considering the possible specific actions set out below, the WG is mindful that these may not be all the actions that are required. As the project progresses, the WG will continue to consider the most appropriate actions and may identify other changes necessary to address the issues.

Overall Structure of this Paper

14. This paper addresses the WG's initial thinking regarding the following aspects of extant ISA 220, and includes additional matters for the Board's consideration (presented as NEW):
- Objective (paragraph 6 of ISA 220) (see discussion in paragraph 16 below).
 - Definitions (paragraph 7 of ISA 220) (see discussion in paragraphs 17–28 below).
 - Leadership Responsibilities for Quality on Audits (paragraph 8 of ISA 220) (see discussion in paragraphs 29–35 below).
 - Communication (NEW) (see discussion in paragraphs 36–40 below).
 - Acceptance and Continuance of Client Relationships and Audit Engagements (paragraphs 12–13 of ISA 220) (see discussion in paragraphs 41–45 below).
 - Quality Risk Assessment (NEW) (see discussion in paragraphs 46–53 below).
 - Assignment of Engagement Teams (paragraph 14 of ISA 220) (see discussion in paragraphs 54–60 below).
 - Engagement Performance—Direction, Supervision, and Performance (paragraph 15 of ISA 220) (see discussion in paragraphs 61–69 below).
 - Engagement Performance—Reviews (paragraphs 16–17 of ISA 220) (see discussion in paragraphs 61–69 below).
 - Monitoring (paragraph 23 of ISA 220) (see discussion in paragraph 70 below).
15. This paper does not address the following topics within extant ISA 220 (still to be substantively discussed by the WG and to be presented at future Board meetings):
- Relevant Ethical Requirements (paragraphs 9–11 of ISA 220).
 - Engagement Performance—Consultation (paragraph 18 of ISA 220).
 - Engagement Performance—EQC Reviews (paragraphs 19–21 of ISA 220).
 - Engagement Performance—Differences of Opinion (paragraph 22 of ISA 220).
 - Documentation (paragraphs 24–25 of ISA 220).

Further Consideration of Changes to ISA 220

The following paragraphs should be read in conjunction with the possible changes as set out in **Agenda Item 8-B**.

Objective

16. ISQC 1 is being revised to incorporate quality management principles. As discussed in paragraph 8 above, further consideration will be given to how quality management principles can also be built into ISA 220. Accordingly, a corresponding change will need to be made to the objective in ISA 220 to incorporate quality management at the engagement level. The WG are of the view that at this stage of the project, the more specific aspects of the objective (i.e., to comply with professional standards and applicable legal and regulatory requirements, and that the auditors' report that is appropriate in the circumstances), remain appropriate. However, the WG remains cognizant that as the WG and Board continue to deliberate matters it may necessitate further consideration of possible changes to the objective.

Definitions

17. In considering the responses to the ITC, the WG discussed whether the definitions of “EP,” “EQC reviewer” and “engagement team” (the relevant definitions can be found in **Agenda Item 8–B**) could be enhanced to better reflect the evolving and varied ways that audit firms are currently structured and operate, and how engagement teams are assembled.

Engagement partner

18. Respondents to the ITC supported that the EP is responsible for the audit, and the WG are of the view that the definition clearly sets out that the EP is responsible for the audit. However, many of the respondents to the ITC were seeking clarification regarding the nature and extent of the EP's responsibilities for direction, supervision and review, including in situations where there are ADM's and where the EP is not located where the majority of the audit work is performed (further discussed in paragraphs 61–69 in this paper). The WG therefore considered whether additional application material to the definition was needed in these non-traditional engagement team structures to emphasize that the EP still has to fulfil their responsibilities as set forth in the ISA (in addition to further consideration about the nature and extent of the EP's direction, supervision and review which is discussed later in this paper).
19. The WG also acknowledged that all members of the engagement team have some responsibility for audit quality, but that overall accountability remains with the EP. The WG also considered whether additional application material might be developed to highlight that some actions to fulfill the responsibilities of the EP can be assigned to another member of the engagement team, but still drawing attention to the fact that overall responsibility always remains with the EP.

Engagement quality control reviewer

20. The impact of the changes currently being contemplated to ISQC 1 relating to the various aspects of the EQC review (including the EQC reviewer) (see **Agenda Item 7-A**) will need to be further considered by the WG. The changes to ISQC 1 may necessitate a change to the definition, and if such a change is made in ISQC 1, a corresponding change will be made in ISA 220.

Engagement team

21. The definition of the engagement team includes all partners and staff working on an engagement (including from network firms) (see definition in **Agenda Item 8-B**). However, the definition excludes

an auditor’s external expert engaged by the firm or a network firm (covered under ISA 620)⁷ and internal auditors providing direct assistance under ISA 610.⁸ Component auditors are defined separately under ISA 600 and are not addressed as part of the engagement team definition in ISA 220.

22. The WG is still considering situations where there may be other auditors involved in an audit that are not part of the engagement team, for example a shared service center exists and the statutory auditor seeks to rely on the work of the auditors of the shared service center. The WG has not yet had any substantive discussions about this topic, but the WG will continue to investigate and discuss different scenarios and consider the need for additional requirements and guidance to address the various situations identified.
23. Respondents to the ITC supported actions to address issues around ADMs and other situations where other auditors are used, and in its considerations, the WG agreed that additional application material is needed to help clarify that the definition incorporates all those individuals who are under the direction, supervision and review of the EP (with the exception of those specifically covered by other ISAs as noted). This could be demonstrated by providing examples of various scenarios where other auditors form part of the engagement team, such as individuals at ADMs or where other auditors are used that are not part of traditional engagement structures. As ADMs are not a term that is defined by the ISAs, the WG believes that these can be illustrated through examples rather than trying to define the term in the ISAs.
24. Additionally, because the definition of engagement team refers to a “network firm”, the WG (as well as the QMP Working Group and GAWG) will also further consider whether the extant definition of network firm also needs further clarification or enhancement.
25. Section 290.13 through 290.24 of the International Ethics Standards Board for Accountants (IESBA) *Code of Ethics for Professional Accountants* (the IESBA Code) defines a “network” and provides specific guidance on how to evaluate whether a firm or entity is a part of a larger structure, or “network” and when a firm should consider either itself or other firm/entities a “network firm” for the purposes of independence.
26. Because the definition of engagement team includes individuals engaged by a network firm, it is important to understand whether those individuals engaged by a network firm to perform audit procedures on the engagement are, in fact, under the direction, supervision and review of the EP. The WG therefore believes that further guidance on who is considered part of the engagement team from a “network firm” including what the impact is, if any, on the EP’s direction, supervision and review, will be helpful.
27. In relation to networks and network firms, further consideration is needed to clarify in the ISAs and ISQC 1 the impact of various aspects relating to a network firm. Networks are broadly defined⁹ and cover a number of significantly different types of arrangements, and therefore consideration needs to

⁷ ISA 620, *Using the Work of an Auditor’s Expert*

⁸ ISA 610, *Using the Work of Internal Auditors*

⁹ Network – A larger structure: (i) That is aimed at cooperation, and (ii) That is clearly aimed at profit or cost-sharing or shares common ownership, control or management, common quality control policies and procedures, common business strategy, the use of a common brand name, or a significant part of professional resources.

be given to the impact on an audit (or other engagement as applicable) of these different arrangements. This issue crosses over ISQC 1, ISA 220 and ISA 600. For example, the firm or EP may want to rely on certain network policies and procedures, and the standards should therefore outline what the firm or EP needs to do to have an appropriate basis for the planned nature and extent of reliance.

28. At this stage of its deliberations the WG is not contemplating amending the definitions (with the exception of EQC reviewer as explained above). However, as the WG and Board continue to deliberate these matters further consideration of possible changes to the definitions may be necessary.

Matters for IAASB Consideration:

1. The Board is asked whether it agrees that:
 - (a) The overall responsibility of the audit remains with the EP, and that additional application material as set out in paragraphs 18–19 will help support and clarify the responsibility of the EP for the audit.
 - (b) Additional application material should be developed to clarify who the members of the engagement team are, in particular for non-traditional engagement team structures.
2. The Board is asked whether there are situations, in addition to those noted in paragraph 22 above, where other auditors are involved in an audit, and do not meet the definition of engagement team in ISA 220 or are otherwise addressed by ISA 600?
3. The Board is asked whether there are any other matters related to the objective or definitions that the WG should further consider as it progresses the revisions to ISA 220?

Leadership Responsibilities for Quality on Audits

29. As already discussed, in accordance with paragraph 8 of ISA 220, the EP takes responsibility for an audit engagement and therefore is directly responsible for the quality of the audit. As noted previously, the WG does not propose any further changes to this principle.
30. However, the WG has the view that more specificity about what this involves is needed, through additional clarity being embedded in the requirement relating to the EP's responsibility for managing quality. The WG also believes it necessary to clarify that certain responses to managing quality at the firm level are designed to be implemented or operated at the engagement level, and that additional clarity is therefore needed to indicate that the EP has a responsibility to be satisfied that *firm* policies and procedures relevant to the engagement have been identified and appropriately implemented at the engagement level (firm and engagement-level policies and procedures). Additionally, it is important to highlight the need for the EP to make a determination as to whether there are any other matters relating to the specific engagement where further consideration and action may be needed in order to achieve quality at the engagement level.
31. To support these changes to the requirement addressing the overall responsibility of the EP, new application material could be developed to provide further context, including through examples, of what may need to be done in relation to these requirements. For example, if a network firm is used - what may need to be done in relation to that engagement to demonstrate compliance with firm policies and procedures. As part of these revisions, consideration will also be given to moving

paragraph 4 of ISA 220 (currently part of the Introduction section of the ISA) to form part of the requirement (or otherwise highlighting it in the requirement) as essential guidance to support the possible enhancements to the requirement in paragraph 8 of ISA 220.

The WG is of the view that the statement in paragraph 4 of ISA 220 provides essential guidance in the context of this specific requirement (i.e., paragraph 8 of ISA 220) and that it should therefore be included within the requirements in paragraph 8 of ISA 220. Further consideration will still be given by the WG to the basis for reliance, including highlighting that the engagement team can typically not solely rely on the firm's system of quality control to address engagement level requirements.

32. As noted above, in addition to firm and engagement-level policies and procedures, the enhancement to paragraph 8 to ISA 220 may also require the EP to consider whether there are additional matters that need to be addressed relating to that specific engagement. For example there may be monitoring and remediation policies at the firm level to address quality for the firm overall. The firm may have policies in place that require an EQC reviewer to be involved in audits of listed entities. The EP for the audit of a particular listed entity implements this policy at the engagement level by determining that an EQC reviewer has been assigned. However, given that this specific engagement is particularly complex and the entity operates in an highly specialized industry, the engagement partner believes that in order to be effective in their role, the EQC reviewer will require specific experience and expertise. The EP therefore obtains further information about the EQC reviewer's skills and experience to be satisfied in this regard.
33. There was concern raised in the responses to the ITC that increased emphasis on the EP and EQC reviewer responsibilities could inadvertently convey that other members of the engagement team do not also have an important responsibility for audit quality. Accordingly, respondents suggested that ISA 220 also address responsibilities for audit quality for engagement team members other than the EP.
34. The WG believes that while the *leadership* responsibilities for quality on an audit engagement ultimately lie with the EP, enhanced application material can communicate that the responsibility for performing quality audits of financial statements rests with all members of the engagement team. Accordingly, the WG suggests adding application material to emphasize that in addition to taking responsibility for the performance of the audit, the EP has an important role in ensuring that the engagement team also take responsibility for delivering a quality audit.
35. Additionally, respondents to the ITC who were supportive of the IAASB addressing the EP's roles and responsibilities in an effort to enhance audit quality, suggested emphasizing that the EP should be involved at all stages of the audit. The WG has the view that additional application material to emphasize this would assist, while being mindful of imposing too many additional requirements on the EP.

Matters for IAASB Consideration:

4. The Board is asked:
 - (a) If it agrees that the EP should still retain overall responsibility for the quality of the audit engagement or whether consideration should be given to circumstances where this may not be the case, and if so, what these could be.

- (b) For its views on enhancing the specificity relating to the EP’s responsibility for quality management as set out in paragraphs 29–35 above.
- (c) Whether there any other matters relating to the EP’s responsibilities for the quality of the audit that should be addressed, in addition to those set out in paragraphs 29–35 above.

Communication

- 36. Although not directly highlighted as part of the responses to the ITC relating to ISA 220, communication between the group engagement team and component auditors was highlighted by many respondents to the ITC as an area that needed to be strengthened. It was, however, noted in response to the feedback related to group audits that two-way communication at all stages of the audit would enable the group engagement team to better understand if the instructions provided to the component auditor have been fully understood and complied with, and that sufficient appropriate audit evidence relating to the engagement has been obtained (see paragraph 46–48 in Appendix B). This same principle could be applied for communications between the EP and the engagement team and any others that might be involved in the audit, as well as between the EP and the firm.
- 37. The IAASB’s [Framework for Audit Quality](#) (the Framework) sets out the key elements that create an environment for audit quality. As part of the Framework, one of the Process Factors relating to the audit process and quality control procedures at the engagement level is “the effective interaction with others involved in the audit.” The Framework further explains that this includes clear and timely communications, including in group audit engagements. The Framework refers to where others are used in an audit (e.g., experts or component auditors). It was noted in the ITC that the ISAs would be enhanced using relevant parts of the Framework where appropriate.
- 38. Ongoing, two-way communication among the members of the engagement team and others involved in the engagement sets the foundation for an effective and efficient audit, and helps the EP determine the extent of their involvement in the direction, supervision and review during the audit. In the view of the WG, the requirement for appropriate and effective communication should be rooted in ISA 220, as further explained below.
- 39. Effective communication or interaction among members of the engagement team and others involved in the engagement is not specifically addressed in the ISAs, other than in ISA 600. The WG believes it is important to add a requirement for effective two-way, ongoing communication between members of the engagement team, others involved in the audit, the EP, and the firm (e.g., the engagement partner may communicate resource requirements back to the firm as and when needed). Requirements of this nature become particularly important where the engagement team is not a traditional model (i.e., where the engagement team is all in one place—there may be other auditors used who perform audit procedures and are considered part of the engagement team, such as ADMs and situations where the EP is not situated where the majority of the audit work is performed). Appropriate requirements could further be supplemented by application material providing examples of appropriate communications in various situations. A new ‘communication’ requirement that addresses the need for establishing the nature, timing and extent of communication and related application material could then be used as the basis for applying this principle in a group audit situation in ISA 600.

40. In addition, any changes made in respect of communication in ISQC 1 will also need to be considered as changes are made in ISA 220.

Matter for IAASB Consideration:

5. The Board is asked for its views on a new requirement in ISA 220 relating to ongoing two-way communication.

Acceptance and Continuance of Client Relationships and Audit Engagements

41. Respondents to the ITC suggested strengthening the requirements or enhancing the application material relating to the responsibilities of the firm and the EP with regards to client/engagement acceptance and continuance (see paragraph 10 in Appendix B). The requirements for the firm's policies and procedures for the acceptance and continuance of audit engagements is set out in ISQC 1, and are being considered as part of revising ISQC 1 using quality management principles. The WG will further consider whether there are any consequential changes needed for ISA 220 arising from amendments to ISQC 1, in particular how the QMP in ISQC 1 feeds into the acceptance or continuance of audit engagements at the engagement level.
42. At the engagement level, the EP is required to be satisfied that appropriate procedures regarding the acceptance and continuance of client relationships and audit engagements have been followed. In the view of the WG, this would ordinarily include:
- Assessing compliance with firm policies and procedures about the acceptance and continuance of engagements (for example, there are the capabilities, including time and resources, to undertake the engagement, compliance with the ethical requirements, and considerations about the integrity of the client).¹⁰
 - For the particular engagement, whether there is sufficient understanding of the entity, such as:
 - The relevant laws and regulations relating to the entity, and whether any of these would impact the audit. For example, law or regulation or other circumstances may prohibit access to information or management of a significant part of the entity, and if this were the case, would the engagement team be able to obtain sufficient appropriate audit evidence to be able to form an opinion.
 - The entity and its environment, such as relevant industry, the nature of the entity and its operations, ownership and governance structures, the way it is structured and how it is financed etc.
 - Whether there is anything else particular to that engagement that needs to be considered, for example whether the entity has particularly complex operations or other circumstances, and whether specific expertise will be necessary to audit the entity (for example, expertise in a particularly complex aspect of the applicable financial reporting framework or in a particularly complex IT system used by the entity).
43. With regard to the current requirement in paragraph 12 of ISA 220, the WG is of the view that the requirement should more clearly acknowledge the different aspects to be understood (as explained above), with supporting application material to elaborate by providing examples of the different types

¹⁰ ISQC 1, paragraph 26(a)–(c)

of matters to be considered. This would, for example, include emphasis on the need for a more proactive understanding of the entity at the acceptance or continuance stage, allowing a more enhanced consideration by the EP at the acceptance and continuance stage about possible issues and the appropriate response (for example, being required to have greater knowledge about matters relating to access and potential barriers and then being able to have more targeted discussions with management about the importance of the auditor being provided unfettered access). However, the extent of understanding required for accepting or continuing an engagement would not be to the same extent as that required under ISA 315 (Revised),¹¹ however the understanding required in that standard would build upon the understanding obtained as a basis for the acceptance/continuance decision (see also **Agenda Item 10-A**, Section VI).

44. An important aspect of accepting or continuing an audit engagement would be consideration is given to the resources that will be necessary and the availability of such resources to the engagement team. The WG also believes that including this consideration in the early stages of deciding whether to accept or continue the engagement would be responsive to attempting to mitigate potential impediments to the exercise of professional skepticism by that engagement team. For example, impediments to the exercise of professional skepticism such as inadequate staff resources, lack of relevant skills set needed, etc. would be more explicitly focused on at the earliest stage. Further consideration will be given as to how consideration of necessary resources should be embedded in the required actions.
45. In addition, the extant ISA 220 does not elaborate specifically on the considerations relevant to the continuation of audit engagements (i.e., as opposed to the acceptance of new engagements). The WG are of the view that it may be appropriate that the distinction between acceptance and continuance be strengthened in the requirements, with supporting application material, and that it be more clearly demonstrated how the principles set out for the acceptance of audit engagements are applied in the context of continuance decisions.

Quality Risk Assessment

46. Before proceeding with addressing risks to quality (i.e., responding to the risks to quality), the WG is of the view that in order to undertake actions necessary to address quality, it would be appropriate to focus on identification and assessment of the risks to quality as the basis for effective planning and execution of the audit. Such an approach could be expected to:
 - Enhance decision-making, planning and prioritization.
 - Lead to a more effective allocation of resources (see next section on the allocation of resources for an engagement).
 - Increase the probability of delivering a high-quality audit engagement.
 - Assist with adapting quality management at the engagement level to a wide variety of circumstances by responding more appropriately to the risks to quality for that particular engagement.

¹¹ ISA 315 (Revised), *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and Its Environment*

- Assist with the EP’s determination of the nature, timing and extent of necessary involvement in the engagement (i.e., direction, supervision and review—see paragraphs 61–69 of this paper).
 - Enhanced understanding (and response) to factors that may incentivise or dis-incentivise the application of professional skepticism by the engagement team.
47. Accordingly, once the decision has been made to accept, or continue, the engagement, before any further decisions are made the EP will build on the information obtained during the acceptance or continuance phase to identify and assess where the risks to quality are by identifying factors and conditions that give rise to and affect risks to audit quality (e.g., the more complex the audit engagement the higher the risks to audit quality are likely to be).
48. To enable an appropriate assessment of the risks to quality at the engagement level, a new requirement would be added which would be premised on the understanding of the entity and its environment, i.e., directly linking to the requirements in ISA 315 (Revised). As the revisions to ISA 315 (Revised) are progressed, enhanced clarity about the necessary understanding of the entity and its environment (and how this may impact the auditor’s identification of the risks of material misstatement in the financial statements) will also provide the basis for providing more clarity in ISA 220 as to how this understanding is used as the basis for identifying and assessing risks to quality. The purpose of identifying the risks to quality at the engagement level would always be linked to the responsibilities of the engagement partner in ISA 220, i.e.:
- (a) The direction, supervision and performance of the audit engagement in compliance with professional standards and applicable legal and regulatory requirements; and
 - (b) The auditor’s report being appropriate in the circumstances.
49. If a new overarching requirement (or requirements) is introduced to address identifying, assessing and responding to risks to quality at the engagement level, it would be necessary to consider their impact on the rest of the requirements and guidance in ISA 220, including the need to frame these requirements and guidance in the context of quality risk assessment.
50. Supporting application material to the new requirement(s) would need to provide guidance by explaining what the required understanding would need to be to be able to identify and assess risks to quality, most likely through examples of the types of matters that would need to be understood as a basis for this identification and assessment. It would also be helpful to develop factors or conditions that would be seen as increasing or decreasing the risks to quality.¹²
51. The revisions to the standard would also need to make it clear that responses to identified risks to quality could be mitigated by, for example, firm-level policies and procedures such as requiring an EQC or other reviewer for certain high-risk clients, or engagement-specific actions, such as requesting a second review on an engagement, or an aspect of the engagement, because of its complexity (even though such review may not be explicitly required under the firm’s policies and procedures).
52. The identification and assessment of risks to quality may also focus on the risks arising, and appropriate responses to, evolving engagement team structures such as where the engagement

¹² In considering factors affecting risks to quality, the WG will consider work done by the ISA 315 (Revised) Task Force on factors affecting risk assessment in the revisions to ISA 315 (Revised).

team may include other auditors who do not from part of a ‘traditional’ audit team structure (e.g., where engagement team members are from a network firm, an ADM, or in situations where the EP is not located where the majority of the audit work is performed).

53. When developing examples of addressing identified risks to quality, consideration could also be given to:
- Describing alternative procedures that could be performed in different circumstances, for example in situations where there are issues regarding accessing the financial information of the client or client management.
 - Additional procedures that may be performed, for example because some individuals on the engagement team are from a network firm, or at an ADM that is not part of the firm (see further discussion in paragraph 26–27).

Matters for IAASB Consideration:

6. The Board is asked for its views on making the requirements and guidance addressing the acceptance or continuance process more robust, as set out in paragraphs 41–45.
7. The Board is asked for its views on a new overarching requirement (or requirements) for the EP to perform an assessment of risks to quality, and implement actions to address those risks to quality.

Determination of Engagement Resources, Including Assignment of Engagement Teams

54. Feedback from respondents to the ITC supported actions to provide clarity regarding the role and responsibilities of the EP related to the assignment of engagement teams. Specifically, it was noted that the EP should consider whether there are adequate resources for the engagement, including the suitability of the engagement team members’ skills, competence and experience, the need for auditors’ experts and the sufficiency of time available to perform the engagement before the reporting deadline. In addition, respondents noted that impediments to the application of professional skepticism by the auditor can include both resource constraints (high staff turnover) and tight financial reporting deadlines.
55. ISQC 1 sets out the requirements for human resources for the firm.¹³ This includes the requirements for the assignment of engagement teams, which is replicated at the engagement level in paragraph 14 of ISA 220. The WG is of the view that in planning an audit engagement, there are other resources in addition to the engagement team that need to be considered. These may include, for example, audit methodologies through automated systems, software to be able to perform the audit procedures, and other technical resources or support (e.g., consultation resources). Accordingly, the WG proposes that that this section of ISA 220 be broadened to incorporate these other resources, (i.e., through a change to the title to reflect this broader focus and corresponding changes to the requirement to encompass not only the engagement team considerations but on all necessary resources more broadly).
56. The previous section discusses the possibility of revising ISA 220 to embed an identification and assessment of the risks to quality at the engagement level. If the IAASB supports moving forward on

¹³ ISQC 1, paragraphs 29–31

this basis, the assessment of quality risks, and responses to those identified risks, will need to be reflected in the requirement to determine the necessary resources, including the engagement team and others, for that specific engagement. For example, the members of the engagement team and others to be involved in the audit would need to be determined based on the identification and assessments of risks to quality for that specific engagement.

57. The WG is also of the view that further consideration should be given to enhancing the requirement to reflect those areas where stakeholders are calling for a strengthening of the standard (i.e. providing more specificity around some of the EP’s considerations). This includes that the engagement team has sufficient time to complete the engagement before the reporting date, and other resources as necessary are available beyond individuals on the engagement team or auditor’s experts. Furthermore, more consideration will need to be given to how to draft the requirements to strengthen the EP’s application of professional skepticism when considering the resources needed for the specific engagement.
58. With regard to the assignment of individuals to the engagement, the WG intends to further consider enhanced application material that might for example, address how individuals with specific skills or expertise might be needed for different kinds of engagements (which would be a direct response to the quality risk assessment at the engagement level). The WG does not propose making amendments to the manner in which auditor’s experts are currently described in ISA 620, or to the requirements in that standard that address the manner in which auditor’s experts are to be addressed in an audit.
59. Lastly, it was suggested by respondents to the ITC that the current reference to “competence” of the engagement team and auditor’s experts (in paragraph 14 of ISA 220) could also be enhanced by replacing this term with “skills and experience”, which was seen by respondents to the ITC as more accurately reflecting the core attributes relevant to staffing decisions on a particular audit engagement. “Competence” can be described as the ability to do something successfully or efficiently whereas “skills and experience” illustrates the specific qualities relevant for the EP to consider. Section 130 of the IESBA Code sets out the requirements for “professional competence and due care.” This section incorporates professional knowledge and skill as a core aspect of competence (among other aspects). Therefore the WG does not propose that a change be made to replace the reference to competence, but suggests that further application material could be developed, based on the relevant aspects of Section 130 of the IESBA Code, to better explain what is meant by “competence”. Further consideration will also be given to how to also include “relevant” experience in the considerations for the EP.
60. The WG will also continue to assess whether changes made to ISQC 1 need to be further considered in ISA 220.

Matters for IAASB Consideration:

8. The Board is asked whether it agrees that:
 - (a) The scope of the consideration around the assignment of the engagement team should be broadened to encompass all necessary resources for the particular engagement.
 - (b) The requirement, and related application material, should be enhanced to provide more clarity on the specific considerations for the EP.

9. The Board is asked whether there are any other matters relevant to the EP's considerations relating to resources for an audit engagement that the WG should consider in progressing changes to ISA 220.

Engagement Performance—Direction, Supervision, and Performance, and Review

61. In extant ISA 220 the requirements set out that the EP shall take responsibility for the direction, supervision and performance of the engagement (paragraph 15 of ISA 220), and for the necessary reviews (paragraph 16 of ISA 220). Respondents to the ITC were strongly supportive of clarifying the nature and extent of each of these aspects of the EP's responsibilities. Regulators and oversight bodies urged the IAASB to strengthen the standard to make clear the nature and extent of the EP's involvement in the audit, in particular for the wide range of engagement circumstances (such as when other auditors are involved in the audit and situations where the EP is not situated where the majority of the audit work is performed). As noted previously, other stakeholders cautioned that this should not be overly prescriptive (e.g., EPs need to have the ability to exercise professional judgment in terms of determining the appropriate nature and extent of their involvement in directing, supervising and reviewing the engagement, and taking responsibility for its performance). There were suggestions from respondents across stakeholder groups that it may be helpful to develop a framework that the EP can use to determine the appropriate level of involvement in the engagement, based on the engagement circumstances and the quality risk assessment.
62. In order for an audit engagement to meet the performance requirements of the ISAs, in the view of the WG, the engagement team will need to be properly directed and supervised, both of which are the ultimate responsibility of the EP. Further, the WG believes that the performance of the engagement is a collective responsibility of the engagement team, with the EP taking overall responsibility for the work performed. The WG is of the view that the phrase "involvement in the audit" essentially encapsulates the nature, timing and extent of the EP's direction, supervision and review (this would be the same for ISA 600 in regard to involvement of the group engagement partner in work performed by component auditors).
63. To clarify the responsibilities of the EP and to assist auditors in obtaining a better understanding of what the responsibilities entail, the WG suggests rearticulating the requirement in paragraph 15 of ISA 220 as illustrated in **Agenda Item 8-B**. The proposed revision would combine the requirements that are currently in paragraphs 15 and 16 of ISA 220. Supporting application material addressing relevant considerations relating to the nature, timing and extent of the EP's involvement in different circumstances will be developed, as explained further below.
64. New application material could for example, firstly acknowledge that direction, supervision and review may be assigned to appropriate members of the engagement team, which will assist the EP in fulfilling their responsibilities. However, it should still be highlighted that the EP has to be involved throughout the audit, i.e., from planning to completion of the audit, and that the EP has overall responsibility for the audit. The existing application material could be further enhanced to note that the nature, timing and extent of direction, supervision and review of the EP needs to be based on the risks to audit quality that have been identified, including:
- The nature of the entity, including its size and complexity.

- The nature of the audit team assigned to the engagement, (i.e. the knowledge, skills and ability of each engagement team member) including the nature of those that responsibility for direction, supervision and review may be delegated to.
 - The nature of the audit procedures to be performed, i.e., more complex areas may require a greater extent of direction, supervision and review.
 - Other relevant factors that may impact the required involvement of the EP.
65. In developing this application material, the WG also believes that including specific examples of situations where there are engagement team members or others involved in the audit who are located in different geographical locations to the EP or when the team operates on a virtual basis (e.g., ADMs, situations where the EP is not located where the majority of the audit work is performed, and where engagement team members are from network firms) will also help auditors understand how to apply the requirements to different situations. The application material could also build on the concepts in the Framework¹⁴ relating to the active involvement of the EP in the planning, supervision and review, as appropriate.
66. With regard to the review by the EP, further consideration could be given to enhancing the existing application material in paragraph A17 of ISA 220 to include more specificity about factors to take into account when determining what should be reviewed by the EP. The WG is of the view that enhanced application material that demonstrates the application of professional judgment to different situations will better demonstrate how the standard is intended to be adapted to varying circumstances.
67. Respondents to the ITC noted that while the EP plays a vitally important role and has overall responsibility for the engagement, accountability for different aspects of audit quality can be assigned to others on the engagement team, because sometimes they are best placed to influence audit quality. There are other respondents that noted that this responsibility, in specific circumstances (such as those situations where the EP is not located where the majority of the audit work is performed) can be delegated. Based on IAASB input, the WG will further consider how to move forward in making changes to reflect what is appropriate in different engagement circumstances, if any. For example, as mentioned above, new application material could acknowledge that direction, supervision and review may be assigned to appropriate members of the engagement team who will assist the EP in fulfilling overall responsibilities for quality.
68. With regard to paragraph 17 of ISA 220, the WG will further consider whether revisions are needed, with supporting application material, to clarify what the objective of reviews are and how this can be achieved in different circumstances.
69. Further consideration could also be given as to what the documentation requirements to demonstrate appropriate direction, supervision and review are. Furthermore, additional consideration will need to be given as to how to emphasize and elaborate on the role of professional skepticism in the EP's responsibilities for direction, supervision and review of the work performed.

¹⁴ Appendix 2, paragraphs 50–55 of the Framework sets out the key attributes for the EP at the engagement level, including that the EP is actively involved in risk assessment, planning, supervising, and reviewing the work performed.

Matters for IAASB Consideration:

10. The Board is asked for its views about:
 - (a) Changing the requirement (and supporting such changes with robust application material), to better clarify the EP’s responsibilities for the direction, supervision and review of the audit engagement as set out in paragraphs 61–66.
 - (b) Whether and how the WG should further explore the delegation of some elements of direction, supervision and review by the EP (such as noted in paragraph 67 above).
11. The Board is asked whether there are any other matters relevant to the direction, supervision and review by the EP that the WG should consider in progressing changes to ISA 220.

Monitoring

70. The firm processes regarding monitoring and remediation are being addressed as part of the revision to ISQC1, including further consideration about strengthening the requirements. Once these changes have been progressed, the WG will consider the necessary changes in the context of quality management at the engagement level.

C. WG Views on the Way Forward

New Standard to Address Using Other Auditors That are Not Component Auditors

71. At the September 2016 IAASB meeting, the IAASB discussed and agreed that the WG should explore how requirements and guidance addressing other auditors, who are not component auditors, could be further developed in the ISAs. Initial thinking by the WG was that these requirements and guidance could be presented in a separate standard, referred to as ISA 221 in the agenda papers for the September 2016 IAASB meeting.
72. Further deliberations and consideration by the WG have been focused on the existing definition of engagement team, which is already very broad. The WG is of the preliminary view that many of the varied and complex situations can likely be addressed by the existing requirements in ISA 220 and the enhancements proposed in this paper (in particular quality risk management at the engagement level), together with more specific examples in the application guidance to illustrate the application of the requirements to different circumstances. In particular, in the view of the WG the definition of the “engagement team” would generally incorporate most situations involving the use of other auditors and would therefore subject these other auditors to the same quality control requirements as the engagement team. At this initial stage, the WG has been focused on addressing stakeholder responses to the questions in the ITC (i.e., through exploring enhancements and revisions to ISA 220 through incorporating quality risk assessment). As the WG progresses the revisions, further consideration will be given to the application of the enhancements and revisions to different situations, including situations where other auditors are involved who do not fall into the definition of engagement team, and whether incremental requirements and guidance are needed to address these different situations. The WG will then be better placed to determine whether a new standard should be developed and if so, what the scope of that standard should be.

Way Forward

73. Based on the Board’s input, the WG will continue to explore changes and enhancements to ISA 220 for the development of an Exposure Draft, targeted for approval at the IAASB’s December 2017 meeting.

Matter for IAASB Consideration:

12. The Board is asked whether there are any other matters relevant to ISA 220 that should be considered by the WG as it progresses its work on the revision of the standard.

Minutes –September 2016 IAASB Meeting¹⁵

Enhancing Audit Quality

Ms. Zietsman introduced the topic by summarizing the feedback received to the Invitation to Comment (ITC), *Enhancing Audit Quality: A Focus on Professional Skepticism, Quality Control and Group Audits*, and explained how the Enhancing Audit Quality Coordination Group (Enhancements Group) had developed the possible actions for the way forward set out in **Agenda Item 5-A**.

In response to the feedback on the responses to the ITC, Board members variously highlighted:

- The diversity in views, noting that it is important to fully consider all the options for possible actions before committing to a course of action.
- That it was important to fully understand the problem being addressed, with further consideration of whether standard-setting was the most appropriate action.
- The importance of continued coordination with IESBA.

Ms. Zietsman noted that CAG Representatives welcomed the exploration of possible ways to address the input that had been received, including the consideration of more innovative approaches to dealing with the diverse needs of the IAASB's stakeholder groups, in particular relating to the quality control standards. However, she noted that CAG Representatives cautioned that the changes to the quality control standards needed to be considered fully before changes were made so that any unintended consequences could be identified and understood. Ms. Zietsman added that CAG Representatives also underscored the importance of auditor behavior in the firm's system of quality control. She noted that CAG Representatives had mixed views on whether three separate standards for quality control at the firm level was the right way forward, but they were supportive of the IAASB continuing to focus on and further explore how scalability could be achieved in the standards. In addition, CAG Representatives highlighted the need for periodic outreach to various stakeholders as the various standards were revised in order to obtain feedback on the proposed way forward.

Ms. Zietsman noted that the SMP Committee also welcomed the Board's consideration of possible actions to address scalability and the challenges of SMPs in applying ISQC 1 in its current form. She further noted that there were also mixed views from the SMP Committee about a three-standard approach, and that the SMP Committee called for further time for in-depth and detailed analysis of the consequences of these possible actions. In addition, the SMP Committee urged the IAASB to first more fully develop the Quality Management Approach (QMA) and how it would achieve scalability, and then determine how to structure the quality control standards.

While being broadly supportive of the direction in relation to quality control and group audits set out in Agenda Item 5-A, Board members had mixed views about some of the possible actions. In particular, Board members expressed various concerns about making a decision at this stage to split ISQC 1 into three standards, including the following:

- The concept of the QMA has not yet been fully developed by the working group and discussed by the Board and others, and accordingly the ability to apply a revised ISQC 1 to different types of sizes of firms has not yet been fully explored.

¹⁵ These draft minutes are still subject to IAASB review and may be subject to further change.

- The difficulty of defining the “boundaries” between the different standards (i.e., deciding on the types of engagements that might be covered by each different quality control standard).
- The three-standard approach may result in the perception that firms operating under the different standards have different levels of quality, thereby creating the perception of lesser levels of quality for firms that were not applying ISQC 2 or ISQC 3.
- Of the difficulty that a multi-standard approach may cause global networks, where network policies and procedures will likely have to cover firms needing to apply all three standards, albeit to different degrees.

Although not dismissing the suggestion to further explore splitting ISQC 1 into separate standards, the IAASB agreed that the focus should rather first be on more the further development of the thinking around the QMA approach and on how this would be incorporated into the requirements and application material of the standard to encourage robust quality management for firms. The decision about how best to structure the output, i.e., how to present the requirements and guidance should be left to a later stage once there is more clarity on the approach and the related proposed revisions are sufficiently progressed.

In relation to strengthening and enhancing the requirements and guidance when other auditors are used in an audit, the Board were generally supportive of further exploration as to whether a new standard would be an appropriate approach, but similar to the discussion about ISQC 1, cautioned that the possible changes would first need to be developed before deciding on the location within the standards. A Board member highlighted that the definition of engagement team was already broad, and that further consideration should be given to what ‘other auditors’ are, as well as the interaction of ‘other auditors’ with ‘component auditors’ addressed under ISA 600.¹⁶ In the course of its work on quality control at the engagement level, the Board also encouraged focus on the impact on the roles and responsibilities of the engagement partner, in particular in relation to the direction, supervision and review, in the varying, evolving circumstances where other auditors are used.

The Board agreed with continuing to progress changes to ISA 600, taking into account relevant changes to ISA 220. The way forward on professional skepticism was discussed separately.

WAY FORWARD

The Enhancements Group will develop a project proposal for quality control and group audits to revise ISQC 1, ISA 220 and ISA 600 (and any other standards as necessary) for approval by the IAASB at its December 2016 meeting. The individual working groups¹⁷ for quality control and group audits will also continue to progress the revisions to the standards in light of the responses received to the ITC.

¹⁶ ISA 600, *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

¹⁷ Three working groups will work on the quality control standards ISQC 1 and ISA 220, one working group will focus on revising ISQC 1 using a quality management approach, another related working group will focus on the discrete changes for ISQC 1, and the reconstituted Enhancements Working Group (now the “Crossover Working Group”) will focus on the revision of ISA 220. The Group Audits Working Group will focus on the revisions of ISA 600.

Summary of Responses to the ITC

(A list of respondent names and acronyms can be found in Appendix C)

A. The Firm’s Role in Supporting Quality (Cross-Over Issue)

Network Policies and Procedures

Network policies and procedures will be discussed in March 2017.

Audit Delivery Models (ADMs)

1. Regulators and oversight authorities, mostly members of the MG, were supportive of actions to address ADMs,¹⁸ in particular noting the following:
 - The need for appropriate quality control policies and procedures for ADMs that specifically address independence, training, human resource matters and internal monitoring of audit work performed by ADMs.¹⁹
 - Embedding a QMA and QMA at the engagement level (QMA-EL) would ensure that improvement activities the firm undertakes (such as ADMs) are planned and organized as part of an integrated audit quality management system and quality risk assessments are performed to ensure that there are appropriate quality control policies and procedures in place to safeguard against inappropriate use of ADMs, and there are sufficiently skilled or competent personnel. This would also ensure that, at the engagement level, EPs perform quality risk assessments to establish the appropriate level of direction and supervision of the work being performed, regardless of who performs the work and where it is performed.²⁰
 - Support for the auditor to consider the risk of material misstatement associated with the account or balance on which the procedure is being performed by the ADM, with a suggestion that an appropriate safeguard would be to consider whether someone other than the ADM should perform the procedure.²¹ Similarly, a member of the MG²² believed that the level of judgment involved, the complexity of the work and materiality of the balances should be included as some of the key factors in establishing whether it is appropriate to outsource work and the level of involvement required by the EP in respect of the outsourced work.
 - The usage of ADMs in the context of a group audit should be considered, i.e., what, if any, responsibility the group engagement team has for ADMs employed by component auditors.²³

¹⁸ *Monitoring Group:* IFIAR, IOSCO; *Other Regulators and Oversight Authorities:* UKFRC

¹⁹ *Monitoring Group:* IFIAR

²⁰ *Other Regulators and Oversight Authorities:* UKFRC

²¹ *Monitoring Group:* IOSCO

²² *Monitoring Group:* IFIAR

²³ *Monitoring Group:* IOSCO

2. Respondents from other stakeholder groups largely supported²⁴ actions to address ADMs, with some specifically supporting application material or guidance,²⁵ and one²⁶ suggesting that this is necessary throughout the standards and should not be isolated to ISQC 1. Others supported specific actions that were proposed in the ITC as follows:
- Exploring how ISQC 1 could emphasize the need for appropriate policies and procedures for these structures as part of the firm’s system of quality control.²⁷ One respondent²⁸ was supportive of application material in this regard.
 - Clarification that the firm’s system of quality control needs to take into account the implications of using ADMs, and the need for appropriate quality control policies and procedures to safeguard against inappropriate use of ADMs or ineffective oversight of work performed by auditors in an ADM.²⁹ One respondent³⁰ specifically supported application material or guidance in this regard.
 - Clarification that the EP retains responsibility for the engagement, i.e., direction, supervision, performance and review of the work performed, regardless of who performs the work or where it is performed.³¹ Respondents³² specifically supported application material or guidance in this regard. One respondent³³ highlighted that the rigor of direction, supervision, performance and review should be dependent on the significance of the work undertaken, rather than the location of where it is performed.
 - Providing requirements or application material to more explicitly address direction, supervision and review of procedures performed at a centralized location or by other centralized resources.³⁴ A respondent supported examples that illustrate what the EP can do to demonstrate proactive and appropriate direction, supervision and review where there are access issues.³⁵
 - Clarification of how centralized locations or resources are viewed in the context of the definition of engagement team, and addressing how policies and procedures related to the direction, supervision and review need to be tailored to take into account matters such as differences in

²⁴ *National Standard Setters: JICPA; Member Bodies and Other Professional Organizations: IRE-IBR*

²⁵ *National Standard Setters: AUASB, JICPA; Member Bodies and Other Professional Organizations: IRE-IBR, ICAEW, KICPA*

²⁶ *Member Bodies and Other Professional Organizations: ICAS*

²⁷ *Member Bodies and Other Professional Organizations: CPAA, ICAZ, SAICA*

²⁸ *Accounting Firms: PWC*

²⁹ *National Standard Setters: AUASB, IDW, MAASB, NZAuASB; Member Bodies and Other Professional Organizations: FEE, KICPA*

³⁰ *National Standard Setters: IDW*

³¹ *National Standard Setters: IDW, JICPA, MAASB, NBA; Accounting Firms: CHI; Member Bodies and Other Professional Organizations: FEE, KICPA*

³² *National Standard Setters: IDW; Member Bodies and Other Professional Organizations: CAANZ*

³³ *National Standard Setters: IDW*

³⁴ *National Standard Setters: MAASB, NZAuASB; Accounting Firms: GTI*

³⁵ *National Standard Setters: AUASB*

- language, culture, background or levels of experience of individuals.³⁶ One respondent³⁷ specifically supported application material or guidance in this regard.
- Addressing the auditor’s consideration of all of the matters indicated paragraph 123 of the ITC, i.e., the risk of material misstatement, communications, documentation, direction and supervision of work.³⁸ Other respondents supported only specific elements of this proposal, including:
 - The risk of material misstatement associated with the account or balance on which the audit procedure is being performed, including the complexity of the audit procedure and level of judgment, such that appropriate safeguards are put into place.³⁹
 - The nature and extent of documentation required by those performing an audit procedure, and those directing, supervising and reviewing such procedures.⁴⁰
 - Whether the audit procedures are capable of being directed, performed, and supervised remotely.⁴¹
 - Whether the performance of a procedure at a remote location would result in a breach of client confidentiality, or any legal or cross-border restrictions.⁴²
 - One respondent⁴³ also suggested that firms develop quality control policies and procedures to address the nature of audit procedures that are appropriate for performance by ADMs, as well as documentation, privacy or client confidentiality restrictions.
3. One respondent⁴⁴ believed that ADMs should be considered in the context of group audits and communications among components (i.e., falling under the ISA 600 umbrella).
 4. Overall, respondents highlighted the need for a flexible approach that could be applied to a variety of ADMs, or future possible changes to firms’ audit methodologies.
 5. There were respondents who had different views that ISQC 1/ISA 220 applies regardless of whether the firm uses ADMs or not, and accordingly roles, responsibilities and audit documentation should be the same, regardless of where or how audit procedures are performed.⁴⁵ Respondents also indicated that the complexity of firms and how audits are conducted is evolving in order to follow economic trends and to facilitate performing high quality audits effectively and at a reasonable cost,⁴⁶ with the potential for ADMs to contribute positively to audit quality.⁴⁷ Respondents suggested that ADMs are

³⁶ *National Standard Setters: IDW; Member Bodies and Other Professional Organizations: KICPA*

³⁷ *National Standard Setters: IDW*

³⁸ *Accounting Firms: PWC; Member Bodies and Other Professional Organizations: ACCA, AICPA*

³⁹ *Member Bodies and Other Professional Organizations: FEE, KICPA, SAICA*

⁴⁰ *Member Bodies and Other Professional Organizations: CPAA, KICPA, SAICA*

⁴¹ *Member Bodies and Other Professional Organizations: CPAA, SAICA*

⁴² *Member Bodies and Other Professional Organizations: KICPA, SAICA*

⁴³ *Accounting Firms: GTI*

⁴⁴ *Accounting Firms: DTT*

⁴⁵ *National Standard Setters: CAASB, CNCC-CSOEC*

⁴⁶ *National Standard Setters: CNCC-CSOEC*

⁴⁷ *Member Bodies and Other Professional Organizations: ACCA*

no different from other modernized approaches to conducting engagements (e.g., staff working remotely).⁴⁸ Accordingly, these respondents either believed that no further action is necessary in relation to ADMs specifically,⁴⁹ that merely clarification of the application of the standards would be useful,⁵⁰ or that addressing documentation of how the quality processes apply to the ADMs would address issues identified.⁵¹ Respondents⁵² indicated that following a risk-based approach that identifies the risks to audit quality, or having guidance which provides examples of factors to consider, when firms are operating across jurisdictions or adopting different models of delivery would facilitate the application of the principles of quality control to different situations.

6. Respondents⁵³ from a particular region (AP) noted cybersecurity as an increasing risk in the context of auditing in the cloud, data privacy, personally identifiable customer information and data ownership.

EP Roles and Responsibilities

7. Regulators and oversight authorities⁵⁴ supported actions to provide clarity regarding the roles and responsibilities of the EP, with one noting that this is an issue that is core to many of the concerns in the ITC. These respondents noted support for the following:
 - Clarifying, either by strengthening the requirements or enhancing the application material in ISA 220, about what is meant by performance, direction, supervision and review by the EP.⁵⁵
 - Considering whether there are adequate resources for the engagement, including the suitability of the engagement team members' skills, competence and experience, the need for auditors' experts and the sufficiency of time available to perform the engagement before the reporting deadline.⁵⁶
 - Clarifying the responsibility of the EP to be appropriately involved in all stages of the audit.⁵⁷
 - Addressing the roles and responsibilities of the EP in circumstances where the EP is not located where the majority of the audit work is performed and where evolving ADMs are used.⁵⁸
 - Clarifying the EP's roles and responsibilities when placing reliance on the work of experts.⁵⁹
 - Providing direction and specificity as to what audit documentation is required to be reviewed by the EP and the nature of the related review procedures.⁶⁰

⁴⁸ *National Standard Setters:* CNCC-CSOEC; *Accounting Firms:* EYG, KPMG

⁴⁹ *National Standard Setters:* CAASB

⁵⁰ *National Standard Setters:* CNCC-CSOEC

⁵¹ *Accounting Firms:* BDO, EYG, GTI

⁵² *Accounting Firms:* BDO, EYG; *Member Bodies and Other Professional Organizations:* FEE

⁵³ *National Standard Setters:* AUASB; *Member Bodies and Other Professional Organizations:* CAANZ, CPAA

⁵⁴ *Monitoring Group:* IAIS, IFIAR; *Other Regulators and Oversight Authorities:* EBA, ESMA, IRBA, UKFRC

⁵⁵ *Monitoring Group:* IFIAR; *Other Regulators and Oversight Authorities:* CPAB

⁵⁶ *Other Regulators and Oversight Authorities:* IRBA

⁵⁷ *Other Regulators and Oversight Authorities:* CPAB, IRBA

⁵⁸ *Monitoring Group:* IFIAR, IOSCO; *Regulators and Oversight Authorities:* IRBA

⁵⁹ *Other Regulators and Oversight Authorities:* EBA

⁶⁰ *Other Regulators and Oversight Authorities:* IRBA

- Clarifying the EP's roles and responsibilities related to audit evidence supporting significant management judgments.⁶¹
8. One member of the MG⁶² was of the view that a framework should be established for the EP to determine the appropriate level of involvement in the engagement. This was similar to the view of a regulator⁶³ that the most meaningful response would be to embed a QMA-EL that would ensure a consistent approach to audit quality at a firm and engagement level, at the same time emphasizing the responsibility and accountability of EPs. This respondent believed such an approach would enhance decision-making, planning and prioritisation, lead to more effective and efficient allocation of resources, be flexible, improve stakeholder confidence and trust and increase the probability that the EP will deliver a high quality audit. Furthermore, the respondent pointed out that it would provide a basis for communicating with the EQC reviewer, audit committees, regulators and others regarding how audit quality has been addressed at the engagement level.
 9. There was also support from one regulator⁶⁴ for an appendix to ISA 220 that indicates where the responsibilities of the EP are articulated within the requirements and the application material in the ISAs.
 10. Respondents⁶⁵ from other stakeholder groups were also largely supportive of the IAASB addressing the EP's roles and responsibilities, however there were views that this should not be prescriptive as it would create a checklist mentality to the detriment of audit quality,⁶⁶ and should be in the form of guidance or application material rather than imposing additional requirements.⁶⁷ Respondents that supported actions identified the following as the most meaningful to enhancing audit quality:
 - Clarifying, either by strengthening the requirements or enhancing the application material in ISA 220, what is meant by performance, direction, supervision and review by the EP.⁶⁸
 - Including examples that illustrate what the EP can do to demonstrate proactive and appropriate direction, supervision and review in various circumstances, for example when there are access issues, other auditors involved in the engagement or ADMs.⁶⁹ There was also support from respondents⁷⁰ for examples on proactive and appropriate direction, supervision and review in a more general context, i.e., not specifically in relation to the circumstances noted in the ITC.

⁶¹ *Other Regulators and Oversight Authorities:* EBA, ESMA

⁶² *Monitoring Group:* IFIAR

⁶³ *Other Regulators and Oversight Authorities:* UKFRC

⁶⁴ *Other Regulators and Oversight Authorities:* IRBA

⁶⁵ *Investors and Analysts:* CFA; *National Standard Setters:* CNCC-CSOEC; *Public Sector Organizations:* AGSA; *Member Bodies and Other Professional Organizations:* SAICA

⁶⁶ *Accounting Firms:* DTT; *Member Bodies and Other Professional Organizations:* CAANZ, CIIPA, SAICA

⁶⁷ *National Standard Setters:* AUASB, CAASB, CNCC-CSOEC, JICPA, NZAuASB; *Accounting Firms:* BDO; *Member Bodies and Other Professional Organizations:* AICPA, APESB, ISCA

⁶⁸ *National Standard Setters:* AUASB, HKICPA, MAASB, NBA; *Accounting Firms:* GTI, PWC, RBI; *Public Sector Organizations:* GAO; *Member Bodies and Other Professional Organizations:* CAANZ, FEE, IBR-IRE, ICAP, ICAZ, ICPAK, KICPA, SAICA; *Individuals and Others:* SDeViney

⁶⁹ *National Standard Setters:* AUASB, NZAuASB; *Member Bodies and Other Professional Organizations:* ICAS, SAICA

⁷⁰ *National Standard Setters:* HKICPA; *Accounting Firms:* BDO, CHI

- Providing more direction and specificity as to what audit documentation is required to be reviewed by the EP and the nature for the related review procedures.⁷¹ However, one respondent⁷² specifically did not support this proposal.
- Adding and building on the concepts in the Framework for Audit Quality relating to active involvement of the EP in the risk assessment, planning, supervision and review of the work performed.⁷³
- Clarifying that the EP should be involved at all stages of the audit.⁷⁴
- Building a more proactive, scalable and robust approach to the identification of risks to audit quality at the engagement level, and development of specific responses to address those risks.⁷⁵
- Developing requirements or application material to specifically address situations where an EP is not located where the majority of the work is performed.⁷⁶
- Strengthening the requirements or enhancing the application material relating to the responsibilities of the firm and the EP with regards to client/engagement acceptance and continuance.⁷⁷
- Placing more emphasis on the need to consider whether there are adequate resources for the engagement, including sufficiency of time to perform the engagement.⁷⁸
- Adding an appendix to ISA 220 that indicates where the responsibilities of the EP are articulated within the requirements and the application material in the ISAs.⁷⁹

However, there were respondents,⁸⁰ who did not believe additional actions are necessary, or are a priority,⁸¹ since the standards are already sufficiently clear.

11. Respondents⁸² noted that any actions should give due consideration to the applicability to non-audit engagements as well as audit engagements.
12. An alternative approach to the actions proposed above was recommended that would be more effective, whereby principles are set in relation to the overall objectives of appropriate supervision, review, and documentation of the work, and risks that affect the EP's ability to fulfill these principles

⁷¹ *National Standard Setters: AUASB; Accounting Firms: BDO, CHI; Member Bodies and Other Professional Organizations: SAICA*

⁷² *Member Bodies and Other Professional Organizations: CAANZ*

⁷³ *National Standard Setters: CAASB; Member Bodies and Other Professional Organizations: SAICA*

⁷⁴ *Accounting Firms: GTI; Member Bodies and Other Professional Organizations: ICAZ, SAICA*

⁷⁵ *National Standard Setters: CAASB, HKICPA; Member Bodies and Other Professional Organizations: ICAZ*

⁷⁶ *National Standard Setters: CAASB; Accounting Firms: PWC; Member Bodies and Other Professional Organizations: ICAP, ISCA*

⁷⁷ *National Standard Setters: JICPA, MAASB; Member Bodies and Other Professional Organizations: SAICA*

⁷⁸ *Public Sector Organizations: GAO; Member Bodies and Other Professional Organizations: IBRACON, SAICA*

⁷⁹ *National Standard Setters: IDW, NZAuASB; Accounting Firms: EYG; Member Bodies and Other Professional Organizations: APESB, CAANZ, EFAA, SAICA, SMPC; Individuals and Others: SDeViney*

⁸⁰ *Member Bodies and Other Professional Organizations: ACCA, CPAA, FSR*

⁸¹ *Member Bodies and Other Professional Organizations: ICAEW*

⁸² *National Standard Setters: MAASB; Accounting Firms: PWC*

are identified, together with supporting guidance to assist in dealing with the risks.⁸³ The respondent noted that such an approach would address the issues raised in the ITC, without having to address each one individually.

13. There was also a view that while the engagement leader plays a vitally important role and has overall responsibility for the engagement, accountability for different aspects of audit quality can be shared with others on the engagement team who are best placed to influence it.⁸⁴ These respondents supported actions addressing clarification of direction, supervision and review, but believed that it should not be prescriptive who the responsibilities are attributed to, and instead should be supplemented by factors that assist in considering who may be best placed to perform the tasks in relation to different aspects of the audit, based on the firm and engagement organizational structure and circumstances (e.g., the EP at a shared service center, in the jurisdiction where the majority of the work is performed, or at a sub-consolidation level).
14. Similar to this view, other respondents⁸⁵ believed that in the circumstances of group audits and audits for which the EP is not located where the majority of work is performed, the EP can effectively delegate to those in the location where the work is performed without abdicating their responsibility for the audit, although the ISAs should indicate which responsibilities should not be delegated.
15. Furthermore a respondent⁸⁶ was concerned that increased emphasis on the EP and EQC reviewer responsibilities may inappropriately convey that others on the audit team do not have an important responsibility for audit quality and accordingly suggested that ISA 220 address responsibilities for audit quality for team members other than the EP.
16. In considering possible further actions, a respondent⁸⁷ provided additional recommendations:
 - Strengthening EP responsibilities (also in the context of exercising professional skepticism and professional judgment) by enhancing certain elements of engagement performance that are already addressed in the standards, such as consultation and the use of experts.
 - Including/highlighting relevant factors that may have a bearing on the EP's decisions regarding the nature and depth of partner involvement that is required. For example, engagements can differ significantly based on years of involvement, industry specific expertise, levels of technicality required in assessing financial information.
 - Emphasizing the importance of the EP and his/her engagement team fully understanding the entity and its environment.
 - Recognizing the value and importance of EPs having deep industry specific knowledge.
17. There was also a recommendation from respondents⁸⁸ for the IAASB to consider providing guidance in respect of documenting or evidencing partner involvement and review.

⁸³ *Accounting Firms: EYG; Member Bodies and Other Professional Organizations: CIIPA*

⁸⁴ *Accounting Firms: PWC; Member Bodies and Other Professional Organizations: ICAP*

⁸⁵ *Accounting Firms: EYG; Member Bodies and Other Professional Organizations: FEE*

⁸⁶ *Accounting Firms: EYG*

⁸⁷ *Member Bodies and Other Professional Organizations: SAICA*

⁸⁸ *National Standard Setters: NZAuASB; Accounting Firms: CHI, GTI*

18. One respondent⁸⁹ was concerned with the notion in the ITC that the EP needs to be “hands-on”, yet it is possible for the EP not to be located where the majority of the audit work is performed.

Signing the Auditor’s Report and Other Individuals Named Therein

19. Only two regulators and oversight authorities commented on these proposals. One regulator⁹⁰ indicated that the ISAs should require the EP to sign the auditor’s report as a formal acknowledgement of the EP’s responsibility for the direction, supervision and performance of the audit engagement. However, another regulator⁹¹ was not supportive of the proposals regarding the signature of the auditor’s report and clarifying the expected performance requirements for individuals other than the EP who sign or who are named in the auditor’s report, as it could diminish the responsibility of the EP.
20. Respondents across all stakeholder groups,⁹² in general, did not support the proposed actions relating to more explicitly addressing the signing of the auditor’s report in the ISAs or clarifying the expected performance requirements for individuals other than EP who are named therein, since it was believed that this is a jurisdictional, and sometimes complex, issue that should not be addressed at an international level. However, there were other views provided as follows:
- Respondents supported the following:
 - Clarity on who should sign the auditor’s report.⁹³
 - Clarity of the expected performance requirements for individuals other than the EP who are named in the auditor’s report.⁹⁴
 - Application material highlighting that the person signing the report must conclude that there is sufficient and appropriate evidence to do so.⁹⁵
 - Clarity in the auditor’s report on the roles performed by those mentioned in the report.⁹⁶
 - Other respondents⁹⁷ believed that more research is necessary to understand how extensive the instances of when others sign the auditor’s report are.
 - One respondent⁹⁸ believed that the individual responsible for signing the auditor’s report does not have sole responsibility for all aspects of audit quality on the engagement and that an individual other than the EP can sign the auditor’s report. Accordingly, this respondent

⁸⁹ *Individuals and Others:* DAHughes

⁹⁰ *Other Regulators and Oversight Authorities:* EBA

⁹¹ *Other Regulators and Oversight Authorities:* UKFRC

⁹² *National Standard Setters:* AUASB, CAASB, CNCC-CSOEC, IDW, JICPA, MAASB, NBA; *Accounting Firms:* EYG, GTI; *Member Bodies and Other Professional Organizations:* ACCA, AICPA, CAANZ, IBR-IRE, SAICA; *Individuals and Others:* SDeViney

⁹³ *Member Bodies and Other Professional Organizations:* FEE; *Accounting Firms:* CHI; *Member Bodies and Other Professional Organizations:* ICPAK

⁹⁴ *Member Bodies and Other Professional Organizations:* FEE; *Accounting Firms:* CHI, RSM

⁹⁵ *Member Bodies and Other Professional Organizations:* ICAEW

⁹⁶ *Accounting Firms:* KPMG

⁹⁷ *Member Bodies and Other Professional Organizations:* FEE, ICAS, KICPA, SMPC

⁹⁸ *Accounting Firms:* PWC

proposed a revision to the definition of EP and separately defining “signing partner,” together with application guidance that supports the interaction and responsibilities of the two roles.

21. Other respondents⁹⁹ also recommended clarifying the distinction between the EP and signing partner, however indicated that there needs to be emphasis on the EP’s responsibility for the audit.

Public Sector

22. Respondents¹⁰⁰ supported the action addressing the expected performance requirements for individuals other than the EP who sign or are named in the auditor’s report, as this issue is prevalent in the public sector, as well as further guidance concerning the role of the engagement leader throughout the engagement. However, respondents¹⁰¹ did not believe that the remaining actions proposed in the ITC were necessary to enhance audit quality in the public sector.

SMPs

23. Respondents¹⁰² were of the view that a more proactive, scalable and robust approach to the identification of risks to audit quality at the engagement level, and development of specific responses to address those risks, would be helpful for SMPs. Other respondents¹⁰³ had concerns on the applicability of the issues to SMPs and the effect of actions to address these issues, and believed that a building block approach is needed in revisions to ISA 220 to allow adaptability for SMPs.¹⁰⁴
24. Respondents¹⁰⁵ noted that the inclusion of an appendix in ISA 220 that indicates where the responsibilities of the EP are articulated within the requirements and application in the ISAs would be particularly helpful for SMPs.

Others Involved in the Audit

25. Regulators and oversight authorities did not comment extensively on the proposals in respect of others involved in the audit, with the following comments from respondents:
- The EP’s responsibility for the direction, supervision and review of the other auditor should be addressed.¹⁰⁶
 - The EP’s roles and responsibilities should be addressed, and the engagement team should assess the sufficiency and appropriateness of others involved in the audit.¹⁰⁷
 - An engagement level QMA would be a remedy for many of the issues highlighted in the ITC.¹⁰⁸

⁹⁹ *Member Bodies and Other Professional Organizations:* AICPA, IBRACON

¹⁰⁰ *Public Sector Organizations:* AGC, AGSA, INTOSAI

¹⁰¹ *Public Sector Organizations:* AGC, INTOSAI

¹⁰² *National Standard Setters:* HKICPA

¹⁰³ *Member Bodies and Other Professional Organizations:* EFAA, SMPC

¹⁰⁴ *Member Bodies and Other Professional Organizations:* EFAA

¹⁰⁵ *Member Bodies and Other Professional Organizations:* SMPC

¹⁰⁶ *Other Regulators and Oversight Authorities:* CPAB

¹⁰⁷ *Other Regulators and Oversight Authorities:* EBA, ESMA

¹⁰⁸ *Other Regulators and Oversight Authorities:* UKFRC

- Greater transparency in the auditor’s report about the involvement of others in the audit is useful, for example through explaining the scope whereby the auditor describes how the audit was planned and performed.¹⁰⁹ However, there was caution that this should not contradict the overall responsibility of the group auditor for the audit opinion, or create uncertainty in this regard.
 - The use of another auditor’s report as audit evidence in certain circumstances should not be allowed, as the group auditor’s conclusion is premised upon each of the judgments made by the group auditor throughout the audit and this would be contrary to the fundamental principle that the group engagement team should be appropriately involved in the work of component auditors.¹¹⁰ Furthermore, this respondent was concerned that it would promote limited access to working papers of components which would be not be in the public interest.
26. Other stakeholders mostly supported¹¹¹ including requirements or application material for circumstances when other auditors are involved in an audit engagement (i.e., auditors that don’t meet the definition of component auditors); certain respondents¹¹² were particularly supportive of application material. There was support for the following specific possible actions:
- Addressing the EP’s responsibility for the direction, supervision and review of the other auditor.¹¹³ Certain respondents¹¹⁴ specifically supported application material or guidance in this regard and others¹¹⁵ believed examples would be helpful.
 - Incorporating requirements and guidance regarding the assessment of professional competence and capabilities of other auditors.¹¹⁶
 - Incorporating requirements and guidance regarding evaluating the sufficiency and appropriateness of the work performed by other auditors.¹¹⁷
 - Consideration of the issues and concerns related to the involvement of auditor’s experts.¹¹⁸ A respondent¹¹⁹ indicated that there was not sufficient focus on this area in the ITC and addressing quality control over specialists and experts.

¹⁰⁹ *Other Regulators and Oversight Authorities:* CPAB

¹¹⁰ *Other Regulators and Oversight Authorities:* UKFRC

¹¹¹ *National Standard Setters:* JICPA, MAASB; *Accounting Firms:* BDO; *Public Sector Organizations:* AGC, AGSA, GAO, INTOSAI; *Member Bodies and Other Professional Organizations:* AICPA, CAANZ, IBR-IRE, ICAEW, ICAZ, ICPAK, KICPA

¹¹² *Member Bodies and Other Professional Organizations:* AICPA, CAANZ, ICAEW

¹¹³ *National Standard Setters:* AUASB, IDW, NZAuASB; *Accounting Firms:* BDO, GTI, RSM; *Public Sector Organizations:* AGSA; *Member Bodies and Other Professional Organizations:* CAANZ, ICAEW, SMPC; *Academics:* AAA

¹¹⁴ *National Standard Setters:* AUASB, IDW; *Accounting Firms:* RSM; *Member Bodies and Other Professional Organizations:* SMPC

¹¹⁵ *National Standard Setters:* NZAuASB

¹¹⁶ *Accounting Firms:* BDO, DTT, PWC; *Public Sector Organizations:* AGSA; *Member Bodies and Other Professional Organizations:* AICPA, ICAEW

¹¹⁷ *National Standard Setters:* HKICPA; *Accounting Firms:* BDO, DTT; *Public Sector Organizations:* AGSA; *Member Bodies and Other Professional Organizations:* AICPA, ICAEW

¹¹⁸ *National Standard Setters:* NZAuASB; *Accounting Firms:* BDO, CHI, GTI; *Public Sector Organizations:* AGSA; *Member Bodies and Other Professional Organizations:* ICAEW, KICPA

¹¹⁹ *National Standard Setters:* AUASB

27. However, other respondents¹²⁰ did not believe any actions to address others involved in the audit are necessary, or that the IAASB should focus on supporting the use of the ISAs since the fault lies with the application.¹²¹
28. There were also suggestions that ISA 600 could apply more holistically to others involved in the audit.¹²² A respondent¹²³ recommended that a separate standard be developed.
29. It was proposed that the ISAs should provide clarity regarding who is considered to be part of the engagement team, in order to address many of the issues identified.¹²⁴ It was also recommended that, in the context of supervision and review, consideration should be given to specialists and other non-auditors involved in the audit, including distinguishing between the use of “internal” versus “external” specialists or experts.¹²⁵
30. Respondents¹²⁶ indicated the need to consider the documentation requirements in relation to the work performed by other auditors, and the demonstration of direction and supervision.
31. There were mixed views from other stakeholder groups regarding the reliance on the report of another auditor and reference thereto in the auditor’s report:
 - Respondents¹²⁷ did not support proposals to allow the use of another auditor’s report as audit evidence in certain circumstances, or revisiting requirements that preclude the ability to make reference to the report of another auditor,¹²⁸ as they were concerned that it would dilute the group EP’s responsibility for the group audit which would also be contrary to regulation in certain jurisdictions, it could result in undue reliance on other auditors and it creates difficulties in cross-jurisdictional circumstances. Furthermore, respondents noted that where there are scope limitations, these are more appropriately addressed through existing mechanisms in the ISAs whereby the auditor’s opinion is appropriately modified.¹²⁹
 - Respondents¹³⁰ supported these proposed actions, believing it to be a better solution than declining the engagement (rendering the engagement “unauditable”) or issuing a modified or disclaimer of opinion due to a scope limitation (which in some jurisdictions is not accepted by regulators, securities exchanges etc.).

¹²⁰ *National Standard Setters: CAASB; Member Bodies and Other Professional Organizations: ACCA*

¹²¹ *Member Bodies and Other Professional Organizations: EFAA, FEE*

¹²² *National Standard Setters: AUASB, HKICPA; Accounting Firms: CHI; Member Bodies and Other Professional Organizations: CPAA*

¹²³ *Accounting Firms: PWC*

¹²⁴ *Accounting Firms: BDO, EYG*

¹²⁵ *Accounting Firms: DTT*

¹²⁶ *Accounting Firms: DTT*

¹²⁷ *National Standard Setters: CAASB; Accounting Firms: PWC; Member Bodies and Other Professional Organizations: ICAZ*

¹²⁸ *National Standard Setters: CAASB, HKICPA, IDW, JICPA, MAASB; Member Bodies and Other Professional Organizations: CPAA, FEE, ICAZ, SMPC*

¹²⁹ *National Standard Setters: IDW*

¹³⁰ *Accounting Firms: BDO, EYG, RSM; Member Bodies and Other Professional Organizations: AICPA, IBRACON, IBR-IRE, ICAEW, KICPA; Individuals and Others: DAHughes*

- Respondents¹³¹ indicated support for the proposal to allow the use of another auditor’s report as audit evidence in certain circumstances, with one indicating that such evidence may not be sufficient in and of itself and would need to be performed in conjunction with other procedures.
 - Respondents¹³² believed this proposal would need to be explored with care and that it should only apply in certain circumstances, which would be challenging to describe in the ISAs. This respondent also indicated that it will be important to explore and understand the consequences relating to an inappropriate group audit opinion, owing to an inappropriate audit opinion for an individual component(s).
32. Respondents from other stakeholder groups also had varying views regarding providing greater transparency in the auditor’s report about the involvement of others in the audit:
- Supporters¹³³ believed that it provides useful information to stakeholders, with one respondent¹³⁴ suggesting this could be in another form (i.e. other than the auditor’s report), or in the form of explaining the scope of the audit.¹³⁵
 - Non-supporters¹³⁶ believed that it could dilute the EP’s responsibility for the audit or it could be impracticable. It was noted that this matter was already considered by the IAASB in its revisions to the auditor’s report and therefore would be more appropriately considered as part of the post-implementation review on the new and revised auditor reporting standards.
33. Respondents mostly supported¹³⁷ consideration of certain responsibilities that are currently attributed to the “auditor” and whether these should be more specifically characterized as responsibilities of the EP or engagement team. However, others did not support¹³⁸ these proposed actions and a respondent¹³⁹ indicated that this would be equally applicable to the other ISAs and not just those suggested in the ITC.

¹³¹ *Accounting Firms:* GTI; *Public Sector Organizations:* AGC, AGSA, INTOSAI; *Member Bodies and Other Professional Organizations:* CAANZ

¹³² *Member Bodies and Other Professional Organizations:* SAICA

¹³³ *National Standard Setters:* JICPA, MAASB; *Accounting Firms:* BDO; *Member Bodies and Other Professional Organizations:* CPAA, FEE, IBRACON, IBR-IRE, ICAEW, ICAZ, ICPAK

¹³⁴ *National Standard Setters:* JICPA

¹³⁵ *Member Bodies and Other Professional Organizations:* ACCA, FEE, ICAS

¹³⁶ *National Standard Setters:* CNCC-CSOEC, IDW; *Accounting Firms:* EYG; *Public Sector Organizations:* AGSA; *Member Bodies and Other Professional Organizations:* AICPA, KICPA; *Academics:* AAA

¹³⁷ *National Standard Setters:* IDW, NZAuASB; *Accounting Firms:* BDO, PWC; *Member Bodies and Other Professional Organizations:* CPAA, ICAEW, KICPA

¹³⁸ *National Standard Setters:* JICPA; *Public Sector Organizations:* AGSA

¹³⁹ *Accounting Firms:* GTI

Group Audits

Note: The below summary of responses to the Group Audits section of the ITC is provided for context only as relevant context to changes that may be made in ISA 220. Specific consideration of ISA 600 issues will be presented to the IAASB in 2017.

Acceptance and Continuance of the Group Audit Engagement (Including Access Issues)

34. Investors, those charged with governance, preparers, academics and individuals did not specifically respond.
35. Regulators¹⁴⁰ who did respond supported the strengthening of the requirements for the acceptance and continuation of a group audit engagement. Support, in particular, was given to:
- Strengthening ISA 600 to include more clarity on the type of circumstances and appropriate response relating to access issues.
 - Linking the acceptance and continuance to the relevant requirements in other ISAs,¹⁴¹ including ISQC 1, ISA 220, ISA 210¹⁴² and ISA 705.¹⁴³ It was noted that greater prominence should be given in paragraph 6 of ISA 210 to the requirement for management to agree to pre-conditions for an audit, which include access to all information relevant for the [group] audit.
 - Additional guidance on assessing the competence of the component auditor (including clarifying that this does not differ in network / non-network situations)¹⁴⁴.
 - Including further considerations of how the group engagement team (GET) can be sufficiently involved in the work of the component auditor at the acceptance or continuance phase.
36. One regulator had the view that the introduction of a requirement for the group engagement partner to make an ‘explicit conclusion’ regarding fulfilling their responsibility relative to the audit engagement overall may not be possible.¹⁴⁵
37. National standard setter (NSS) and firms generally supported the possible actions set out in the ITC, with NSS focusing on application material or further guidance, but in relation to specific issues not more broadly (i.e., they did not support all of the possible actions set out in the ITC). Firms were supportive of the possible actions more broadly, but encouraged enhancements rather than more prescriptive requirements. Member bodies, where they responded, were general supportive of more guidance with limited agreement that more requirements should be developed,¹⁴⁶ with limited support for the proposals more generally.¹⁴⁷ There was also a caution that some, or all, of the issues may be application and implementation issues.¹⁴⁸ Investors generally supported an emphasis on access to reports.¹⁴⁹

¹⁴⁰ *Monitoring Group:* IOSCO; *Other Regulators and Audit Oversight Bodies:* UKFRC

¹⁴¹ *Monitoring Group:* IAIS; *Other Regulators and Audit Oversight Bodies:* EAIG, EBA

¹⁴² ISA 210, *Agreeing the Terms of Audit Engagements*

¹⁴³ ISA 705 (Revised), *Modifications to the Opinion in the Independent Auditor’s Report*

¹⁴⁴ For ease of reference in this paper, we refer to networks as firms with common policies and procedures.

¹⁴⁵ *Other Regulators and Audit Oversight Bodies:* UKFRC

¹⁴⁶ *Member Bodies and Other Professional Organizations:* EFAA, ICAZ

¹⁴⁷ *Member Bodies and Other Professional Organizations:* IBRACON, KICPA, WPK

¹⁴⁸ *Member Bodies and Other Professional Organizations:* FEE, IRE-IBR, ICAS, KICPA

¹⁴⁹ *Investors:* CalPERS

38. Areas focused on by NSS, firms and member bodies included:

- Access issues—there were strong calls for more guidance in this area, in particular in relation to non-controlled entities.¹⁵⁰ There was limited support for additional requirements, either to explore further how to drive earlier identification where there may be the inability to obtain sufficient appropriate audit evidence,¹⁵¹ or to strengthen the requirement for not accepting an engagement when there are access issues,¹⁵² while there was the view that the IAASB’s view to take action in this area was limited to providing guidance where such situations arose.¹⁵³ Others did not believe that additional requirements would necessarily address access issues.¹⁵⁴
- Obtaining a greater understanding of the entity and its environment before accepting an engagement, including additional guidance for those situations where component auditors have policies and procedures that are different from the GET—there was support for increasing the requirement to understand the entity and its environment,¹⁵⁵ while another cautioned against setting requirements that could have an inadvertent effect of precluding the appointment of an auditor.¹⁵⁶ Another NSS cautioned about the level of granularity of the required understanding, in particular talking into account that different jurisdictions may have privacy laws and regulations on some of this information.¹⁵⁷ Others noted that more application material may be helpful,¹⁵⁸ but in context of what can be expected at the acceptance stage versus what may be required for the risk assessment phase of the audit or may be discovered during the audit.¹⁵⁹ There was also a call for more related application material or guidance on understanding the impact of business, regulatory and cultural differences in different jurisdictions, in particular the impact of the pre-conditions for the audit as set out in ISA 210 in different jurisdictions.¹⁶⁰
- Stronger linkage back to the requirements in other ISAs—there was general support for strengthening the linkages,¹⁶¹ with one NSS noting that this should not be done through duplication of the requirements but rather through guidance. There were alternate views on linking back to ISQC 1, with one NSS noting that the linkage already existed,¹⁶² while others

¹⁵⁰ *National Standard Setters:* AUASB, CAASB, MAASB, NBA; *Accounting Firms:* CHI, DTT, EYG, GTI, PwC, RSM; *Member Bodies and Other Professional Organizations:* CPAA, ICAEW, KICPA

¹⁵¹ *Member Bodies and Other Professional Organizations:* SAICA

¹⁵² *National Standard Setters:* CAASB

¹⁵³ *Accounting Firms:* PwC; *Member Bodies and Other Professional Organizations:* IRE-IBR

¹⁵⁴ *Accounting Firms:* GTI; *Member Bodies and Other Professional Organizations:* AICPA

¹⁵⁵ *National Standard Setters:* CAASB

¹⁵⁶ *National Standard Setters:* MAASB; *Accounting Firms:* GTI, PwC

¹⁵⁷ *National Standard Setters:* CNCC-CSOEC; *Member Bodies and Other Professional Organizations:* FEE, IRE-IBR

¹⁵⁸ *Accounting Firms:* BDO, DTT; *Member Bodies and Other Professional Organizations:* CPAA, SAICA

¹⁵⁹ *National Standard Setters:* IDW, JICPA, MAASB, NBA; *Accounting Firms:* DTT, EYG; *Member Bodies and Other Professional Organizations:* CPAA, KICPA, SMPC

¹⁶⁰ *National Standard Setters:* CAASB, JICPA

¹⁶¹ *Investors:* CFA, IA, *Accounting Firms:* EYG, GTI, CHI; *Member Bodies and Other Professional Organizations:* ICAZ

¹⁶² *National Standard Setters:* CAASB

had the view that this would be helpful.¹⁶³ It was also noted that no strengthening of the standard would address certain practical issue, such as access where legal provisions preclude such access.¹⁶⁴ There was strong support across stakeholder groups for linking back to the pre-conditions for access to financial information set out in ISA 210.¹⁶⁵

- There was little support, where there was a response, to revising the requirements to place greater emphasis on the need for an explicit conclusion that the group EP or GET can fulfill their respective responsibilities relative to the engagement overall, including by one MG member (who noted that it should be more principles based rather than a binary decision).^{166,167} One firm agreed with the principle-based approach with respect to determining whether the group EP or GET had sufficient access to fulfill their responsibilities,¹⁶⁸ with one member body supporting the action to explore further.¹⁶⁹ Others did not support this.¹⁷⁰
- Limited support for further exploration of the ability of the auditor, where not prohibited by law or regulation, to refer to the report of another auditor in certain limited circumstances that primarily relate to access issues.¹⁷¹ Others do not support ‘division of responsibility.’¹⁷²
- One NSS noted that no further action was needed in this area.¹⁷³

39. In relation to access issues, not all respondents specifically answered whether changes to ISA 600 would address access issues. As noted above, there was an implicit indication that changes should be made, with a stronger steer for guidance rather than new requirements, while others either explicitly agreed¹⁷⁴ or disagreed¹⁷⁵ (as part of acceptance and continuance) with changes to ISA 600.

40. There was support for more in the ISAs on non-controlled entities.¹⁷⁶ One firm noted that dealing with access to financial information in non-controlled entities is not only an issue in group audit situations, but was applicable more broadly.¹⁷⁷ This firm recommended that any requirements and application material developed for situations where there are non-controlled entities should be in the ISAs more

¹⁶³ *National Standard Setters*: JICPA, MAASB; *Accounting Firms*: KPMG; *Member Bodies and Other Professional Organizations*: IBRACON, ICPAK, SAICA

¹⁶⁴ *National Standard Setters*: IDW

¹⁶⁵ *Other Regulators and Audit Oversight Bodies*: UKFRC; *National Standard Setters*: CAASB; CNCC-CSOEC, IDW, JICPA; *Member Bodies and Other Professional Organizations*: ICAZ, KICPA, SAICA

¹⁶⁶ *Other Regulators and Audit Oversight Bodies*: UK FRC; *National Standard Setters*: CAASB; *Accounting Firms*: BDO; *Member Bodies and Other Professional Organizations*: FEE,

¹⁶⁷ *Monitoring Group*: IOSCO

¹⁶⁸ *Accounting Firms*: DTT

¹⁶⁹ *Member Bodies and Other Professional Organizations*: KICPA

¹⁷⁰ *National Standard Setters*: IDW

¹⁷¹ *Accounting Firms*: EYG; *Member Bodies and Other Professional Organizations*: ACCA

¹⁷² *Accounting Firms*: PwC

¹⁷³ *National Standard Setters*: NZAuASB

¹⁷⁴ *National Standard Setters*: JICPA; *Accounting Firms*: CHI

¹⁷⁵ *Accounting Firms*: EYG; *NSS*: CNCC-CSOEC, NBA, *Member Bodies and Other Professional Organizations*: KICPA

¹⁷⁶ *National Standard Setters*: AUASB; *Accounting Firms*: CHI, EYG, PwC; *Member Bodies and Other Professional Organizations*: SAICA

¹⁷⁷ *Accounting Firms*: EYG

generally and not in ISA 600. One member body also agreed that requirements and guidance in respect of non-controlled entities should be presented separately within ISA 600.¹⁷⁸

41. SMPs were supportive of more guidance in complex situations, but had the view that the relevant specific situations could be addressed through examples in non-authoritative material.¹⁷⁹
42. With regard to public sector, they urged that further public sector specific guidance be developed as they were not in the position to decline or discontinue an audit, but on context of the other requirements and guidance currently in the ISAs.¹⁸⁰
43. Other areas where it was expressed that there is a need for more guidance included:
 - Extent of involvement necessary to be able to serve as the EP.¹⁸¹
 - Consideration of the quality of information on which acceptance and continuance decisions are made.¹⁸²
44. It was noted, across stakeholder groups and across jurisdictions, that access issues are still being experienced (and therefore that more guidance is needed (see above)), in particular in situations where there are non-controlled entities or in specific jurisdictions.

Communication Between the GET and Component Auditors

45. Investors, those charged with governance, preparers, academics and individuals did not specifically respond.
46. Regulators noted that two-way communication between the GET and component partners are important for high-quality audits,¹⁸³ and that the requirements for this should be explicit.¹⁸⁴ It was noted that this communication should be a two way-dialogue throughout the audit process as the GET plans, reviews and assesses the work of the component auditor.¹⁸⁵ In addition, it was emphasized that:
 - The requirements for documenting the communication should be strengthened.¹⁸⁶
 - This communication should be more than the GET sending an instruction letter and the component auditor issuing a clearance memo detailing what was done.¹⁸⁷
 - Communications in situations where an EP is no located where the majority of the audit work is performed needs to be strengthened.¹⁸⁸

¹⁷⁸ *Member Bodies and Other Professional Organizations: FEE*

¹⁷⁹ *Member Bodies and Other Professional Organizations: SMPC*

¹⁸⁰ *Public Sector Organizations: AGC, AGSA, GAO, INTOSAI*

¹⁸¹ *Member Bodies and Other Professional Organizations: AICPA*

¹⁸² *Member Bodies and Other Professional Organizations: ICAEW*

¹⁸³ *Monitoring Group: BCBS, IAIS, IOSCO; Other Regulators and Audit Oversight Bodies EBA, ESMA, IRBA, UKFRC*

¹⁸⁴ *Monitoring Group: BCBS*

¹⁸⁵ *Monitoring Group: IAIS, IFIAR, IOSCO; Other Regulators and Audit Oversight Bodies: UKFRC*

¹⁸⁶ *Monitoring Group: IOSCO; Other Regulators and Audit Oversight Bodies IRBA*

¹⁸⁷ *Monitoring Group: IAIS*

¹⁸⁸ *Monitoring Group: IOSCO*

- Further consideration be given to:
 - The required communications among component auditors.¹⁸⁹
 - A specific requirement for communication about fraud risk considerations by the component auditor,¹⁹⁰ as well as the nature, scope and objectives of the component's work, the respective roles and responsibilities of the component auditor and GET, the nature, timing and extent of communication between the component auditor and GET, and other specific matters that the GET believe should be addressed.¹⁹¹
47. Two MG members noted that communications regarding non-compliance with laws and regulations (NOCLAR) would need to be strengthened.¹⁹²
48. There was support for clarifying the communications between the component auditor and the GET,¹⁹³ in particular for SMPs.¹⁹⁴ It was emphasized that this should be a two-way communication throughout the audit,¹⁹⁵ but there were mixed views on whether this should be through requirements or application material.¹⁹⁶ The need for documentation of significant communications between the GET and component auditors was also highlighted,¹⁹⁷ although other respondents noted that the documentation requirements in ISA 230 are robust enough to address this¹⁹⁸ with the suggestion that additional guidance about how to apply this would be useful. There was also mixed views on whether communication throughout the audit process needed to be addressed,¹⁹⁹ with views that some of the communications issues were largely related to the evaluation of the component's work, and that this would be addressed through changes in that area, or specifically focusing on communications at that stage of the group audit.²⁰⁰
49. There were mixed views about the possible action to revise paragraph 48 of ISA 600 relating to NOCLAR, those not supporting because laws and regulations around information was different in various jurisdictions and it was adequately covered in that paragraph,²⁰¹ while those supporting noted

¹⁸⁹ *Monitoring Group:* IOSCO

¹⁹⁰ *Monitoring Group:* IOSCO

¹⁹¹ *Other Regulators and Audit Oversight Bodies:* UKFRC

¹⁹² *Monitoring Group:* IFIAR, IOSCO

¹⁹³ *Investors:* CalPERS; *National Standard Setters:* AUASB, IDW, MAASB; *Accounting Firms:* BDO, CHI, DTT, EYG, GTI, KPMG, PwC, RSM; *Public Sector Organizations:* AGC, GAO; *Member Bodies and Other Professional Organizations:* AICPA, EFAA, FEE, IBRACON, IRE-IBR, ICAEW, ICAZ, ICPAK, ISCA, KICPA, SAICA, SMPC

¹⁹⁴ *Member Bodies and Other Professional Organizations:* CPAA

¹⁹⁵ *National Standard Setters:* CAASB; *Member Bodies and Other Professional Organizations:* EFAA, FEE, IBRACON, ICAEW, SMPC

¹⁹⁶ *National Standard Setters:* IDW, JICPA, MAASB; *Accounting Firms:* EYG; *Member Bodies and Other Professional Organizations:* AICPA, CAANZ, FEE, ICPAK, KICPA

¹⁹⁷ *National Standard Setters:* CAASB, IDW; *Accounting Firms:* DTT; *Public Sector Organizations:* AGSA; *Member Bodies and Other Professional Organizations:* ICAZ, SAICA, SMPC

¹⁹⁸ *National Standard Setters:* CNCC-CSOEC, MAASB; *Member Bodies and Other Professional Organizations:* FEE, IRE-IBR

¹⁹⁹ *Member Bodies and Other Professional Organizations:* AICPA

²⁰⁰ *Accounting Firms:* PwC

²⁰¹ *Other Regulators and Audit Oversight Bodies:* ESMA; *National Standard Setters:* CAASB, CNCC-CSOEC, IDW; *Public Sector:* AGSA; *Member Bodies and Other Professional Organizations:* KICPA

that this was needed in light of the changes from the International Ethics Standards Board for Accountants (IESBA).²⁰²

50. Areas where it was specifically noted that communication requirements should be addressed or changes should be made include:
- Where there are continuing disclosure requirements (i.e., for listed entities).²⁰³
 - Clarifying what is meant by ‘timely.’²⁰⁴
 - Considering communications in respect of SSC.²⁰⁵
 - Considerations around the accounting framework of the component auditor, to ensure appropriate communication around accounting policies, manuals or frameworks etc.²⁰⁶
 - Exploring the form, content and frequency of the communications in varying circumstances,²⁰⁷ and also no written communications.²⁰⁸
51. There was support for clarifying the role of component auditors, through requirements and guidance, but in ISA 600 and not a separate standard.²⁰⁹ Those that supported development of a new standard noted that it may help clarify the specific role and responsibilities of the component auditor,²¹⁰ including how the work performed for group purposes can be leveraged for purposes of a statutory purpose.²¹¹ It was also noted that a separate standard may be beneficial for SMPs.²¹²
52. It has been noted by SMPs that ISA 600 does not effectively address two-way communication, for example group instructions may not be appropriately tailored for components whose circumstances may be different.²¹³ One NSS noted that this was an implementation issue for SMPs.²¹⁴ However, views have been expressed that a separate standard for components would not necessarily address this, however, there was support for further consideration of requirements and guidance within ISA 600 for component auditors.²¹⁵ Respondents who did support a separate standard noted that this would be helpful in focusing the GET on their role and responsibilities (in ISA 600) component auditors on their roles and responsibilities.²¹⁶

²⁰² *Accounting Firms: EYG, PwC; Member Bodies and Other Professional Organizations: SMPC*

²⁰³ *National Standard Setters: AUASB*

²⁰⁴ *Member Bodies and Other Professional Organizations: SMPC*

²⁰⁵ *National Standard Setters: MAASB; Accounting Firms: DTT, PwC*

²⁰⁶ *Accounting Firms: PwC; Member Bodies and Other Professional Organizations: CPAA*

²⁰⁷ *Accounting Firms: DTT, EYG*

²⁰⁸ *Member Bodies and Other Professional Organizations: ACCA*

²⁰⁹ *Monitoring Group: IOSCO; Other Regulators and Audit Oversight Bodies: IRBA; National Standard Setters: AUASB, CAASB, NZAuASB; Accounting Firms: DTT, EYG, KPMG, RSM; Public Sector Organizations: AGC, GAO; Member Bodies and Other Professional Organizations: AICPA, CPAA, ICAEW, KICPA*

²¹⁰ *Monitoring Group: IAIS; Accounting Firms: CHI; Member Bodies and Other Professional Organizations: SAICA*

²¹¹ *Accounting Firms: PwC*

²¹² *Accounting Firms: CHI*

²¹³ *Other Regulators and Audit Oversight Bodies: UKFRC*

²¹⁴ *National Standard Setters: CNCC-CSOEC*

²¹⁵ *Other Regulators and Audit Oversight Bodies: UKFRC*

²¹⁶ *Accounting Firms: BDO*

List of Respondents to the ITC

Note: Members of the Monitoring Group are shown in bold below.

#	Abbrev.	Respondent (87)	Region
Investors and Analysts (7)			
1.	CalPERS	California Public Employees' Retirement System	NA
2.	CalSTRS	California State Teachers' Retirement System	NA
3.	CFA	CFA Institute	GLOBAL
4.	IA	The Investment Association	EU
5.	ICGN	International Corporate Governance Network	GLOBAL
6.	NZSA	New Zealand Shareholders Association	AP
7.	SAAJ	The Securities Analysts Association of Japan	AP
Those Charged with Governance (1)			
8.	AICD	The Australian Institute of Company Directors	AP
Regulators and Audit Oversight Authorities (12)			
9.	BCBS	Basel Committee on Banking Supervision	GLOBAL
10.	CPAB	Canadian Public Accountability Board	NA
11.	EAIG	European Audit Inspection Group (21 European Audit Regulators)	EU
12.	EBA	European Banking Authority	EU
13.	ESMA	European Securities and Markets Authority	EU
14.	H3C	Haut conseil du commissariat aux comptes	EU
15.	IAIS	International Association of Insurance Supervisors	GLOBAL
16.	IFIAR	International Forum of Independent Audit Regulators	GLOBAL
17.	IOSCO	International Organization of Securities Commissions	GLOBAL
18.	IRBA	Independent Regulatory Board for Auditors (South Africa)	MEA
19.	MAOB	Securities Commission of Malaysia - Audit Oversight Board	AP
20.	UKFRC	Financial Reporting Council – UK	EU
National Standard Setters (9)			
21.	AUASB	Australian Auditing and Assurance Standards Board	AP
22.	CAASB	Canadian Auditing and Assurance Standards Board	NA
23.	CNCC- CSOEC	Compagnie Nationale des Commissaires aux Comptes and the Conseil Supérieur de l'Ordre des Experts-Comptables	EU
24.	HKICPA	Hong Kong Institute of Certified Public Accountants	AP

#	Abbrev.	Respondent (87)	Region
25.	IDW	Institut der Wirtschaftspruefer	EU
26.	JICPA	The Japanese Institute of Certified Public Accountants	AP
27.	MAASB	Auditing and Assurance Standards Board of Malaysian Institute of Accountants	AP
28.	NBA	Nederlandse Beroepsorganisatie van Accountants (Royal NBA)	EU
29.	NZAuASB	New Zealand Auditing and Assurance Standards Board	AP
Accounting Firms (10)			
30.	BDO	BDO International Limited	GLOBAL
31.	CHI	Crowe Horwath International	GLOBAL
32.	DTT	Deloitte Touche Tohmatsu Limited	GLOBAL
33.	EYG	Ernst & Young Global Limited	GLOBAL
34.	GTI	Grant Thornton International Ltd	GLOBAL
35.	KPMG	KPMG IFRG Limited (Network)	GLOBAL
36.	PWC	PricewaterhouseCoopers International Limited	GLOBAL
37.	RBI	Russell Bedford International	GLOBAL
38.	RSM	RSM International	GLOBAL
39.	SRA	SRA (Samenwerkende Register Accountants) (Netherlands Network)	EU
Public Sector Organizations (4)			
40.	AGC	Auditor General Canada	NA
41.	AGSA	Auditor General South Africa	MEA
42.	GAO	United States Government Accountability Office	NA
43.	INTOSAI	Financial Audit Subcommittee of INTOSAI	MEA
Preparers of Financial Statements (1)			
44.	PAIB	IFAC Professional Accountants in Business Committee	GLOBAL
Member Bodies and Other Professional Organizations (32)			
45.	AAT	Association of Accounting Technicians	GLOBAL
46.	ACCA	Association of Chartered Certified Accountants	GLOBAL
47.	AIC	Asociación Interamericana de Contabilidad	SA
48.	AICPA	The American Institute of Certified Public Accountants	NA
49.	APESB	Accounting Professional & Ethical Standards Board Limited	AP
50.	CAANZ	Chartered Accountants Australia and New Zealand	AP
51.	CAI	Chartered Accountants Ireland – Audit and Assurance Committee	EU
52.	CAQ	Center for Audit Quality	NA

#	Abbrev.	Respondent (87)	Region
53.	CIIPA	Cayman Islands Institute of Professional Accountants	NA
54.	CIMA	Chartered Institute of Management Accountants	GLOBAL
55.	CPAA	CPA Australia	AP
56.	DnR	Den norske Revisorforening (DnR) – Norwegian Institute of Public Accountants	EU
57.	EFAA	European Federation of Accountants and Auditors for SMEs	EU
58.	FACPCE	Federación Argentina de Consejos Profesionales de Ciencias Económicas (Argentine Federation of Professionals Councils of Economic Sciences)	SA
59.	FEE	Fédération des Experts comptables Européens - Federation of European Accountants	EU
60.	FSR	Foreningen af Statsautoriserede Revisorer (Danish Institute of Accountants)	EU
61.	IBA	International Bar Association – Capital Markets Forum	GLOBAL
62.	IBRACON	Instituto dos Auditores Independentes do Brasil	SA
63.	IRE-IBR	Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren	EU
64.	ICAEW	Institute of Chartered Accountants in England and Wales	EU
65.	ICAP	Institute of Chartered Accountants of Pakistan	AP
66.	ICAS	Institute of Chartered Accountants of Scotland	EU
67.	ICAZ	Institute of Chartered Accountants of Zimbabwe	MEA
68.	ICPAK	Institute of Certified Public Accountants of Kenya	MEA
69.	ICPAU	Institute of Certified Public Accountants of Uganda	MEA
70.	INCPC	Instituto Nacional de Contadores Públicos de Colombia	SA
71.	ISCA	Institute of Singapore Chartered Accountants	AP
72.	KICPA	Korean Institute of Certified Public Accountants	AP
73.	MICPA	The Malaysian Institute of Certified Public Accountants	AP
74.	SAICA	South African Institute of Chartered Accountants	MEA
75.	SMPC	IFAC Small and Medium Practices Committee	GLOBAL
76.	WPK	The Wirtschaftsprüferkammer	EU
Academics (4)			
77.	AAA	American Accounting Association – Auditing Section	NA
78.	AH	Andrew Higson	EU
79.	Glover-Prawitt	Professors Steven Glover and Douglas Prawitt - Brigham Young University	NA

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#	Abbrev.	Respondent (87)	Region
80.	TRay	Thomas Ray	NA
Individuals and Others (7)			
81.	CBarnard	Chris Barnard	EU
82.	CK	Constance Kawelenga (ZUVA)	MEA
83.	DAHughes	Dianne Azoor Hughes	AP
84.	JGrant	JEC Grant	EU
85.	JK	John Kelly	NA
86.	KKTuraga	Krishna Kumar Turaga	AP
87.	SDeViney	Scott DeViney, CPA	NA