

Quality Management: Elements¹ and the Quality Management Process

Objective of the IAASB Discussion

The objective of this Agenda Item is to obtain the IAASB's input on the Quality Control Task Force's² (QCTF) proposals in relation to the quality objectives, quality risks and responses to the quality risks that will be prescribed in ISQC 1,³ in particular:

- The granularity of the proposed prescribed quality objectives and quality risks and the extent to which the extant requirements are retained in their current form;
- How the elements of extant ISQC 1 would be incorporated within the quality management process (QMP) of revised ISQC 1; and
- How the proposals in relation to the QMP in revised ISQC 1 would be reflected in revised ISA 220.^{4 5}

*Note - The QCTF is not, at this stage, seeking the IAASB's views on specific drafting of the prescribed quality objectives and quality risks set out in the accompanying **Agenda Item 1-B**.*

Introduction

1. In June 2017, the QCTF presented its recommendations on the proposed revisions to ISQC 1 in response to previous discussions with the IAASB and the CAG, as well as to further address responses to the Invitation to Comment.⁶ The June 2017 recommendations included proposals relating to:
 - (a) Governance and leadership, including organization, culture and strategy;
 - (b) Information and communication (excluding documentation); and
 - (c) The QMP, including monitoring and remediation.
2. The proposals of the QCTF were accompanied by a working draft of revised ISQC 1 (see [Agenda Item 2-B](#) of the June 2017 IAASB meeting) and the proposed prescribed quality objectives, quality risks, and responses that form part of the QMP (see [Agenda Item 2-C](#) of the June 2017 IAASB meeting).

¹ Elements refers to the following elements in extant ISQC 1: (i) relevant ethical requirements, (ii) acceptance and continuance of client relationships and specific engagements, (iii) human resources, and (iv) engagement performance.

² The QCTF comprises Karin French (Chair of the QCTF), Bob Dohrer, Brendan Murtagh, Imran Vanker, Josephine Jackson, and Denise Weber. The project page is available at: [Quality Control at Firm Level – ISQC 1](#).

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

⁴ ISA 220, *Quality Control for an Audit of Financial Statements*

⁵ These proposals have been informed by discussions of the ISA 220 Drafting Team, and are discussed in the "Quality Management at the Engagement Level" section below. The input from the IAASB on this paper will also be used by the ISA 220 Task Force.

⁶ Invitation to Comment (ITC), *Enhancing Audit Quality: A Focus on Professional Skepticism, Quality Control and Group Audits*

3. The June 2017 Issues Paper (see [Agenda Item 2–A](#) of the June 2017 IAASB meeting) emphasized the views of respondents to the ITC regarding the importance of retaining the robustness of ISQC 1, but at the same time enhancing the standard to allow for a more scalable application to cater for firms of all sizes. The June 2017 Issues Paper noted that this would be achieved through various mechanisms, including the QMP, since the new approach to managing quality would:
 - (a) Require firms to think about the relevant quality objectives and quality risks based on the firm's circumstances and environment, and identify responses that are targeted to address such risks;
 - (b) Focus firms on areas of quality risk and areas where improvement is needed; and
 - (c) Encourage firms to respond on a periodic and ongoing basis to changes in the firm's circumstances or other information relevant to the firm's system of quality management.

The QCTF's June 2017 proposals also indicated that the robustness of extant ISQC 1 would be retained through converting the existing requirements in ISQC 1 into prescribed quality risks and responses that would form part of the QMP in revised ISQC 1.

4. As a result, it was proposed that ISQC 1 would include the following in relation to the QMP:
 - (a) Prescribed quality objectives applicable to all firms, although more granular quality objectives or additional quality objectives may need to be established because of the firm's circumstances, including the nature of engagements performed by the firm.
 - (b) Prescribed quality risks applicable to all firms, and the firm would also be required to identify additional and/or more granular quality risks based on the firm's circumstances, including the nature of engagements performed by the firm.
 - (c) Prescribed responses to the quality risks applicable to all firms, however, these responses would not necessarily fully address the prescribed risks and therefore the firm would be required to design and implement additional responses to address the prescribed risks. The firm would also be required to design and implement responses to address any additional quality risks identified by the firm.
5. The QCTF also proposed in June 2017 that the categorization of the prescribed quality objectives, quality risks, and responses according to the "elements" in extant ISQC 1 would not be retained since:
 - (a) In some cases, there are quality risks and responses that relate to many elements. For example, the prescribed quality risks and responses in relation to compliance with relevant ethical requirements apply to the elements "relevant ethical requirements", "acceptance and continuance of client relationships and specific engagements" and "engagement performance".
 - (b) The categorization into "elements" could inadvertently discourage firms from considering quality risks and responses that may exist outside of these elements, and therefore could create an unnecessary obstacle for firms in properly identifying the quality risks and responses.
6. Below is a selected extract of the draft IAASB June 2017 meeting minutes.

Selected Extracts from Draft IAASB June 2017 Meeting Minutes:⁷

ROBUSTNESS AND SCALABILITY

In relation to the robustness and scalability of ISQC 1, the IAASB:

- Noted that the question of whether the robustness has been retained depends on whether the proposals address the underlying issues that the project aims to address.
- Expressed varying views about the extent to which the requirements in extant ISQC 1 should be retained, noting that the proposals appear substantial and overwhelming.
- Encouraged the QCTF to further explore how to address the concerns of small- and medium-sized practices (SMPs), and suggested introducing more conditional requirements or clarifying how a system of quality management applies to SMPs.

QMP

The IAASB were overall supportive of the direction suggested by the QCTF in relation to the QMP and encouraged the QCTF to continue to develop visual mechanisms to support an understanding of the QMP.

The IAASB also:

- Encouraged the QCTF to seek a better balance on the level of specificity across the prescribed quality objectives, quality risks and responses. However, the IAASB had varying views regarding the appropriate level of specificity, with some indicating that too much prescription and specificity is unwieldy and could drive a checklist-based approach, while others noting that specificity is needed to support a clear and consistent understanding of the expectations in relation to a firm's system of quality management.
- Encouraged the QCTF to explore how the concepts of the elements in extant ISQC 1 could be retained in the revised format.
- Recommended clarifying how firms establish quality objectives in addition to the prescribed quality objectives set out in the standard, for example, by including a framework in the standard to guide firms in doing so.
- Questioned how the proposals would operate in the circumstance of a network of firms.
- Expressed uncertainty regarding the "threshold" in the proposed requirements related to the identification and assessment of quality risks, including the relationship between deficiencies, reasonable assurance and the identification of quality risks.
- Noted the complexity of the requirements in relation to the firm's responsibility to identify quality risks and design responses in addition to those prescribed in the Standard.
- Suggested that the prescribed quality objectives reference to the quality of professional judgments at the engagement level and the processes needed to support the professional judgments.
- Supported the use of the term "policies or procedures" throughout revised ISQC 1.
- Noted the importance of the documentation in relation to the QMP.

⁷ The minutes of the June 2017 meeting will be approved at the IAASB's September 2017 meeting. The extract presented here covers only the matters relevant to the topic of the August 1st, 2017 teleconference, and may change prior to approval.

- Encouraged the QCTF to coordinate further with the ISA 220 TF in exploring how to improve the linkage between revised ISQC 1 and quality management at an engagement level.

IAASB CAG CHAIR'S REMARKS (Extract relevant to topic for discussion)

Mr. Dalkin...indicated his preference for principles-based requirements that support scalability.

PIOB OBSERVER REMARKS (Extract relevant to topic for discussion)

...Mr. van Hulle further indicated his support for a principles-based approach, further outreach and a continued focus on the objective of the project, i.e., to enhance audit quality...

Quality Management Process

Overall Approach to Establishing Quality Objectives, Identifying Quality Risks and Designing and Implementing Responses

7. The QCTF noted the IAASB's support for the overall direction, however the QCTF recognized the IAASB's views that the proposals in relation to the QMP needed further clarification and simplification. For example, it was not clear in the proposals that the firm would always be required to design responses, in addition to the prescribed responses, since the prescribed responses would not fully address all of the prescribed quality risks.
8. Accordingly, the QCTF debated how the requirements could be simplified to facilitate an understanding of the principles, while keeping the essence of the requirements in extant ISQC 1 with respect to the prescribed quality risks and responses. As a result, the QCTF proposes the following with respect to the QMP, as it relates to the quality objectives, quality risks and responses:

(a) *Establish quality objectives:*

The firm would be required to establish quality objectives that must include the prescribed quality objectives set out in revised ISQC 1. More granular quality objectives could be established by the firm that would be based on the prescribed quality objectives. Such quality objectives would be tailored to the firm's circumstances, including the nature of engagements it performs and the firm's governance principles, in order to facilitate the firm's identification and assessment of quality risks. For example, the firm may establish more granular quality objectives in relation to different types of engagements performed by the firm. Furthermore, there would be nothing precluding the firm from identifying additional quality objectives.

(b) *Identify and assess quality risks:*

The firm would be required to identify quality risks in relation to the quality objectives. The quality risks identified by the firm would be based on the circumstances of the firm and the nature of engagements it performs, however, the quality risks would need to include the prescribed quality risks set out in revised ISQC 1. The prescribed quality risks would be derived from the requirements in extant ISQC 1 (see further discussion in paragraphs 13–19 below). Since the quality risks are based on the circumstances of the firm, including the nature of engagements it performs, it would generally be expected that the firm identifies quality risks that are additional to, or more granular than, the prescribed quality risks.

(c) *Design and implement responses to the quality risks:*

The firm would be required to design and implement responses to the quality risks. Revised ISQC 1 would not prescribe responses to the quality risks, with a few exceptions, for example, the firm would be required to perform an engagement quality control review for certain engagements, as prescribed by ISQC 1.

9. The QCTF is of the view that this approach is simpler and more appropriate than that proposed in June 2017, since it would:
 - (a) Eliminate possible confusion regarding the responses to the quality risks and the extent to which prescribed responses address, or do not address, prescribed quality risks;
 - (b) Add more flexibility for firms in designing responses to the quality risks, which enhances the scalability of the standard and therefore address concerns of a variety of stakeholders, in particular small and medium sized practices; and
 - (c) Result in more effective responses to the quality risks as the firm would be required to determine appropriate responses to the quality risks, based on the firm's circumstances, including the nature of the engagements the firm performs.

Quality Objectives

10. The QCTF noted the views of the IAASB that the elements of extant ISQC 1 should be retained in the standard, since firms are familiar with the elements and their inclusion may assist firms in navigating the standard, identifying quality risks and designing responses to the quality risks.
11. The QCTF considered how the elements could therefore be retained within the structure of revised ISQC 1, noting that the quality risks may relate to multiple elements and that it would create difficulty in categorizing the quality risks (see paragraph 5(a) above). The QCTF also noted the IAASB's suggestion to further enhance the existing elements, in order to capture aspects of quality management that are not reflected in the extant elements, for example, the element "Human Resources" needs to encompass a broader range of resources. The QCTF observed that the quality objectives are reflective of each of the elements, and therefore this would be a useful way to retain the concepts of the elements, i.e., the elements would be included in the quality objectives instead of creating discrete sections in revised ISQC 1 to address them. The QCTF agreed that the quality objectives would not be standalone, since there are attributes of the quality objectives that overlap, for example, the quality objective in relation to the firm and its personnel managing quality at the engagement level overlaps with the quality objective in relation to the firm and its personnel fulfilling relevant ethical requirements. The proposed quality objectives are set out in **Agenda Item 1-B**, which more explicitly reflect the elements in extant ISQC 1 and address the IAASB's June 2017 feedback, as well as further deliberations of the QCTF.

Quality Risks

12. The QCTF recognized concerns from the IAASB regarding the complexity and volume of the June 2017 proposals in relation to the QMP, as well as varying views regarding the extent to which the requirements in extant ISQC 1 should be retained. In its previous discussions with the IAASB, the QCTF had proposed that the extant requirements would be retained by converting them to quality risks and responses. As highlighted above, the new proposal is that the firm identifies quality risks that shall include the prescribed quality risks, which are based on the extant requirements (i.e., with

a few exceptions,⁸ the extant requirements would no longer be converted to prescribed responses as proposed in June 2017). Accordingly, the QCTF debated how the extant requirements should be converted into prescribed quality risks.

13. The QCTF noted that the level of granularity of the extant requirements in ISQC 1 across the various elements is inconsistent, and when brought into the revised ISQC 1 in the form of quality risks, results in unbalanced requirements. For example, the requirements in extant ISQC 1 related to independence are more granular and specific than the requirements in relation to human resources. The QCTF therefore proposes that in revising the extant requirements, the prescribed quality risks should be adjusted to a more consistent level of specificity in order that the requirements of the standard are better balanced across the various elements.
14. The QCTF considered whether a consistent level of specificity across the various elements could be achieved through elaborating the requirements in extant ISQC 1 that are not very specific (e.g., human resources), to a level that is consistent with other requirements. However, the QCTF concluded that this would not be appropriate for the following reasons:
 - (a) Specific and granular quality risks may drive a “checklist-based” approach by firms that is contrary to the principles of a quality management approach. This may result in firms not changing their behavior to properly identify and assess quality risks and design the most appropriate responses according to the firm’s circumstances and the engagements performed by the firm, which could jeopardize the success of this project.
 - (b) This approach could increase the risk of an error or omission within the quality risks, which was a concern raised by respondents to the ITC, i.e., the more specific the quality risks, the higher the likelihood of there being gaps in the standard.
 - (c) Elaborating the requirements would add excessive volume and complexity to the standard.
15. In determining a consistent level of specificity, the QCTF observed that each of the elements in extant ISQC 1 has an overarching requirement that is in some cases supported by more specific requirements. For example, the requirements in paragraphs 21–25 that deal specifically with independence support an overarching requirement, or principle, in paragraph 20 regarding compliance with relevant ethical requirements.
16. Given that the elements in extant ISQC 1 would be addressed by the prescribed quality objectives, the QCTF proposes that the quality risks reflect each of the quality objectives. This approach would ensure that the elements in extant ISQC 1 are also reflected in the quality risks. The quality risks would be sufficiently specific to reflect the requirements in extant ISQC 1, however would not be overly specific such that the quality risks become unwieldy or likely result in a checklist-based approach. This approach would require more specificity than extant ISQC 1 in relation to certain elements (e.g., human resources) and less specificity than extant in relation to other elements (e.g., relevant ethical requirements). As proposed, the firm would still have a responsibility to identify quality risks relevant to the firm’s circumstances, including the nature of engagements performed by the firm, which would drive more specificity at a firm level.
17. **Agenda Item 1–B** includes the QCTF’s proposals regarding the prescribed quality risks, that have been established at a level of specificity that the QCTF considers appropriate. As indicated in **Agenda**

⁸ The QCTF will continue to deliberate the prescribed responses. To date, the QCTF has identified that the following prescribed responses may need to be included in ISQC 1: (i) the requirement for certain engagements to be subject to an engagement quality control review; and (ii) the requirement for the firm to obtain an annual independence confirmation from personnel.

Item 1–B, the prescribed quality risks have been linked to the quality objectives. The application material would be enhanced to further elaborate the quality risks, particularly those prescribed quality risks that are less specific than the extant requirements. It is noted that not all quality risks have been fully considered by the QCTF and will be the subject of further deliberations. **Agenda Item 1–C** includes a comparison of the extant requirements in ISQC 1 related to the elements and the proposed prescribed quality risks included in Agenda Item 1–B.

18. In developing the prescribed quality risks set out in **Agenda Item 1–B**, the QCTF considered whether the robustness of ISQC 1 has been retained. The QCTF noted the views of the IAASB related to the robustness of the standard, in particular that the robustness of the changes to ISQC 1 depend on the underlying issues that the project aims to address. The ultimate objective of this project is to enhance engagement quality through improving firms' systems of quality management. The expectation is that this would be achieved through a change in approach and firm behavior, i.e., a quality management approach that encourages firms to proactively manage quality. Accordingly, in order to enhance the robustness of ISQC 1 such that this objective is met, a change in the focus of the requirements is needed, i.e., less focus on prescriptive requirements that aim to achieve consistency across firms, and more focus on principles-based requirements that enhance the responsibility of the firm and support a change in firm behavior to proactively manage quality.

Matters for IAASB Consideration

When responding, please indicate “yes” or “no”, together with any further observations you may have, including further suggestions for the QCTF to consider.

1. Does the IAASB agree with the proposed approach that has been outlined in relation to how quality objectives, quality risks and responses would be addressed in revised ISQC 1?
2. Does the IAASB agree with the proposed level of specificity in relation to the quality objectives and quality risks set out in **Agenda Item 1–B**, including how the extant requirements have been dealt with in developing the quality risks? *(The QCTF is seeking the views of the IAASB on the proposed level of specificity of the quality risks, rather than specific feedback on the proposed wording set out in Agenda Item 1–B. The proposed requirements will be further refined once the IAASB has provided its views.)*

Quality Management at the Engagement Level

19. In December 2016 and June 2017, the ISA 220 TF presented various recommendations to the IAASB to revise ISA 220 to build in the concept of managing quality at the engagement level. The proposed changes to ISA 220 were formed using the existing structure and layout of ISA 220, including proposed requirements for the individual elements. However, it was not apparent whether or how this approach was aligned with the proposed revisions to ISQC 1, especially relating to the prescribed quality objectives, quality risks and responses that will form part of the QMP. The IAASB expressed concern about this lack of clear alignment and perceived inconsistency, noting that it would be hard to understand the relationship between revised ISQC 1 and revised ISA 220. Furthermore, as explained above, the IAASB provided various comments in relation to the QMP, which has resulted in the QCTF developing a simplified and more flexible approach to the design of the QMP that the QCTF believes will result in effective identification of and responses to quality risks at the firm level.
20. In addition to commenting on the interaction between ISQC 1 and ISA 220, the IAASB provided other feedback in June 2017 about the proposed changes to ISA 220 and expressed various concerns

about perceived complexity and impracticality. In reaction to this input, the ISA 220 Task Force⁹ and ISA 220 Drafting Team (DT)¹⁰ will be reconsidering the approach to revising ISA 220. It is important to obtain the IAASB's views on alignment and interaction between the two standards at this stage, as this matter is relevant to progressing further work on revisions to both ISQC 1 and ISA 220.

21. As an initial step in determining the best way to move forward with revisions to ISA 220, the ISA 220 DT has reconsidered how to achieve effective alignment between revised ISA 220 and revised ISQC 1; in particular, in relation to leadership responsibilities and the revised approach to the quality objectives, quality risks and responses in the QMP at the firm level. The ISA 220 DT has considered the IAASB feedback from June 2017, and the further proposed changes to ISQC 1 as described above.
22. To be responsive to all the feedback received from stakeholders (including from respondents to the ITC) and as supported by previous IAASB discussions, the ISA 220 DT agrees that the revisions to ISA 220 will remain focused on incorporating more proactive management of quality risks at the engagement level. Revised ISA 220 will also retain the fundamental premise and requirement that the engagement partner (EP) maintains overall responsibility for managing quality at the engagement level. Revised ISA 220 will be clear on this point, and also indicate that this overarching responsibility is expected to be fulfilled by addressing the requirements of revised ISA 220.
23. The elements or sections in extant ISA 220 are aligned with those in extant ISQC 1. As described above, the proposed changes to ISQC 1 to incorporate the QMP will result in the extant elements being retained within revised ISQC 1 through encompassing them in the prescribed quality objectives, i.e., they would not be included as discrete sections in revised ISQC 1. The elements (and categories within the elements) would also be reflected in the prescribed quality risks.
24. The ISA 220 DT is of the view that the elements of extant ISA 220 provide a useful and appropriate framework for addressing requirements relating to managing quality of an audit engagement. Accordingly, ISA 220 DT proposes retaining the existing elements as sections of revised ISA 220, and updating the scope of the sections and the related requirements as necessary (i.e., to respond to issues and actions outlined in the ITC, and supported by the ITC responses, as well as to align with changes being made to revised ISQC 1). ISA 220 DT envisions the structure of the requirements in the revised ISA 220 to be as follows:

Extant ISA 220 Elements	Revised ISA 220 Sections
Leadership Responsibilities.	Leadership Responsibilities
Relevant Ethical Requirements	Relevant Ethical Requirements*
Acceptance and Continuance of Client Relationships and Audit Engagements	Acceptance and Continuance of Client Relationships and Audit Engagements*
Assignment of Engagement Teams	Assignment and Management of Engagement Resources* <ul style="list-style-type: none"> • People, including competence and capabilities

⁹ The ISA 220 Task Force comprises Megan Zietsman (Chair of the ISA 220 Task Force), Len Jui, Lyn Provost and Josephine Jackson. The project page is available at: [Quality Control at Engagement Level - ISA 220](#).

¹⁰ The ISA 220 DT comprises Megan Zietsman (Chair of the ISA 220 Task Force), Josephine Jackson and IAASB Staff

Extant ISA 220 Elements	Revised ISA 220 Sections
	<ul style="list-style-type: none"> • Technology and intellectual (including software applications, audit methodologies, related guidance and forms etc.)
Engagement Performance (including direction, supervision and performance; reviews; consultation; engagement quality control review and differences of opinion)	Engagement Performance* <ul style="list-style-type: none"> • Direction and supervision; and reviews of audit documentation <ul style="list-style-type: none"> ○ Nature, timing and extent to be determined based on engagement facts and circumstances; underpinned by the premise of sufficient involvement by the EP to fulfill overall responsibility for managing quality • Consultation • Engagement quality control reviews¹¹ • Differences of opinion
Monitoring	Monitoring and Remediation
* These sections will be encompassed within the prescribed quality objectives within the QMP. The prescribed risks will address the matters within each section. See Agenda Item 1-B .	

25. ISA 220 DT plans, to the extent possible, to align the wording of the requirements and related application guidance in revised ISA 220 with the wording used in revised ISQC 1, including that used to describe the quality objectives, quality risks and responses.¹² This approach is intended to make it easier for users of the standards to understand how revised ISQC 1 and revised ISA 220 are aligned, even though the section headings in revised ISA 220 will not appear in revised ISQC 1.
26. Additionally, as the revisions to ISA 220 are developed further, the ISA 220 DT notes that it will be important to retain the concept that the auditor's quality management decisions should take into account the firm's quality-related policies or procedures that are relevant to the requirements of revised ISA 220 and the facts and circumstances of the engagement. This concept is embedded in the extant requirements and application material; for example, paragraph 16 of extant ISA 220 requires the EP to take responsibility for reviews being performed in accordance with the firm's review policies and procedures.¹³ However, the ISA 220 DT notes that due to the specific nature and circumstances of each engagement, a firm's QMP may not be able to identify or articulate with specific granularity all quality risks that may arise at the engagement level, or set forth all relevant and appropriate responses.

¹¹ Subject to ongoing IAASB discussions related to ISQC 2.

¹² In recognition of the fact that there are jurisdictions where ISA 220 is used, but a national equivalent may be used in lieu of ISQC 1, references to ISQC 1 will be made only in the application guidance and not in the requirements. This approach is consistent with extant ISA 220.

¹³ In addition, similar references to the firm's policies and procedures can be found in paragraphs 2, 22, 23, 25 (a), A1, A3 (a) (ii), A11, A16, and A33 of ISA 220.

27. In considering and responding to the requirements in each section of revised ISA 220, the EP will need to determine “what could go wrong” in the context of the specific engagement (i.e. considering the nature and circumstances of the engagement). ISA 220 DT believes that firm level responses to quality risks that are expected to be applied at the engagement level will need to be supplemented with engagement-specific responses and that the EP is responsible for designing and implementing those responses. In managing quality at the engagement level and in addressing the requirements in revised ISA 220, the EP will undertake appropriate actions by:
- (a) Implementing the firm’s responses that address the firm-identified quality risks (i.e., those designed at the ISQC 1 level) but which are intended to be executed at engagement level.
 - E.g., the firm has a requirement for the EP to review selected audit documentation.
 - (b) Designing and implementing additional responses that address what could go wrong for that specific engagement, i.e., based on consideration of engagement facts and circumstances.
 - E.g., in addition to the audit documentation prescribed by the firm, the EP decides what other audit documentation to review.
28. To meet the requirements in revised ISA 220, the relative balance of the EP’s actions (i.e., in respect of implementing the firm’s responses versus designing and implementing additional engagement-specific responses) will vary based on the nature of the requirements in each section and specific engagement circumstances. For example, for acceptance and continuance, most of the action necessary at the engagement level will be participating in the firm’s process such that an informed decision is made with little need for additional responses; whereas for the requirements relating to engagement performance, the majority of the activity at the engagement level will be designing and implementing appropriate responses at the engagement level to address the specific engagement circumstances.
29. ISA 220 DT is of the view that the approach outlined in paragraphs 24–26 will be a simpler approach than what was presented to the IAASB in June 2017. Subject to IAASB input on the questions below, the ISA 220 DT and ISA 220 Task Force plan to progress revised ISA 220 on this basis and will present additional materials to the IAASB for more detailed discussion at subsequent meetings.

Matters for IAASB Consideration

When responding, please indicate “yes” or “no”, together with any further observations you may have, including further suggestions for the ISA 220 Task Force to consider.

3. Does the IAASB agree with the proposed approach to revising ISA 220, in particular:
- Does the IAASB agree with the retention of the extant elements of ISA 220 as sections of revised ISA 220 (i.e., notwithstanding that revised ISQC 1 will not have all the same discrete sections, and will instead have the elements reflected in the quality objectives)?
 - Does the IAASB agree that the proposed approach of aligning the wording of the requirements and related application guidance in revised ISA 220 with the wording of the quality objectives, quality risks, and responses in revised ISQC 1 will achieve appropriate alignment between revised ISQC 1 and revised ISA 220?