

Engagement Resources

25. The engagement partner shall determine, given the nature and circumstances of the audit engagement and any changes that may arise during the engagement, that sufficient and appropriate resources to perform the engagement are assigned or made available to the engagement team ~~by the firm~~ in a timely manner in accordance with the firm's policies or procedures. (Ref: Para. A60–A69, A71–A72, A76)
26. The engagement partner shall determine that members of the engagement team, and any auditor's external experts and internal auditors who provide direct assistance who are not part of the engagement team, collectively have the appropriate competence and capabilities, including sufficient time, to perform the audit engagement. (Ref: Para. A62, A70–A72)
27. If, as a result of complying with the requirements in paragraphs 25 and 26, the engagement partner determines that resources assigned or made available ~~by the firm~~ are insufficient or inappropriate in the circumstances of the audit engagement, the engagement partner shall take appropriate action, including communicating with appropriate ~~personnel~~ individuals about the need to allocate or assign additional or alternative resources to the engagement. (Ref: Para. A73–A75)
28. The engagement partner shall take responsibility for using the resources assigned or made available to the engagement team appropriately, given the nature and circumstances of the audit engagement. (Ref: Para. A64–A66, A68)

A60. Under [proposed] ISQM 1, the resources assigned, ~~allocated~~ or made available by the firm to support the performance of audit engagements include:

- Human resources;
- Technological resources; and
- Intellectual resources.

A60A. Resources for an audit engagement are primarily assigned or made available by the firm, although there may be circumstances when the engagement team directly obtains resources for the audit engagement. For example, this may be the case when a component auditor is required by statute, regulation or for another reason to express an audit opinion on the financial statements of a component, and the component auditor is also appointed by component management to perform audit procedures on behalf of the group engagement team.¹ In such circumstances, the firm's policies or procedures may require the engagement partner to take different actions to determine whether sufficient and appropriate resources are assigned or made available.

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¹ See ISA 600, *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*, paragraph 3

Insufficient or Inappropriate Resources (Ref: Para. 27)

A73. Proposed ISQM 1 requires that the firm's quality objectives ~~include that the firm's strategic decisions and actions, including financial and operational priorities, reflect the firm's commitment to quality and do not undermine~~ address the firm's role in serving the public interest by consistently performing quality engagements and the importance of quality in the firm's strategic decisions and actions, including the firm's financial and operational priorities. Proposed ISQM 1 also addresses the firm's responsibilities for planning for resource needs, and obtaining, allocating or assigning resources in a manner that is consistent with the firm's culture of quality. However, in certain circumstances, the firm's financial and operational priorities may place constraints on the resources assigned or made available to the engagement team (see also paragraph A45). In such circumstances, these constraints do not override the engagement partner's responsibility for achieving quality at the engagement level, including for determining that the resources assigned or made available by the firm are sufficient and appropriate to perform the audit engagement.

A73A. In an audit of group financial statements, when there are insufficient or inappropriate resources in relation to work being performed at a component by a component auditor, the engagement partner may discuss the matter with the component auditor, component management or the firm to make sufficient and appropriate resources available.

A74. The engagement partner's determination of whether additional engagement level resources are required is a matter of professional judgment and is influenced by the requirements of this ISA and the nature and circumstances of the audit engagement. As described in paragraph A12, in certain circumstances, the engagement partner may determine that the firm's responses to quality risks are deficient in the context of the specific engagement, including that certain resources assigned or made available to the engagement team are insufficient. In those circumstances, the engagement partner takes ~~is required to take~~ appropriate action, including communicating such information to the appropriate individuals ~~within the firm~~ in accordance with paragraph 27 and paragraph 39(ac). For example, if an audit software program provided by the firm has not incorporated new or revised audit procedures in respect of recently issued industry regulation, timely communication of such information to the appropriate individuals within the firm enables the firm to take steps to update and reissue the software promptly or to provide an alternative resource that enables the engagement team to comply with the new regulation in the performance of the audit engagement.

A75. If the ~~engagement partner determines that the~~ resources assigned or made available are insufficient or inappropriate given ~~in the nature and~~ circumstances of the engagement and additional or alternative resources have not been made available ~~by the firm, the engagement partner is required by paragraph 27 to take appropriate action. In such cases,~~ appropriate actions may include:

- Changing the planned approach to the nature, timing and extent of direction, supervision and review (see also paragraph A92).
- Discussing an extension to reporting deadlines with management or those charged with governance, when an extension is possible under applicable law or regulation.
- Following the firm's policies or procedures for resolving differences of opinion if the engagement partner does not obtain the necessary resources for the audit engagement.
- Following the firm's policies or procedures for withdrawing from the audit engagement, when withdrawal is possible under applicable law or regulation.

- ~~Asking a component auditor to assign additional resources.~~