



# Quality Control—ISA 220

Megan Zietsman, Crossover Working Group Chair

IAASB Meeting, New York

Agenda Item 8

December 6, 2016

**IAASB**

**International Auditing  
and Assurance  
Standards Board**

## Introduction to the Discussion

- Objective: To obtain the Board's Feedback on possible revisions to ISA 220
- How the WG developed the possible revisions:
  - Incorporated feedback received in the responses to the ITC
  - Liaised with QC-QMA and QC-Other WGs, and Professional Skepticism Staff
  - Discussions of the Crossover WG, focusing on content rather than structure
- What key areas is the WG continuing to carefully consider (and work closely with the QC WGs on) before presenting to the Board?
  - Relevant Ethical Requirements, Engagement Performance—Consultation, Engagement Performance—EQC Reviews, Engagement Performance—Differences of Opinion, Monitoring, and Documentation
- What do we hope to achieve through today's discussion?
  - Input on the key issues identified will serve to further inform the Crossover WG's discussions as it continues to deliberate about the issues, how they should be addressed, and begin the drafting process

## Objectives and Definitions of ISA 220

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 of the issues paper 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 of the issues paper, 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

### 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 of the issues paper.
- 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 of the issues paper.

## Communication

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 and Quality Risk Assessment

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 of the issues paper.
  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

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

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 of the issues paper.
    - 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 of the issues paper).
  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.
-

## Way Forward

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.
-



IAASB

**International Auditing  
and Assurance  
Standards Board®**

[www.iaasb.org](http://www.iaasb.org)

IAPN.

ISA.

ISAE.

ISQC.

ISRE.

ISRS.

For copyright, trademark, and permissions information, please go to [permissions](#) or contact [permissions@ifac.org](mailto:permissions@ifac.org).

---