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Description of content of ISSAI 1220

Quality Control for an Audit of Financial Statements

Reading this description is not a substitute for reading the ISA or ISSAI itself.

ISSAI 1220 is comprised of International Standard on Auditing (ISA) 220 – Quality Control for an Audit of Financial Statements, and a corresponding Practice Note. The ISA and the Practice Note are read together.

Authority

Public Sector auditors using the ISAs or ISSAIs as the authoritative standard shall comply with all ISAs or ISSAIs relevant to the audit. An ISA or ISSAI is relevant to the audit when the ISA or ISSAI is in effect and the circumstances addressed by the ISA or ISSAI exist. The auditor shall not represent compliance with ISAs or ISSAIs in the auditor's report unless the auditor has complied with the requirements of all ISAs or ISSAIs relevant to the audit.

Description of the ISA

ISA 220 deals with the specific responsibilities of the auditor regarding quality control procedures for an audit of financial statements. It also addresses, where applicable, the responsibilities of the engagement quality control reviewer. The ISA is to be read in conjunction with relevant ethical requirements.

Objective of the auditor in terms of the ISA

The objective of the auditor is to implement quality control procedures at the engagement level that provide the auditor with reasonable assurance that:

- a. The audit complies with professional standards and applicable legal and regulatory requirements; and
- b. The auditor's report issued is appropriate in the circumstances.

Among other matters, the requirements in this ISA deal with:

- a. The need for the engagement partner to take responsibility for the overall quality on each audit engagement.

- b. The need for the engagement partner to ensure that relevant ethical requirements are complied with by members of the engagement team.
- c. The need for the engagement partner to form a conclusion on compliance with independence requirements that apply to the audit engagement.
- d. Acceptance and continuance of client relationships and audit engagements.
- e. The need for the engagement partner to be satisfied that the engagement team and any auditor's experts collectively have the appropriate competence and capabilities.
- f. The need for the engagement partner to take responsibility for the performance of the engagement, specifically:
 - i. the direction, supervision and performance of the engagement;
 - ii. ensuring that reviews are performed in accordance with the firm's review policies and procedures;
 - iii. consultation, where appropriate; and
 - iv. the engagement quality control review for audits of financial statements of issuers and any other audit engagements for which the firm has determined that an engagement quality control review is required.
- g. The responsibilities of the engagement quality control reviewer.
- h. The need for the engagement partner to consider the results of the firm's monitoring process and consider whether deficiencies noted in that information may affect the current audit engagement.
- i. Documentation.

Description of the Practice Note

The Practice Note provides supplementary guidance for auditors applying ISA 220 when conducting financial audits of public sector entities.

Content of the Practice Note

The Practice Note provides additional guidance for public sector auditors related to:

- a. System of quality control and role of engagement teams.
- b. Relevant ethical requirements.
- c. Engagement performance relating to Supreme Audit Institution's governance structure.