

**TABLES OF DIFFERENCES**  
**ASA 220 [Revised and Redrafted]**  
*Quality Control for an Audit of a Financial Report*

**Extant ASA:** ASA 220 *Quality Control for Audits of Historical Financial Information*

**ISA** \_\_\_\_\_ **ISA 220 [Redrafted]**

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<i>Key Statistics</i>		
Exhibit		No.
1	New Requirements [Elevation of Guidance]	4
1	New Requirements [no previous Equivalent in extant ASA]	4
N/A	Total number of New Requirements	8
2	Extant ASA Requirements covered in another standard[s]	-

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**Requirements in ISA not in Extant ASA**

- *Exhibit 1 identifies Requirements in the redrafted ISA that are not present in the equivalent extant ASA*
- *Exhibit 1 does not identify Requirements that are identical; or similar but for differences in expression/wording*

Item #	ISA Para. #	ISA Requirements	Commentary	Accept in ASA Y/N?
<b>Scope</b>				
1	1-4	<p>1. This International Standard on Auditing (ISA) 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. This ISA is to be read in conjunction with relevant ethical requirements.</p> <p><i>System of Quality Control and Role of Engagement Teams</i></p> <p>2. Quality control systems, policies and procedures are the responsibility of the audit firm. Under ISQC 1 (Redrafted), the firm has an obligation to establish and maintain a system of quality control to provide it with reasonable assurance that:</p> <p>(a) The firm and its personnel comply with professional standards and regulatory and legal requirements; and</p> <p>(b) The reports issued by the firm or engagement partners are appropriate in</p>	New scope section included.	

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		<p>the circumstances.</p> <p>This ISA is premised on the basis that the firm is subject to ISQC 1 (Redrafted) or to national requirements that are at least as demanding. (Ref: Para. A1)</p> <p>3. Within the context of the firm’s system of quality control, engagement teams have a responsibility to implement quality control procedures that are applicable to the audit engagement and provide the firm with relevant information to enable the functioning of that part of the firm’s system of quality control relating to independence.</p> <p>4. Engagement teams are entitled to rely on the firm’s system of quality control, unless information provided by the firm or other parties suggests otherwise. (Ref: Para. A2)</p>		
<b>Objectives</b>				
2	6	<p>The objective of the auditor is to implement quality control procedures at the engagement level that provide the auditor with reasonable assurance that: The audit complies with professional standards and regulatory and legal requirements; and The auditor’s report issued is appropriate in the circumstances.</p>	New Objective included.	Y
<b>Definitions</b>				
3	7	<p>For purposes of the ISAs, the following terms have the meanings attributed below:</p>	<p>New Definitions section included.</p> <p>(1) Shaded text contains new definitions not in the extant</p>	Y

Item #	ISA Para. #	ISA Requirements	Commentary	Accept in ASA Y/N?
		<p>(a) Engagement partner – The partner or other person in the firm who is responsible for the audit engagement and its performance, and for the auditor’s report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body.</p> <p>(b) Engagement quality control review – A process designed to provide an objective evaluation, on or before the date of the auditor’s report, of the significant judgments the engagement team made and the conclusions it reached in formulating the auditor’s report. The engagement quality control review process is only for audits of financial statements of listed entities and those other audit engagements, if any, for which the firm has determined an engagement quality control review is required.</p> <p>(c) Engagement quality control reviewer – A partner, other person in the firm, suitably qualified external person, or a team made up of such individuals, none of whom is part of the engagement team, with sufficient and appropriate experience and authority to objectively evaluate the significant judgments the engagement team made and the conclusions it reached in formulating the auditor’s report.</p> <p>(d) Engagement team – All partners and staff performing the engagement, and any individuals engaged by the firm or a network firm who perform audit procedures on the engagement. This excludes an auditor’s</p>	<p>ASA.</p> <p>(2) Unshaded text contains definitions in extant ASA [Extant ASA 220 para 8—equivalent Explanatory Guidance] Suggest Adopt ISA</p> <p>(3) <b>Bold text</b> contains a definition which is equivalent to the extant ASA, but does not contain the definition contained in the <i>Corporations Act 2001</i> which is relevant for audits conducted in accordance with the Act. Aus 7.1 For the purposes of the <i>Corporations Act 2001</i>, a firm means an individual auditor, audit firm and audit company. Suggest insert Aus 7.1</p>	

Item #	ISA Para. #	ISA Requirements	Commentary	Accept in ASA Y/N?
		<p>external expert engaged by the firm or a network firm.</p> <p>(e) <b>Firm – A sole practitioner, partnership, corporation or other entity of professional accountants.</b></p> <p>(f) Inspection – In relation to completed audit engagements, procedures designed to provide evidence of compliance by engagement teams with the firm’s quality control policies and procedures.</p> <p>(g) Listed entity – An entity whose shares, stock or debt are quoted or listed on a recognized stock exchange, or are marketed under the regulations of a recognized stock exchange or other equivalent body.</p> <p>(h) Monitoring – A process comprising an ongoing consideration and evaluation of the firm’s system of quality control, including a periodic inspection of a selection of completed engagements, designed to provide the firm with reasonable assurance that its system of quality control is operating effectively.</p> <p>(i) Network firm – A firm or entity that belongs to a network.</p> <p>(j) Network – A larger structure:</p> <p>(i) That is aimed at cooperation, and</p> <p>(ii) That is clearly aimed at profit or cost-sharing or shares common ownership, control or management, common quality control policies and</p>		

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		<p>procedures, common business strategy, the use of a common brand name, or a significant part of professional resources.</p> <p>(k) Partner – Any individual with authority to bind the firm with respect to the performance of a professional services engagement.</p> <p>(l) Personnel – Partners and staff.</p> <p>(m) Professional standards – International Standards on Auditing (ISAs) and relevant ethical requirements.</p> <p>(n) Relevant ethical requirements – Ethical requirements to which the engagement team and engagement quality control reviewer are subject, which ordinarily comprise Parts A and B of the International Federation of Accountants’ Code of Ethics for Professional Accountants (IFAC Code) related to an audit of financial statements together with national requirements that are more restrictive.</p> <p>(o) Staff – Professionals, other than partners, including any experts the firm employs.</p> <p>(p) Suitably qualified external person – An individual outside the firm with the competence and capabilities to act as an engagement partner, for example a partner of another firm, or an employee (with appropriate experience) of either a professional accountancy body whose members may perform audits of historical financial information or of an organization</p>		

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		that provides relevant quality control services.		
<b>Relevant Ethical Requirements</b>				
4	10	If matters come to the engagement partner’s attention through the firm’s system of quality control or otherwise that indicate that members of the engagement team have not complied with relevant ethical requirements, the engagement partner, in consultation with others in the firm, shall determine the appropriate action. (Ref: Para. A5)	Elevation of extant ASA Explanatory Guidance  [Extant ASA 220 para 13—equivalent Explanatory Guidance]  Suggest Adopt ISA	
<b>Reviews</b>				
5	16	The engagement partner shall take responsibility for reviews being performed in accordance with the firm’s review policies and procedures. (Ref: Para. A16-A17, A20)	No extant ASA equivalent.  Not inconsistent with Australian practice.  Suggest Adopt ISA	Y
6	19	For audits of financial statements of listed entities, and those other audit engagements, if any, for which the firm has determined that an engagement quality control review is required, the engagement partner shall:  (a) Determine that an engagement quality control reviewer has been appointed;  (b) Discuss significant matters arising during the audit engagement, including those identified	(1) Shaded text contains a difference to extant ASA – extant ASA uses the phrase “not issue” in [para 40].  Suggest adopt ISA.  (2) Unshaded text is equivalent in meaning to the extant ASA Requirement.	

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		during the engagement quality control review, with the engagement quality control reviewer; and  (c) <del>Not date</del> the auditor’s report until the completion of the engagement quality control review. (Ref: Para. A23-A25)	[Extant ASA 220 para 40—equivalent Requirement]  Suggest Adopt ISA	
<b>Engagement Quality Control Review</b>				
7	20	The engagement quality control reviewer shall perform an objective evaluation of the significant judgments made by the engagement team, and the conclusions reached in formulating the auditor’s report. This evaluation shall involve:  (a) <del>Discussion of significant matters with the engagement partner;</del>  (b) <del>Review of the financial statements and the proposed auditor’s report;</del>  (c) <b>Review of selected audit documentation relating to the significant judgments the engagement team made and the conclusions it reached; and</b>  (d) Evaluation of the conclusions reached in formulating the auditor’s report and consideration of whether the proposed auditor’s report is appropriate. (Ref: Para. A26-A27, A29-A31)	(1) <del>Shaded text</del> has no extant ASA equivalent.  Not inconsistent with Australian practice.  (2) Unshaded text is equivalent in meaning to the extant ASA Requirement.  [Extant ASA 220 para 42—equivalent Requirement]  Suggest Adopt ISA  (3) <b>Bold text</b> is elevation of extant ASA explanatory guidance.  [Extant ASA 220 para 43—equivalent Explanatory Guidance]	Y
8	21	For audits of financial statements of <del>listed entities</del> , the engagement quality control reviewer, on performing an engagement quality control review, shall also consider the following:	(1) <del>Shaded text</del> contains a difference in scope from the extant ASA equivalent.  Extant ASA uses “audits of a financial report” rather than	Y

Item #	ISA Para. #	ISA Requirements	Commentary	Accept in ASA Y/N?
		(a) The engagement team’s evaluation of the firm’s independence in relation to the audit engagement; (b) Whether appropriate consultation has taken place on matters involving differences of opinion or other difficult or contentious matters, and the conclusions arising from those consultations; and (c) Whether audit documentation selected for review reflects the work performed in relation to the significant judgments made and supports the conclusions reached. (Ref: Para. A28-A31)	“listed entities”.  (2) Unshaded text is elevation of extant ASA Explanatory Guidance.  [Extant ASA 220 para 44—equivalent Explanatory Guidance].  Suggest Adopt ISA	
<b>Monitoring</b>				
9	23	An effective system of quality control includes a monitoring process designed to provide the firm with reasonable assurance that its policies and procedures relating to the system of quality control are relevant, adequate, and operating effectively. The engagement partner shall consider the results of the firm’s monitoring process as evidenced in the latest information circulated by the firm and, if applicable, other network firms and whether deficiencies noted in that information may affect the audit engagement. (Ref: Para A32-A34)	No extant ASA equivalent.  Not inconsistent with Australian practice.  Suggest adopt ISA	Y
<b>Documentation</b>				
10	24	The auditor shall document: (a) Issues identified with respect to compliance with relevant ethical requirements and how	(1) Shaded text is elevation of extant ASA Explanatory Guidance.  [Extant ASA 220 para 44—equivalent Explanatory	Y

Item #	ISA Para. #	ISA Requirements	Commentary	Accept in ASA Y/N?
		<p><u>they were resolved.</u></p> <p>(b) <b>Conclusions on compliance with independence requirements that apply to the audit engagement, and any relevant discussions with the firm that support these conclusions.</b></p> <p>(c) <i>Conclusions reached regarding the acceptance and continuance of client relationships and audit engagements.</i></p> <p>(d) The nature and scope of, and conclusions resulting from, consultations undertaken during the course of the audit engagement. (Ref: Para. A35)</p>	<p>Guidance].</p> <p>(2) <b>Bold text</b> is equivalent in meaning to extant ASA Requirement. [Extant ASA 220 para 15(d)—equivalent Requirement].</p> <p>(3) <i>Italics text</i> is equivalent in meaning to extant ASA Requirement. [Extant ASA 220 para 17—equivalent Requirement].</p> <p>(4) Unshaded/non-bold/non-italics text is equivalent in meaning to extant ASA Requirement. [Extant ASA 220 para 34(c)—equivalent Requirement].</p> <p>Suggest adopt ISA</p>	
11	25	<p>The engagement quality control reviewer shall document, for the audit engagement reviewed, that:</p> <p>(a) The procedures required by the firm’s policies on engagement quality control review have been performed;</p>	<p>No extant ASA equivalent.</p> <p>Not inconsistent with Australian practice.</p> <p>Suggest adopt ISA</p>	Y

Item #	ISA Para. #	ISA Requirements	Commentary	Accept in ASA Y/N?
		<p>(b) The engagement quality control review has been completed on or before the date of the auditor’s report; and</p> <p>(c) The reviewer is not aware of any unresolved matters that would cause the reviewer to believe that the significant judgments the engagement team made and the conclusions they reached were not appropriate.</p>		

Draft

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**Requirements in Extant ASA not in ISA**

- *Exhibit 2 identifies Requirements in the extant ASA that are not present in the equivalent redrafted ISA*
- *Exhibit 2 does not identify Requirements that are identical; or similar but for differences in expression [wording]*

Item #	Extant ASA Para. #	Extant ASA Requirement	Commentary	Accept in ASA Y/N?
<b>Not Retained in ASA [Revised &amp; Redrafted]</b>				
<b>Retained in ASA [Revised &amp; Redrafted] Reason 1: [Only when requirement necessary for Australian legislation or regulation reasons]</b>				
<b>Retained in ASA [Revised &amp; Redrafted] Reason 2: [Only when requirement necessary for legislative instrument reasons]</b>				
<b>Retained in ASA [Revised &amp; Redrafted] Reason 3: [Only when requirement necessary for public interest reasons and no inconsistency with the ISA]</b>				

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**Significant Differences in Guidance — ISA and Extant ASA**

- *Exhibit 3 identifies significant differences between the Application and Other Explanatory Material (guidance) in the redrafted ISA and the Explanatory Guidance in the equivalent extant ASA. These differences are exceptional in nature.*
- *Exhibit 3 does not identify guidance that is identical; or similar but for differences in expression/wording*

Item #	ISA/ASA Para. #	Guidance	Commentary	Accept in ASA Y/N?
<b>PART A – ISA</b>				
<b>Engagement Quality Control Review</b>				
1	A23-A25	<p>A23 ISA 700 (Redrafted) requires the auditor’s report to be dated no earlier than the date on which the auditor has obtained sufficient appropriate evidence on which to base the auditor’s opinion on the financial statements. In cases of an audit of financial statements of listed entities or when an engagement meets the criteria for an engagement quality control review, such a review assists the auditor in determining whether sufficient appropriate evidence has been obtained.</p> <p>A24. Conducting the engagement quality control review in a timely manner at appropriate stages during the engagement allows significant matters to be promptly resolved to the engagement quality control reviewer’s satisfaction on or before the date of the auditor’s report.</p>	<p>Additional to extant ASA, and provides further guidance on existing Requirements.</p> <p>Suggest adopt ISA</p>	Y

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		<p>A25. Completion of the engagement quality control review means the completion by the engagement quality control reviewer of the requirements in paragraphs 20-21, and where applicable, compliance with paragraph 22. Documentation of the engagement quality control review may be completed after the date of the auditor's report as part of the assembly of the final audit file. ISA 230 (Redrafted) establishes requirements and provides guidance in this regard.</p>		
<b>Monitoring</b>				
2	A32-A33	<p>A32. ISQC 1 (Redrafted) requires the firm to establish a monitoring process designed to provide it with reasonable assurance that the policies and procedures relating to the system of quality control is relevant, adequate and operating effectively.</p> <p>A33. In considering deficiencies that may affect the audit engagement, the engagement partner may have regard to measures the firm took to rectify the situation that the engagement partner considers are sufficient in the context of that audit.</p>	<p>Additional to extant ASA, and provides further guidance on existing Requirements.</p> <p>Suggest adopt ISA.</p>	

<b>PART B – ASA</b>		
<b>Retained in ASA [Revised &amp; Redrafted] Reason 1: [Only when requirement necessary for Australian legislation or regulation reasons]</b>		
<b>Retained in ASA [Revised &amp; Redrafted] Reason 2: [Only when requirement necessary for legislative instrument reasons]</b>		
<b>Retained in ASA [Revised &amp; Redrafted] Reason 3: [Only when Requirement is deemed necessary for public interest reasons and is not inconsistent with the ISA]</b>		

Draft \*\*\*

**Significant Differences in Appendices — ISA and Extant ASA**

- *Exhibit 4 identifies significant differences between the Appendices in the redrafted ISA and the Appendices in the equivalent extant ASA. These differences are exceptional in nature.*
- *Exhibit 4 does not identify Appendices that are identical; or similar but for differences in expression/wording*

Item #	ISA/ASA Para. #	Appendix	Commentary	Accept in ASA? Y/N	Rule No.
<b>Part A – ISA</b>					
<b>Part B – ASA</b>					

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