



WIRTSCHAFTSPRÜFERKAMMER

Körperschaft des
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Stellungnahme zu Exposure Drafts ISA 220 und ISQC 1

Im Juli 2007 veröffentlichte das International Auditing and Assurance Standards Board (IAASB) der IFAC die Exposure Drafts: „Proposed Redrafted International Standard on Auditing, ISA 220, Quality Control for an Audit of Financial Statements“ und “Proposed Redrafted International Standard on Quality Control, ISQC 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements”.

Die WPK hat mit Schreiben vom 15. Februar 2008 gegenüber dem IAASB zu diesen Exposure Drafts Stellung genommen. Darin äußert sie sich grundsätzlich positiv, da sie der Auffassung ist, dass das Clarity Project die Klarheit und Anwendbarkeit der Standards verbessert. Es wurden jedoch auch einige Punkte kritisch angesprochen, die nach Auffassung der WPK zu einer unverhältnismäßigen Benachteiligung kleiner Berufspraxen führen würden.

Um einer Benachteiligung entgegenzuwirken hat die WPK angeregt, die Möglichkeit der Nachschau durch den Praxisinhaber zu erhalten und es Berufspraxen in begründeten Fällen zu erlauben, von den Vorgaben der Standards abzuweichen. Weiterhin wurde die Klarstellung angeregt, dass keine Regelungen des Qualitätssicherungssystems für Bereiche geschaffen werden müssen, die die Berufspraxis nicht betreffen, beispielsweise Regelungen über die Beurteilung von Mitarbeitern in einer Berufspraxis, die keine Fachmitarbeiter beschäftigt und dies in absehbarer Zukunft auch nicht vorhat.

Der Wortlaut der Stellungnahme der WPK ist nachfolgend wiedergegeben:

Thank you very much for the opportunity to comment on the above Exposure Drafts.

In this letter, we first would like to give some general comments regarding the Exposure Drafts. Subsequently we will refer to individual paragraphs and give our proposals on them. Our answers regarding the questions posed in the Explanatory Memorandum are summarized in a third paragraph.

Our comment letter refers only to significant items that we consider of major impact for our members. Regarding other matter and wording issues we refer to the comment letter by Institut der Wirtschaftsprüfer (IDW) of February 15, 2008, which we support in total.

Furthermore our comments refer only to changes resulting from the Clarity Project and do not relate to the basic contents of the Standards besides the impact of the Clarity Project. Considerations on the basic content of the Standards might modify our answers to the questions posed by the IAASB.

1. General Comments on ISA 220 and ISQC 1

In general, WPK supports the proposed redrafted Standards, as we think that they reflect the tasks and objectives of the Clarity Project appropriately and improve the applicability and clarity of the Standards. Especially we agree with the alignments regarding the date of the auditor's report and the definitions of "Engagement Team" and "Network". Regarding the wording of the definition of "Engagement Team" in detail, we support the recommendations that are outlined in the comment letter of IDW dated February 15, 2008.

Furthermore we agree with the proposal of the IAASB outlined in the Explanatory Memorandum, to establish within proposed ISQC 1 (Redrafted) the authority attaching to the ISQC, the conventions used in its drafting..

2. Comments regarding Individual Paragraphs

2.1 Applying, and Complying with, Relevant Requirements, Par. 13 to 15

We support the clarification in proposed ISQC 1, Par. 14 that this ISQC cannot anticipate all circumstances that may arise. On the other hand we are of the opinion that there should be additional guidance for cases when the audit firm - in application of professional judgment - concludes it necessary to depart from a requirement of ISQC 1 to achieve the aim of the requirement, as this is outlined e.g. in Proposed ISA 200, Par. 28.

Furthermore we are concerned that without some flexibility regarding the mandatory application of ISQC 1 doubts may arise, whether policies and procedures outlined in ISQC 1 have to be applied in all cases, even when they are not relevant. E.g. there might arise the opinion that a sole practitioner, who does not employ professional staff and does not consider doing so in the near future, nonetheless would have to maintain principles and procedures regarding human resources.

Therefore we recommend including in Par. 14 additional guidance like it is e.g. included in Par. 27 and 28 of Proposed ISA 200.

2.2 Documentation of the firm's quality control policies and procedures, Par. 17

Par. 17 of proposed ISQC 1 states that the firm's quality control policies and procedures shall be documented and communicated to the firm's personnel.

In contrast to that, Par. 66 states that the firm shall establish policies and procedures requiring appropriate documentation to provide evidence of the operation of each element of its system of quality control.

It is our opinion that small audit firms should not be obliged to document all policies and procedures as long as the application of the policies and procedures is sufficiently documented (e.g. the staff declarations of independence or the minutes of regular staff appraisals). We therefore recommend clarification.

2.3 Assignment of Engagement Teams, ISQC 1, Par. 37

Par. 37 of the proposed redrafted ISQC 1 basically mirrors Par. 44 of the current ISQC 1. Nonetheless we noted a slight amendment with – in our view - very significant effect.

Par. 44 of the current ISQC 1 states that the firm should (shall) assign appropriate staff with the necessary capabilities etc. We agree with the IAASB that this is an important principle regarding the planning of audits and reviews.

On the other hand, Par. 37 of the proposed ISQC 1 states that the firm shall (...) establish policies and procedures to assign appropriate staff with the necessary capabilities etc.

We are of the opinion that impact of this change creates a completely new duty to establish new policies and procedures in the quality control system of the audit firms. Especially regarding small and medium sized practices with two or three audit staffs we doubt that policies and procedures regarding the appropriate staff assignment make sense at all, as the public accountants

know their staffs and their capabilities very well and it is in their own interest to assign the best employee to each audit engagement and each audit task.

Therefore we recommend deleting the words “establish policies and procedures” in Par. 37 of the proposed ISQC 1. Instead we propose including in the application material a comment that depending on the size of the practice, the number of audit and review engagements and the number and experience of the audit staffs, the establishment of policies and procedures regarding the staff assignment may be appropriate.

2.4 Monitoring the Firm’s Quality Control Policies and Procedures, Par. 55

We noted that black letter Par. 74 of the extant ISQC 1 became Par. 55 of proposed redrafted ISQC 1, whereas the grey letter paragraphs of this section basically became *Application and Other Explanatory Material*. We agree with this basic allocation principle, but we noted one deviation regarding the treatment of grey letter Par. 79 (*Those inspecting the engagements are not involved in performing the engagement quality control review.*).

This sentence is intended to become Par. 55 c) of the new ISQC 1, which will be located in the requirements. In this case the request would become mandatory for all practitioners, regardless the size of their audit firm and their clients served. As a result this change prescribes the obligation for small audit firms to engage an external quality control reviewer, in the case that they do not have competent personnel that did not perform the engagement or the engagement quality control review.

We are of the opinion that this intensification is an undue discrimination of small practitioners with solely low-risk clients, as they are forced to engage an expensive external quality control reviewer. We therefore recommend limiting the obligation of a quality control review by a person that did not perform the engagement or the engagement quality control review to audit firms that perform audits of Public Interest Entities and to leave the responsibility in all other cases with the sole practitioner to decide whether he will perform the review by himself or whether he will engage an external reviewer.

3. Request for Specific Comments

1. *Are the objectives stated in the proposed redrafted ISA and ISQC appropriate?*

Regarding this issue we refer to the comment letter of IDW of February 15, 2008, which we support in total.

2. *Have the criteria identified by the IAASB for determining whether a requirement should be specified been applied appropriately and consistently, such that the resulting requirements promote consistency in performance and reporting, and the use of professional judgement by auditors?*

Yes, except for item 2., above.