Introduction

Scope of This Section

.01 This section addresses the specific responsibilities of the auditor regarding quality control procedures for an audit of financial statements. It also addresses, when applicable, the responsibilities of the engagement quality control reviewer. This section also applies, adapted as necessary, to other engagements conducted in accordance with generally accepted auditing standards (GAAS) (for example, a review of interim financial information conducted in accordance with section 930, Interim Financial Information). This section is to be read in conjunction with the AICPA Code of Professional Conduct and other relevant ethical requirements.

.02 Although Statements on Quality Control Standards are not applicable to auditors in government audit organizations, this section is applicable to auditors in government audit organizations who perform financial audits in accordance with GAAS.¹

¹ Paragraph .02 of QC section 10, A Firm’s System of Quality Control.
System of Quality Control and the Role of the Engagement Teams

.03 Quality control systems, policies, and procedures are the responsibility of the audit firm. Under QC section 10, A Firm's System of Quality Control, the firm has an obligation to establish and maintain a system of quality control to provide it with reasonable assurance that  

a. the firm and its personnel comply with professional standards and applicable legal and regulatory requirements and  
b. reports issued by the firm are appropriate in the circumstances. (Ref: par. .A1)

.04 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.

.05 Engagement teams are entitled to rely on the firm's system of quality control, unless the engagement partner determines that it is inappropriate to do so based on information provided by the firm or other parties. (Ref: par. .A2)

.06 The engagement partner may use the assistance of other members of the engagement team or other personnel within the firm in meeting the requirements of this section. The requirements imposed by this section on engagement partners do not relieve other members of the engagement team of any of their professional responsibilities.

Effective Date

.07 This section is effective for engagements conducted in accordance with GAAS for periods ending on or after December 15, 2012.

Objective

.08 The objective of the auditor 3 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.

Definitions

.09 For purposes of GAAS, the following terms have the meanings attributed as follows:

Engagement partner. 4 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

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2 Paragraph .12 of QC section 10.
3 See paragraph .14 of section 200, Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance With Generally Accepted Auditing Standards, for the definition of auditor.
4 Engagement partner, partner, and firm refer to their governmental equivalents, when relevant.
who, when required, has the appropriate authority from a professional, legal, or regulatory body.

**Engagement quality control review.** A process designed to provide an objective evaluation, before the report is released, 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 those audit engagements, if any, for which the firm has determined that an engagement quality control review is required, in accordance with its policies and procedures.

**Engagement quality control reviewer.** A partner, other person in the firm, suitably qualified external person, or 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 that the engagement team made and the conclusions it reached in formulating the auditor's report.

**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 external specialist engaged by the firm or a network firm.5

The term *engagement team* also excludes individuals within the client's internal audit function who provide direct assistance on an audit engagement when the external auditor complies with the requirements of section 610, *Using the Work of Internal Auditors*.

**Firm.** A form of organization permitted by law or regulation whose characteristics conform to resolutions of the Council of the AICPA and that is engaged in public practice.

**Monitoring.** A process comprising an ongoing consideration and evaluation of the firm's system of quality control, including inspection or a periodic review of engagement documentation, reports, and clients' financial statements for a selection of completed engagements, designed to provide the firm with reasonable assurance that its system of quality control is designed appropriately and operating effectively.

**Network.** An association of entities, as defined in ET section 0.400, *Definitions*.

**Network firm.** A firm or other entity that belongs to a network, as defined in ET section 0.400.

**Partner.** Any individual with authority to bind the firm with respect to the performance of a professional services engagement. For purposes of this definition, *partner* may include an employee with this authority who has not assumed the risks and benefits of ownership. Firms may use different titles to refer to individuals with this authority.

**Personnel.** Partners and staff.

**Professional standards.** Standards promulgated by the AICPA Auditing Standards Board or the AICPA Accounting and Review

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5 Paragraph .06 of section 620, *Using the Work of an Auditor's Specialist*, defines the term *auditor's specialist*. 

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AU-C §220.09
Services Committee under the "General Standards Rule" (ET sec. 1.300.001) or the "Compliance With Standards Rule" (ET sec. 1.310.001) of the AICPA Code of Professional Conduct, or other standards-setting bodies that set auditing and attest standards applicable to the engagement being performed and relevant ethical requirements.

**Relevant ethical requirements.** Ethical requirements to which the engagement team and engagement quality control reviewer are subject, which consist of the AICPA Code of Professional Conduct together with rules of applicable state boards of accountancy and applicable regulatory agencies that are more restrictive.

**Staff.** Professionals, other than partners, including any specialists that the firm employs.

**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).

[As amended, effective for audits of financial statements for periods ending on or after December 15, 2014, by SAS No. 128. Revised, January 2015, to reflect conforming changes necessary due to the issuance of the revised AICPA Code of Professional Conduct, effective December 15, 2014.]

**Requirements**

**Leadership Responsibilities for Quality on Audits**

.10 The engagement partner should take responsibility for the overall quality on each audit engagement to which that partner is assigned. In fulfilling this responsibility, the engagement partner may delegate the performance of certain procedures to, and use the work of, other members of the engagement team and may rely upon the firm's system of quality control. (Ref: par. .A3)

**Relevant Ethical Requirements**

.11 Throughout the audit engagement, the engagement partner and other members of the engagement team should remain alert for evidence of non-compliance with relevant ethical requirements by members of the engagement team. (Ref: par. .A4)

.12 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 as appropriate, should determine that appropriate action has been taken.

**Independence**

.13 The engagement partner should form a conclusion on compliance with independence requirements that apply to the audit engagement. In doing so, the engagement partner should

a. obtain relevant information from the firm and, when applicable, network firms to identify and evaluate circumstances and relationships that create threats to independence;
b. evaluate information on identified breaches, if any, of the firm's independence policies and procedures to determine whether they create a threat to independence for the audit engagement; and
c. take appropriate action to eliminate such threats or reduce them to an acceptable level by applying safeguards or, if considered appropriate, to withdraw from the audit engagement when withdrawal is possible under applicable law or regulation. The engagement partner should promptly report to the firm any inability to resolve the matter so that the firm may take appropriate action. (Ref: par. .A5–.A6)

Acceptance and Continuance of Client Relationships and Audit Engagements

.14 The engagement partner should be satisfied that appropriate procedures regarding the acceptance and continuance of client relationships and audit engagements have been followed and should determine that conclusions reached in this regard are appropriate. (Ref: par. .A7–.A8)

.15 If the engagement partner obtains information that would have caused the firm to decline the audit engagement had that information been available earlier, the engagement partner should communicate that information promptly to the firm so that the firm and the engagement partner can take the necessary action. (Ref: par. .A8)

Assignment of Engagement Teams

.16 The engagement partner should be satisfied that the engagement team and any auditor's external specialists, collectively, have the appropriate competence and capabilities to

a. perform the audit engagement in accordance with professional standards and applicable legal and regulatory requirements and

b. enable an auditor's report that is appropriate in the circumstances to be issued. (Ref: par. .A9–.A11)

Engagement Performance

Direction, Supervision, and Performance

.17 The engagement partner should take responsibility for the following:

a. The direction, supervision, and performance of the audit engagement in compliance with professional standards, applicable legal and regulatory requirements, and the firm's policies and procedures (Ref: par. .A12–.A14 and .A19)

b. The auditor's report being appropriate in the circumstances

Review

.18 The engagement partner should take responsibility for reviews being performed in accordance with the firm's review policies and procedures. (Ref: par. .A15–.A16 and .A19)

.19 On or before the date of the auditor's report, the engagement partner should, through a review of the audit documentation and discussion with the engagement team, be satisfied that sufficient appropriate audit evidence has
been obtained to support the conclusions reached and for the auditor's report to be issued. (Ref: par. .A17–.A19)

**Consultation**

.20 The engagement partner should

- a. take responsibility for the engagement team undertaking appropriate consultation on difficult or contentious matters;
- b. be satisfied that members of the engagement team have undertaken appropriate consultation during the course of the engagement, both within the engagement team and between the engagement team and others at the appropriate level within or outside the firm;
- c. be satisfied that the nature and scope of such consultations are agreed with, and conclusions resulting from such consultations are understood by, the party consulted; and
- d. determine that conclusions resulting from such consultations have been implemented. (Ref: par. .A20–.A22)

**Engagement Quality Control Review**

.21 For those audit engagements, if any, for which the firm has determined that an engagement quality control review is required, the engagement partner should

- a. determine that an engagement quality control reviewer has been appointed;
- b. discuss significant findings or issues arising during the audit engagement, including those identified during the engagement quality control review, with the engagement quality control reviewer; and
- c. not release the auditor's report until the completion of the engagement quality control review. (Ref: par. .A23–.A25)

.22 The engagement quality control reviewer should 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 should involve

- a. discussion of significant findings or issues with the engagement partner;
- b. reading the financial statements and the proposed auditor's report;
- c. review of selected audit documentation relating to the significant judgments the engagement team made and the related conclusions it reached; and
- d. evaluation of the conclusions reached in formulating the auditor's report and consideration of whether the proposed auditor's report is appropriate. (Ref: par. .A26–.A31)

**Differences of Opinion**

.23 If differences of opinion arise within the engagement team; with those consulted; or, when applicable, between the engagement partner and the engagement quality control reviewer, the engagement team should follow the firm's policies and procedures for resolving differences of opinion.
Monitoring

.24 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 should consider

a. the results of the firm's monitoring process as evidenced in the latest information circulated to the engagement partner by the firm and, if applicable, other network firms and

b. whether deficiencies noted in that information may affect the audit engagement. (Ref: par. A32–A34)

Documentation

.25 The auditor should include in the audit documentation the following:6

(Ref: par. A35)

a. Issues identified with respect to compliance with relevant ethical requirements and how they were resolved

b. Conclusions on compliance with independence requirements that apply to the audit engagement and any relevant discussions with the firm that support these conclusions

c. Conclusions reached regarding the acceptance and continuance of client relationships and audit engagements

d. The nature and scope of, and conclusions resulting from, consultations undertaken during the course of the audit engagement (Ref: par. A36)

.26 The engagement quality control reviewer should document, for the audit engagement reviewed

a. that the procedures required by the firm's policies on engagement quality control review have been performed;

b. the date that the engagement quality control review was completed; and

c. that the reviewer is not aware of any unresolved matters that would cause the reviewer to believe that the significant judgments that the engagement team made and the conclusions it reached were not appropriate.

Application and Other Explanatory Material

System of Quality Control and the Role of the Engagement Teams (Ref: par. .02)

.A1 QC section 10 addresses the firm's responsibilities to establish and maintain its system of quality control for audit engagements. The system of quality control includes policies and procedures that address each of the following elements:

- Leadership responsibilities for quality within the firm
- Relevant ethical requirements

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6 Paragraphs .08–.12 and .A8 of section 230, Audit Documentation.
General Principles and Responsibilities

- Acceptance and continuance of client relationships and specific engagements
- Human resources
- Engagement performance
- Monitoring

Reliance on the Firm’s System of Quality Control (Ref: par. .05)

.A2 Unless information provided by the firm or other parties suggests otherwise, the engagement team may rely on the firm's system of quality control regarding, for example

- competence of personnel through their recruitment and formal training.
- independence through the accumulation and communication of relevant independence information.
- maintenance of client relationships through acceptance and continuance systems.
- adherence to applicable legal and regulatory requirements through the monitoring process.

Leadership Responsibilities for Quality on Audits (Ref: par. .10)

.A3 The engagement partner's actions and communications with the other members of the engagement team demonstrate responsibility for the overall quality on each audit engagement when they emphasize

a. the importance to audit quality of

i. performing work that complies with professional standards and applicable legal and regulatory requirements;
ii. complying with the firm's applicable quality control policies and procedures;
iii. issuing auditor's reports that are appropriate in the circumstances; and
iv. the engagement team's ability to raise concerns without fear of reprisals and

b. the fact that quality is essential in performing audit engagements.

Relevant Ethical Requirements

Compliance With Relevant Ethical Requirements (Ref: par. .11)

.A4 The AICPA Code of Professional Conduct establishes the fundamental principles of professional ethics, which include the following:

- Responsibilities
- The public interest
- Integrity
- Objectivity and independence
- Due care
Threats to Independence (Ref: par. .13)

.A5 The engagement team may identify a threat to independence regarding the audit engagement that safeguards may not be able to eliminate or reduce to an acceptable level. In that case, as required by paragraph .13c, the engagement partner reports to the relevant person(s) within the firm to determine appropriate action, which may include eliminating the activity or interest that creates the threat or withdrawing from the audit engagement when withdrawal is possible under applicable law or regulation.

Considerations Specific to Governmental Entities

.A6 Law or regulation may provide safeguards for the independence of governmental audit organizations and the auditors employed by them. However, in the absence of law or regulation, governmental audit organizations may establish supplemental safeguards to assist the auditor or audit organization in maintaining independence. Additionally, when law or regulation does not permit withdrawal from the engagement, the auditor may disclose in the auditor's report the circumstances affecting the auditor's independence.

Acceptance and Continuance of Client Relationships and Audit Engagements (Ref: par. .14)

.A7 QC section 10 requires the firm to obtain information considered necessary in the circumstances before accepting an engagement with a new client, when deciding whether to continue an existing engagement, and when considering acceptance of a new engagement with an existing client. Information such as the following assists the engagement partner in determining whether the conclusions reached regarding the acceptance and continuance of client relationships and audit engagements are appropriate:

- The integrity of the principal owners, key management, and those charged with governance of the entity
- Whether the engagement team is competent to perform the audit engagement and has the necessary capabilities, including time and resources
- Whether the firm and the engagement team can comply with relevant ethical requirements
- Significant findings or issues that have arisen during the current or previous audit engagement and their implications for continuing the relationship

Considerations Specific to Governmental Entities (Ref: par. .14–.15)

.A8 For some governmental entities, auditors may be appointed in accordance with law or regulation, and the auditor may not be permitted to decline or withdraw from the engagement. Accordingly, certain of the requirements and considerations regarding the acceptance and continuance of client relationships and audit engagements as set out in paragraphs .14–.15 and .A7 may not be relevant. Nonetheless, information gathered as a result of the process described may be valuable in planning the audit, performing risk assessments, and carrying out reporting responsibilities.

7 Paragraph .27 of QC section 10.
Assignment of Engagement Teams (Ref: par. .16)

.A9 A person with expertise in a specialized area of accounting or auditing is a member of the engagement team if that person performs audit procedures on the engagement. This applies whether that person is an employee of the firm or a nonemployee engaged by the firm. However, a person with such expertise is not a member of the engagement team if that person's involvement with the engagement is only consultation. Consultations are addressed in paragraphs .20 and .A20–.A22.

.A10 When considering the appropriate competence and capabilities expected of the engagement team as a whole, the engagement partner may take into consideration such matters as the team's

- understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation.
- understanding of professional standards and applicable legal and regulatory requirements.
- technical expertise, including expertise with relevant IT and specialized areas of accounting or auditing.
- knowledge of relevant industries in which the entity operates.
- ability to apply professional judgment.
- understanding of the firm's quality control policies and procedures.

Considerations Specific to Governmental Entities (Ref: par. .16)

.A11 For audits of governmental entities, competence may include skills that are necessary to comply with applicable law or regulation. Such competence may include knowledge of Government Auditing Standards and an understanding of the applicable reporting requirements, including reporting to the legislature or other governing body or in the public interest. The scope of a governmental audit may include, for example, additional requirements with respect to detecting misstatements that result from violations of provisions of contracts or grant agreements that could have a direct and material effect on the determination of financial statement amounts or the need to examine and report on internal control over financial reporting or compliance.

Engagement Performance

Direction, Supervision, and Performance (Ref: par. .17a)

.A12 Direction of the engagement team involves informing the members of the engagement team of matters such as the following:

- Their responsibilities, including the need to comply with relevant ethical requirements and to plan and perform an audit with professional skepticism as required by section 200, Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance With Generally Accepted Auditing Standards
- Responsibilities of respective partners when more than one partner is involved in the conduct of an audit engagement

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8 Paragraphs .16–.17 of section 200.
• The objectives of the work to be performed
• The nature of the entity's business
• Risk-related issues
• Problems that may arise
• The detailed approach to the performance of the engagement

Discussion among members of the engagement team allows team members to raise questions so that appropriate communication can occur within the engagement team.

.A13 Appropriate teamwork and training assist members of the engagement team to clearly understand the objectives of the assigned work.

.A14 Supervision includes matters such as the following:

• Tracking the progress of the audit engagement
• Considering the competence and capabilities of individual members of the engagement team, including whether they have sufficient time to carry out their work, they understand their instructions, and the work is being carried out in accordance with the planned approach to the audit engagement
• Addressing significant findings or issues arising during the audit engagement, considering their significance, and modifying the planned approach appropriately
• Identifying matters for consultation or consideration by qualified engagement team members during the audit engagement

Review

Review Responsibilities (Ref: par. .18)

.A15 Under QC section 10, the firm's review responsibility policies and procedures are determined on the basis that suitably experienced team members review the work of other team members.9 The engagement partner may delegate part of the review responsibility to other members of the engagement team, in accordance with the firm's system of quality control.

.A16 A review consists of consideration of whether, for example

• the work has been performed in accordance with professional standards and applicable legal and regulatory requirements;
• significant findings or issues have been raised for further consideration;
• appropriate consultations have taken place and the resulting conclusions have been documented and implemented;
• the nature, timing, and extent of the work performed is appropriate and without need for revision;
• the work performed supports the conclusions reached and is appropriately documented;
• the evidence obtained is sufficient and appropriate to support the auditor's report; and
• the objectives of the engagement procedures have been achieved.

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9 Paragraph .36 of QC section 10.
General Principles and Responsibilities

The Engagement Partner's Review of the Work Performed (Ref: par. .19)

.A17 Timely reviews of the following by the engagement partner at appropriate stages during the engagement allow significant findings or issues to be resolved on a timely basis to the engagement partner's satisfaction on or before the date of the auditor's report:

- Critical areas of judgment, especially those relating to difficult or contentious matters identified during the course of the engagement
- Significant risks
- Other areas that the engagement partner considers important

The engagement partner need not review all audit documentation but may do so. However, as required by section 230, Audit Documentation, the partner documents the extent and timing of the reviews.10

.A18 An engagement partner taking over an audit during the engagement may apply the review procedures as described in paragraph .A17 to review the work performed to the date of the change in order to assume the responsibilities of an engagement partner.

Considerations Relevant When a Member of the Engagement Team With Expertise in a Specialized Area of Accounting or Auditing Is Used (Ref: par. .17–.19)

.A19 When the engagement team includes a member with expertise in a specialized area of accounting or auditing, direction, supervision, and review of that engagement team member's work is the same as for any other engagement team member and may include matters such as the following:

- Agreeing with that member upon the nature, scope, and objectives of that member's work and the respective roles of, and the nature, timing, and extent of communication between, that member and other members of the engagement team
- Evaluating the adequacy of that member's work, including the relevance and reasonableness of that member's findings or conclusions and the consistency of those findings or conclusions with other audit evidence

Consultation (Ref: par. .20)

.A20 Members of the engagement team have a professional responsibility to bring to the attention of appropriate personnel matters that, in their professional judgment, are difficult or contentious and may require consultation.

.A21 Effective consultation on significant technical, ethical, and other matters within the firm or, when applicable, outside the firm can be achieved when those consulted

- are given all the relevant facts that will enable them to provide informed advice and
- have appropriate knowledge, authority, and experience.

.A22 The engagement team may consult outside the firm (for example, when the firm lacks appropriate internal resources). The engagement team may take advantage of advisory services provided by other firms, professional and

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10 Paragraph .09c of section 230.
Quality Control for an Engagement

regulatory bodies, or commercial organizations that provide relevant quality control services.

**Engagement Quality Control Review**

*Completion of the Engagement Quality Control Review Before Releasing the Auditor's Report (Ref: par. .21c)*

.A23 Conducting the engagement quality control review in a timely manner at appropriate stages during the engagement allows significant findings or issues to be promptly resolved to the engagement quality control reviewer's satisfaction.

.A24 Completion of the engagement quality control review means the completion by the engagement quality control reviewer of the requirements in paragraph .22 and, when applicable, compliance with paragraph .23. Documentation of the engagement quality control review may be completed after the report release date as part of the assembly of the final audit file. Section 230 establishes requirements and provides guidance in this regard.11

.A25 When the engagement quality control review is completed after the auditor's report is dated and identifies instances where additional procedures or additional evidence is necessary, the date of the report is changed to the date when the additional procedures have been satisfactorily completed or the additional evidence has been obtained, in accordance with section 700A, *Forming an Opinion and Reporting on Financial Statements.*

*Nature, Timing, and Extent of Engagement Quality Control Review (Ref: par. .22)*

.A26 By remaining alert for changes in circumstances, the engagement partner is able to identify situations in which an engagement quality control review is necessary, even though at the start of the engagement such a review was not required.

.A27 The extent of the engagement quality control review may depend, among other things, on the complexity of the audit engagement and the risk that the auditor's report might not be appropriate in the circumstances. The performance of an engagement quality control review does not reduce the responsibilities of the engagement partner for the audit engagement and its performance.

.A28 Matters relevant to evaluating the significant judgments made by the engagement team that may be considered in an engagement quality control review include the following:

- Significant risks identified during the engagement in accordance with section 315, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement,* and the responses to those risks in accordance with section 330, *Performing Audit Procedures in Response to Assessed Risks and Evaluating the Audit Evidence Obtained,* including the engagement team's assessment of, and response to, the risk of fraud in accordance with section 240, *Consideration of Fraud in a Financial Statement Audit*
- Judgments made, particularly with respect to materiality and significant risks

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General Principles and Responsibilities

- The significance and disposition of corrected and uncorrected misstatements identified during the audit
- The matters to be communicated to management and those charged with governance and, when applicable, other parties, such as regulatory bodies

.A29 The engagement quality control reviewer may also consider the following:

- The evaluation of the firm's independence with regard to the audit engagement
- Whether appropriate consultation has taken place on matters involving differences of opinion or other difficult or contentious matters and the related conclusions arising from those consultations
- Whether audit documentation selected for review reflects the work performed regarding the significant judgments and supports the conclusions reached

Considerations Specific to Smaller, Less Complex Entities (Ref: par. 21–22)

.A30 An engagement quality control review is required for audit engagements that meet the criteria established by the firm that subjects engagements to an engagement quality control review. In some cases, none of the firm's audit engagements may meet the criteria that would subject them to such a review.

Considerations Specific to Governmental Entities (Ref: par. 22)

.A31 A statutorily appointed auditor (for example, an auditor general or other suitably qualified person within the audit organization acting on behalf of the auditor general) may act in a role equivalent to that of engagement partner with overall responsibility for the governmental audit. In such circumstances, when applicable, the selection of the engagement quality control reviewer includes consideration of the need for independence from the audited entity and the ability of the engagement quality control reviewer to provide an objective evaluation.

Monitoring (Ref: par. 24)

.A32 QC section 10 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 are relevant, adequate, and operating effectively.12

.A33 In considering deficiencies that may affect the audit engagement, the engagement partner may consider measures the firm took to rectify the situation that the engagement partner considers sufficient in the context of that audit.

.A34 A deficiency in the firm's system of quality control does not necessarily indicate that a particular audit engagement was not performed in accordance with professional standards and applicable legal and regulatory requirements or that the auditor's report was not appropriate.

Documentation (Ref: par. 25)

.A35 Section 230 addresses the auditor's responsibility to prepare audit documentation for an audit of financial statements. Section 230 also states that

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12 Paragraph .52 of QC section 10.
it is neither necessary nor practicable for the auditor to document every matter considered, or professional judgment made, in an audit.13

.A36 Documentation of consultations with other professionals involving difficult or contentious matters that is sufficiently complete and detailed contributes to an understanding of

• the issue on which consultation was sought and
• the results of the consultation, including any decisions made, the basis for those decisions, and how they were implemented.
