This note is to provide guidance to MPs-Auditing who act in the role of Accredited Supervising Principals signing of on work done by a MNP.

Members acting in such capacities should be reminded as follows

1. The engaging party must be the MPs-Auditing in good standing.
2. Only the MPs-Auditing is subject to practice monitoring
3. If there is an audit failure the MPs-Auditing is accountable for recourse.
4. The holder of the Auditing Certificate shall be “actively involved” in all audits to which he/she provides an opinion for.

Further guidance on what constitutes “active involvement” by an engagement leader see below extracts of ISA 220, “Quality Control for Audits of Historical Financial Information”:

5. In this ISA, the following terms have the meanings attributed below: (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.

6. The engagement partner should take responsibility for the overall quality on each audit engagement to which that partner is assigned.

7. The engagement partner sets an example regarding audit quality to the other members of the engagement team through all stages of the audit engagement. Ordinarily, this example is provided through the actions of the engagement partner and through appropriate messages to the engagement team. Such actions and messages emphasize:

   (a) The importance of:

      (i) Performing work that complies with professional standards and regulatory and legal requirements

      (ii) Complying with the firm's quality control policies and procedures as applicable; and

      (iii) Issuing auditors' reports that are appropriate in the circumstances; and

   (b) The fact that quality is essential in performing audit engagements.

8. The engagement partner should consider whether members of the engagement team have complied with ethical requirements.

9. The engagement partner should form a conclusion on compliance with independence requirements that apply to the audit engagement.
10. The engagement partner should be satisfied that appropriate procedures regarding the acceptance and continuance of client relationships and specific audit engagements have been followed, and that conclusions reached in this regard are appropriate and have been documented.

11. Where the engagement partner obtains information that would have caused the firm to decline the audit engagement if that information had 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.

12. The engagement partner should be satisfied that the engagement team collectively has the appropriate capabilities, competence and time to perform the audit engagement in accordance with professional standards and regulatory and legal requirements, and to enable an auditor's report that is appropriate in the circumstances to be issued.

13. The engagement partner should take responsibility for the direction, supervision and performance of the audit engagement in compliance with professional standards and regulatory and legal requirements, and for the auditor's report that is issued to be appropriate in the circumstances.

14. Supervision includes the following:
   
   - Tracking the progress of the audit engagement.
   - Considering the capabilities and competence of individual members of the engagement team, whether they have sufficient time to carry out their work, whether they understand their instructions, and whether the work is being carried out in accordance with the planned approach to the audit engagement.
   - Addressing significant issues arising during the audit engagement, considering their significance and modifying the planned approach appropriately.
   - Identifying matters for consultation or consideration by more experienced engagement team members during the audit engagement.

15. Before the auditor's report is issued, the engagement partner, through review of the audit documentation and discussion with the engagement team, should be satisfied that sufficient appropriate audit evidence has been obtained to support the conclusions reached and for the auditor's report to be issued.