

ISQM 2 – Question 4(a): Need for a Cooling-Off Period and Related Guidance Thereon – Agree

Question 4(a) in the EM to ED-ISQM 2 asked respondents:

What are your views on the need for the guidance in proposed ISQM 2 regarding a “cooling-off” period for that individual before being able to act as the engagement quality reviewer?

4 National Auditing Standard Setters

14_ISQM 2_CNCC-CSOEC

We do not have any comments concerning the guidance in proposed ISQM2 regarding the “cooling-off” period for that individual before being able to act as the engagement quality reviewer.

18_ISQM 2_JICPA

We agree to the need for the guidance.

5 Accounting Firms

24_ISQM 2_BTVK

We believe that such guidance is appropriate.

30_ISQM 2_ETY

It is necessary to include guidance regarding the “cooling off”

37_ISQM 2_MZRSUS

We support of the principles and flexibility in ED-ISQM 2 for firms to establish relevant and responsive cooling-off periods.

45_ISQM 2_RSMI

We agree that a “cooling-off” period is essential to independence and objectivity. For an engagement partner to move directly into the role of engagement quality reviewer is a threat to those principles because they may be influenced by decisions made when they were responsible for the audit.

6 Public Sector Organizations

48_ISQM 2_INTOSAI

Yes

49_ISQM 2_NAOM

Agreed.

7 Member Bodies and Other Professional Organizations

60_ISQM 2_CAI

The Ethical Standard for auditors in Ireland currently mandates a two year cooling off period for engagement partners before they can act in as an engagement quality reviewer role therefore we concur with the guidance as set out in the proposed ISQM 2.

72_ISQM 2_ICPAS

We believe this is necessary for the engagement quality reviewer to remain objective. The engagement quality reviewer needs to maintain total objectivity from the engagement, which would preclude a former engagement partner from being the EQR without the appropriate cooling off period.

73_ISQM 2_IEC-IAB

They are appropriate.

76_ISQM 2_ICAS

We are supportive of the inclusion of a new requirement for the firm to establish policies or procedures that include limitations on the eligibility of an individual to be appointed as engagement quality reviewer for an engagement on which the individual previously served as the engagement partner.

82_ISQM 2_KICPA

We are for the need for the guidance regarding a cooling-off period, since the objectivity of engagement quality reviews could be ensured via the period.

83_ISQM 2_MICPA

An engagement partner is not likely to be able to perform the role of the engagement quality reviewer immediately after ceasing to be the engagement partner because it is not likely that the threats to the individual's objectivity with regard to the engagement and the engagement team can be reduced to an acceptable level. Hence, policies or procedures of establishing a specified cooling-off period during, which the engagement partner is precluded from being appointed as the engagement quality reviewer is necessary.

87_ISQM 2_SRO-AAS

It is possible

8 Individuals and Others

91_ISQM 2_VM

It is possible