

**ADDITIONAL CHANGES TO ISQM 1 FOR CONSIDERATION BY THE BOARD ON
SEPTEMBER 23, 2020**

This document includes further changes to ISQM 1 for consideration by the Board on September 23, 2020. The changes have been made as a result of comments provided by the Board to the ISQM 1 Task Force. The track changes in this document are from Agenda Item 2-A.2.

2. Engagement quality reviews form part of the firm's system of quality management and:
- (a) This ISQM ~~addresses~~ deals with the firm's responsibility to establish policies or procedures addressing engagements that are required to be subject to engagement quality reviews.
- ...
- A42. Law, regulation or professional standards may establish requirements that give rise to additional quality objectives. For example, ~~the~~ firm ~~may be~~ is required by law or regulation to appoint non-executive individuals to the firm's governance structure and the firm considers it necessary to establish additional quality objectives to address the requirements.
29. The firm shall establish the following quality objectives that address the fulfillment of responsibilities in accordance with relevant ethical requirements, including those related to independence: (Ref: Para. A62–A64, A66)
- (a) The firm and its personnel:
 - (i) Understand the relevant ethical requirements to which the firm and the firm's engagements are subject; ~~and~~ and (Ref: Para. A23, A25)
- ...
- A83. Law, ~~or~~ regulation or other professional standards may prescribe the time limits by which the assembly of final engagement files for specific types of engagements are to be completed. Where no such time limits are prescribed in law or regulation, the time limit may be determined by the firm. In the case of engagements conducted under the ISAs or ISAEs, an appropriate time limit within which to complete the assembly of the final engagement file is ordinarily not more than 60 days after the date of the engagement report.
33. The firm shall establish the following quality objectives that address obtaining, generating or using information regarding the system of quality management, and communicating information within the firm and to external parties on a timely basis to enable the design, implementation and operation of the system of quality management: (Ref: Para. A109)

...

- (c) Relevant and reliable information is exchanged throughout the firm and with engagement teams, including: (Ref: Para. A112)
 - (i) Information is communicated to personnel and engagement teams, and the nature, timing and extent of the information is sufficient to enable them to understand and carry out their responsibilities relating to performing activities within the system of quality management or engagements: ~~and~~
 - (ii) Personnel and engagement teams communicate information to the firm when performing activities within the system of quality management or engagements.
- (d) Relevant and reliable information is communicated to external parties, including:
 - (i) Information is communicated by the firm to or within the firm's network or to service providers, if any, enabling the network or service providers to fulfill their responsibilities relating to the network requirements or network services or resources provided by them: ~~and~~ (Ref: Para. A113)
 - (ii) Information is communicated externally when required by law, regulation or professional standards, or to support external part