

The below table compares the requirements in ED-ISQM 2¹ (column 1) and the requirements in the final proposed ISQM 2 (column 2). Where additional requirement paragraphs have been added in column 2, the corresponding column 1 will be empty. Given the purpose of the table as explained in **Agenda Items 3 and 3-F**, the requirements are not necessarily in numerical order.

Table of Comparison Between Requirements in ED-ISQM 2 and Final Proposed ISQM 2

ED-ISQM 2 Requirements (Column 1)	Final Proposed ISQM 2 Requirements (Column 2)
Requirements	Requirements
Applying, and Complying with, Relevant Requirements	Applying, and Complying with, Relevant Requirements
12. The firm and the engagement quality reviewer shall have an understanding of this ISQM, including the application and other explanatory material, to understand the objective of this ISQM and to properly apply the requirements relevant to them.	14. The firm and the engagement quality reviewer shall have an understanding of this ISQM, including the application and other explanatory material, to understand the objective of this ISQM and to properly apply the requirements relevant to them.
13. The firm or the engagement quality reviewer, as applicable, shall comply with each requirement of this ISQM, unless the requirement is not relevant in the circumstances of the engagement.	15. The firm or the engagement quality reviewer, as applicable, shall comply with each requirement of this ISQM, unless the requirement is not relevant in the circumstances of the engagement.
14. The proper application of the requirements is expected to provide a sufficient basis for the achievement of the objective of this standard. However, if the firm or the engagement quality reviewer determines that the application of the relevant requirements does not provide a sufficient basis for the achievement of the objective of this standard, the firm or the engagement quality reviewer, as applicable, shall take further actions to achieve the objective.	16. The proper application of the requirements is expected to provide a sufficient basis for the achievement of the objective of this standard. However, if the firm or the engagement quality reviewer determines that the application of the relevant requirements does not provide a sufficient basis for the achievement of the objective of this standard, the firm or the engagement quality reviewer, as applicable, shall take further actions to achieve the objective.

¹ Exposure Draft, Proposed International Standard on Quality Management (ISQM) 2, *Engagement Quality Reviews*

ED-ISQM 2 Requirements (Column 1)	Final Proposed ISQM 2 Requirements (Column 2)
Appointment and Eligibility of Engagement Quality Reviewers	Appointment and Eligibility of Engagement Quality Reviewers
15. The firm shall establish policies or procedures that require the assignment of responsibility for the appointment of engagement quality reviewers to an individual(s) with the competence, capabilities and appropriate authority within the firm to fulfill the responsibility. Those policies or procedures shall require such individual(s) to appoint the engagement quality reviewer. (Ref: Para. A1–A3)	17. The firm shall establish policies or procedures that require the assignment of responsibility for the appointment of engagement quality reviewers to an individual(s) with the competence, capabilities and appropriate authority within the firm to fulfill the responsibility. Those policies or procedures shall require such individual(s) to appoint the engagement quality reviewer. (Ref: Para. A1–A3)
16. The firm shall establish policies or procedures that set forth the criteria for eligibility to be appointed as an engagement quality reviewer and 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 engagement partner. Those policies or procedures shall require that the engagement quality reviewer not be a member of the engagement team, and: (Ref: Para. A4–A5)	18. The firm shall establish policies or procedures that set forth the criteria for eligibility to be appointed as an engagement quality reviewer. Those policies or procedures shall require that the engagement quality reviewer not be a member of the engagement team, and: (Ref: Para. A4)
(a) Have the competence and capabilities, including sufficient time, and the appropriate authority to perform the engagement quality review; (Ref: Para. A6–A12)	(a) Has the competence and capabilities, including sufficient time, and the appropriate authority to perform the engagement quality review; (Ref: Para. A5–A11)
(b) Comply with relevant ethical requirements, including that threats to objectivity of the engagement quality reviewer related to the engagement or the engagement team are eliminated or reduced to an acceptable level; and (Ref: Para. A13–A16)	(b) Complies with relevant ethical requirements, including in relation to threats to objectivity and independence of the engagement quality reviewer; and (Ref: Para. A12–A15)
(c) Comply with requirements of law and regulation, if any, that are relevant to the eligibility of the engagement quality reviewer. (Ref: Para. A17)	(c) Complies with provisions of law and regulation, if any, that are relevant to the eligibility of the engagement quality reviewer. (Ref: Para. A16)
	19. The firm's policies or procedures established in accordance with

ED-ISQM 2 Requirements (Column 1)	Final Proposed ISQM 2 Requirements (Column 2)
	paragraph 18(b) shall also address threats to objectivity created by an individual being appointed as an engagement quality reviewer after previously serving as the engagement partner. Such policies or procedures shall specify a cooling-off period of two years, or a longer period if required by relevant ethical requirements, before an engagement partner can assume the role of engagement quality reviewer. (Ref: Para. A17–A18)
17. The firm shall establish policies or procedures that set forth the criteria for eligibility of individuals who assist the engagement quality reviewer. Those policies or procedures shall require that such individuals not be members of the engagement team, and:	20. The firm shall establish policies or procedures that set forth the criteria for eligibility of individuals who assist the engagement quality reviewer. Those policies or procedures shall require that such individuals not be members of the engagement team, and:
(a) Have the competence and capabilities, including sufficient time, to perform the duties assigned to them; and	(a) Have the competence and capabilities, including sufficient time, to perform the duties assigned to them; and (Ref: Para. A19)
(b) Comply with relevant ethical requirements and, if applicable, the requirements of law and regulation. (Ref: Para. A18-A19)	(b) Comply with relevant ethical requirements, including in relation to threats to their objectivity and independence and, if applicable, the provisions of law and regulation. (Ref: Para. A20–A21)
18. The firm shall establish policies or procedures that require the engagement quality reviewer to take responsibility for the performance of the engagement quality review, including that the work of individuals assisting in the review is appropriate.	21. The firm shall establish policies or procedures that: (a) Require the engagement quality reviewer to take overall responsibility for the performance of the engagement quality review; and (b) Address the engagement quality reviewer's responsibility for determining the nature, timing and extent of the direction and supervision of the individuals assisting in the review, and the review of their work. (Ref: Para. A22)

ED-ISQM 2 Requirements (Column 1)	Final Proposed ISQM 2 Requirements (Column 2)
	<i>Impairment of the Engagement Quality Reviewer's Eligibility to Perform the Engagement Quality Review</i>
19. The firm shall establish policies or procedures that address circumstances in which the engagement quality reviewer's eligibility to perform the engagement quality review is impaired and the appropriate actions to be taken by the firm, including the process for identifying and appointing a replacement in such circumstances. (Ref: Para. A20)	22. The firm shall establish policies or procedures that address circumstances in which the engagement quality reviewer's eligibility to perform the engagement quality review is impaired and the appropriate actions to be taken by the firm, including the process for identifying and appointing a replacement in such circumstances. (Ref: Para. A23)
20. When the engagement quality reviewer becomes aware of circumstances that impair the engagement quality reviewer's eligibility, the engagement quality reviewer shall notify the appropriate individual(s) in the firm, and: (Ref: Para. A21) (a) If the engagement quality review has not commenced, decline the appointment to perform the engagement quality review; or (b) If the engagement quality review has commenced, discontinue the performance of the engagement quality review.	23. When the engagement quality reviewer becomes aware of circumstances that impair the engagement quality reviewer's eligibility, the engagement quality reviewer shall notify the appropriate individual(s) in the firm, and: (Ref: Para. A24) (a) If the engagement quality review has not commenced, decline the appointment to perform the engagement quality review; or (b) If the engagement quality review has commenced, discontinue the performance of the engagement quality review.
Performance of the Engagement Quality Review	Performance of the Engagement Quality Review
21. The firm shall establish policies or procedures regarding the performance of the engagement quality review that address:	24. The firm shall establish policies or procedures regarding the performance of the engagement quality review that address:
(a) The engagement quality reviewer's responsibilities to perform procedures in accordance with paragraphs 22–23 at appropriate points in time during the engagement to provide an appropriate basis for an objective evaluation of the significant judgments made by the engagement team and the conclusions reached thereon;	(a) The engagement quality reviewer's responsibilities to perform procedures in accordance with paragraphs 25–26 at appropriate points in time during the engagement to provide an appropriate basis for an objective evaluation of the significant judgments made by the engagement team and the conclusions reached thereon;
(b) The responsibilities of the engagement partner in relation to the	(b) The responsibilities of the engagement partner in relation to the

ED-ISQM 2 Requirements (Column 1)	Final Proposed ISQM 2 Requirements (Column 2)
engagement quality review, including prohibiting the engagement partner from dating the engagement report until the completion of the review; and (Ref: Para. A22–A23)	engagement quality review, including that the engagement partner is precluded from dating the engagement report until notification has been received from the engagement quality reviewer in accordance with paragraph 27 that the engagement quality review is complete; and (Ref: Para. A25–A26)
(c) Circumstances when the nature and extent of engagement team discussions with the engagement quality reviewer about a significant judgment give rise to a threat to the objectivity of the engagement quality reviewer, and appropriate actions to take in these circumstances. (Ref: Para. A24)	(c) Circumstances when the nature and extent of engagement team discussions with the engagement quality reviewer about a significant judgment give rise to a threat to the objectivity of the engagement quality reviewer, and appropriate actions to take in these circumstances. (Ref: Para. A27)
22. In performing the engagement quality review, the engagement quality reviewer shall: (Ref: Para. A24–A34)	25. In performing the engagement quality review, the engagement quality reviewer shall: (Ref: Para. A28–A33)
<p>(a) Read and understand information:</p> <p>(i) Obtained from the engagement team about the nature and circumstances of the engagement; and</p> <p>(ii) Provided by the firm about the results of its monitoring and remediation, in particular about identified deficiencies that may relate to, or affect, the areas involving significant judgments by the engagement team.</p>	<p>(a) Read, and obtain an understanding of, information communicated by: (Ref: Para. A34)</p> <p>(i) The engagement team regarding the nature and circumstances of the engagement and the entity; and</p> <p>(ii) The firm related to the firm’s monitoring and remediation process, in particular identified deficiencies that may relate to, or affect, the areas involving significant judgments made by the engagement team.</p>
(b) Discuss significant matters with the engagement partner and, if applicable, other members of the engagement team. (Ref: Para. A29)	(b) Discuss with the engagement partner and, if applicable, other members of the engagement team, significant matters and significant judgments made in planning, performing and reporting on the engagement. (Ref: Para. A35–A38)

ED-ISQM 2 Requirements (Column 1)	Final Proposed ISQM 2 Requirements (Column 2)
<p>(c) Based on the information obtained in (a) and (b), identify the areas involving significant judgments made by the engagement team, including those related to: (Ref: Para. A30–A31)</p> <ul style="list-style-type: none"> (i) The overall strategy and plan for performing the engagement; (ii) The performance of the engagement; and (iii) Forming an opinion or conclusion, when applicable, and reporting on the engagement. 	
<p>(d) Review selected engagement documentation that supports the significant judgments made by the engagement team and the conclusions reached thereon and evaluate:</p> <ul style="list-style-type: none"> (i) The engagement team’s basis for making the significant judgments, including when applicable, the appropriate exercise of professional skepticism; (ii) Whether the engagement documentation supports the conclusions reached; and (iii) Whether the conclusions reached are appropriate. 	<p>(c) Based on the information obtained in (a) and (b), review selected engagement documentation relating to the significant judgments made by the engagement team and evaluate: (Ref: Para. A39–A43)</p> <ul style="list-style-type: none"> (i) The basis for making those significant judgments, including, when applicable to the type of engagement, the exercise of professional skepticism by the engagement team; (ii) Whether the engagement documentation supports the conclusions reached; and (iii) Whether the conclusions reached are appropriate.
	<p>(d) For audits of financial statements, evaluate the basis for the engagement partner’s determination that relevant ethical requirements relating to independence have been fulfilled. (Ref: Para. A44)</p>
<p>(e) Evaluate whether appropriate consultation has taken place on difficult or contentious matters or matters involving differences of</p>	<p>(e) Evaluate whether appropriate consultation has taken place on difficult or contentious matters or matters involving differences of</p>

ED-ISQM 2 Requirements (Column 1)	Final Proposed ISQM 2 Requirements (Column 2)
opinion and the conclusions arising from those consultations. (Ref: Para. A32)	opinion and the conclusions arising from those consultations. (Ref: Para. A45)
(f) For audits of financial statements, evaluate the basis for the engagement partner's conclusion that the engagement partner has taken overall responsibility for managing and achieving quality on the audit engagement. (Ref: Para. A33–A34)	(f) For audits of financial statements, evaluate the basis for the engagement partner's determination that the engagement partner's involvement has been sufficient and appropriate throughout the audit engagement such that the engagement partner has the basis for determining that the significant judgments made and the conclusions reached are appropriate given the nature and circumstances of the engagement. (Ref: Para. A46)
(g) Review: (i) For an audit of financial statements, the financial statements and the auditor's report thereon, including, if applicable, the description of the key audit matters; or (ii) For an assurance or related services engagement, the engagement report, and when applicable, the subject matter information.	(g) Review: (i) For an audit of financial statements, the financial statements and the auditor's report thereon, including, if applicable, the description of the key audit matters; or (Ref: Para. A47) (ii) For an assurance or related services engagement, the engagement report, and when applicable, the subject matter information. (Ref: Para. A48)
23. If the engagement quality reviewer has concerns that the significant judgments made by the engagement team, or the conclusions reached thereon, are not appropriate, the engagement quality reviewer shall notify the engagement partner. If such concerns are not resolved to the engagement quality reviewer's satisfaction, the engagement quality reviewer shall notify an appropriate individual(s) in the firm that the engagement quality review cannot be completed. (Ref: Para. A35)	26. The engagement quality reviewer shall notify the engagement partner if the engagement quality reviewer has concerns that the significant judgments made by the engagement team, or the conclusions reached thereon, are not appropriate. If such concerns are not resolved to the engagement quality reviewer's satisfaction, the engagement quality reviewer shall notify an appropriate individual(s) in the firm that the engagement quality review cannot be completed. (Ref: Para. A49)
<i>Completion of the Engagement Quality Review</i>	<i>Completion of the Engagement Quality Review</i>

ED-ISQM 2 Requirements (Column 1)	Final Proposed ISQM 2 Requirements (Column 2)
24. The engagement quality reviewer shall determine whether the requirements in this ISQM with respect to the performance of the engagement quality review have been fulfilled, and whether the engagement quality review is complete. If so, the engagement quality reviewer shall notify the engagement partner that the engagement quality review is complete.	27. The engagement quality reviewer shall determine whether the requirements in this ISQM with respect to the performance of the engagement quality review have been fulfilled, and whether the engagement quality review is complete. If so, the engagement quality reviewer shall notify the engagement partner that the engagement quality review is complete.
Documentation	Documentation
25. The firm shall establish policies or procedures that require the engagement quality reviewer to take responsibility for documentation of the engagement quality review. (Ref: Para. A36–A39)	28. The firm shall establish policies or procedures that require the engagement quality reviewer to take responsibility for documentation of the engagement quality review. (Ref: Para. A50)
26. The firm shall establish policies or procedures that require documentation of the engagement quality review in accordance with paragraph 27, and that such documentation be included with the engagement documentation.	29. The firm shall establish policies or procedures that require documentation of the engagement quality review in accordance with paragraph 30, and that such documentation be included with the engagement documentation.
27. The engagement quality reviewer shall determine that the documentation of the engagement quality review is sufficient to enable an experienced practitioner, having no previous connection with the engagement, to understand the nature, timing and extent of the procedures performed by the engagement quality reviewer and, when applicable, individuals who assisted the reviewer, and the conclusions reached in performing the review. The engagement quality reviewer also shall determine that the documentation of the engagement quality review includes: (a) The names of the engagement quality reviewer and individuals who assisted with the engagement quality review; (b) An identification of the engagement documentation reviewed;	30. The engagement quality reviewer shall determine that the documentation of the engagement quality review is sufficient to enable an experienced practitioner, having no previous connection with the engagement, to understand the nature, timing and extent of the procedures performed by the engagement quality reviewer and, when applicable, individuals who assisted the reviewer, and the conclusions reached in performing the review. The engagement quality reviewer also shall determine that the documentation of the engagement quality review includes: (Ref: Para. A51–A53) (a) The names of the engagement quality reviewer and individuals who assisted with the engagement quality review; (b) An identification of the engagement documentation reviewed;

Table of Comparison Between the Requirements in ED-ISQM 2 and Final Proposed ISQM 2
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ED-ISQM 2 Requirements (Column 1)	Final Proposed ISQM 2 Requirements (Column 2)
<p>(c) The engagement quality reviewer’s determination in accordance with paragraph 24;</p> <p>(d) The notifications required in accordance with paragraphs 23 and 24; and</p> <p>(e) The date of completion of the engagement quality review.</p>	<p>(c) The basis for the engagement quality reviewer’s determination in accordance with paragraph 27;</p> <p>(d) The notifications required in accordance with paragraphs 26 and 27; and</p> <p>(e) The date of completion of the engagement quality review.</p>