

## Response Template: Proposed ISQM 2

### Note to respondents:

- The questions below are from the exposure draft of proposed International Standard on Quality Management (ISQM) 2, *Engagement Quality Reviews*, which is available at [www.iaasb.org/quality-management](http://www.iaasb.org/quality-management).
- Respondents are asked to respond separately to each of the exposure drafts and the overall explanatory memorandum.
- We request that comment letters do not include tables as they are incompatible with the software we use to help analyze respondents' comments.

### **General Comments on Proposed ISQM 2**

*[Please include here comments of a general nature and matters not covered by the questions below.]*

### **Questions**

- 1) Do you support a separate standard for engagement quality reviews? In particular, do you agree that ED-ISQM 1 should deal with the engagements for which an engagement quality review is to be performed, and ED-ISQM 2 should deal with the remaining aspects of engagement quality reviews?  
Response: IAB-IEC is favorable of this separation. It should be investigated if ISQM 2 shouldn't also deal with the criteria for which engagement quality review is to be performed.
- 2) Are the linkages between the requirements for engagement quality reviews in ED-ISQM 1 and ED-ISQM 2 clear?  
Response: They are clear.
- 3) Do you support the change from "engagement quality control review/reviewer" to "engagement quality review/reviewer?" Will there be any adverse consequences of changing the terminology in respondents' jurisdictions?  
Response: The change in terminology alone will not have adverse consequences.
- 4) Do you support the requirements for eligibility to be appointed as an engagement quality reviewer or an assistant to the engagement quality reviewer as described in paragraphs 16 and 17, respectively, of ED-ISQM 2?  
Response: IAB-IEC is pleased that these paragraphs take SMPs into account to prevent that the requirements would be inapplicable for SMPs.
  - (a) 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?  
Response: They are appropriate.
  - (b) If you support such guidance, do you agree that it should be located in proposed ISQM 2 as opposed to the IESBA Code?  
Response: Yes, the guidance shouldn't be separated from the standard.

- 5) Do you agree with the requirements relating to the nature, timing and extent of the engagement quality reviewer's procedures? Are the responsibilities of the engagement quality reviewer appropriate given the revised responsibilities of the engagement partner in proposed ISA 220 (Revised)?

Response: They are appropriate.

- 6) Do you agree that the engagement quality reviewer's evaluation of the engagement team's significant judgments includes evaluating the engagement team's exercise of professional skepticism? Do you believe that ED-ISQM 2 should further address the exercise of professional skepticism by the engagement quality reviewer? If so, what suggestions do you have in that regard?

Response: This should indeed include professional skepticism.

- 7) Do you agree with the enhanced documentation requirements?

Response: They must not risk being onerous.

- 8) Are the requirements for engagement quality reviews in ED-ISQM 2 scalable for firms of varying size and complexity? If not, what else can be done to improve scalability?

Response: The scope is limited. The firms exercising the engagements within the scope of ISQM 2 are, in many cases, larger firms. On the other hand, the draft doesn't contain many references to sole practitioners or SMPs. This could be expanded and assembled in a single section of the standard.

### **Editorial Comments on Proposed ISQM 2**

*[Please include here comments of an editorial nature.]*