

## 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.

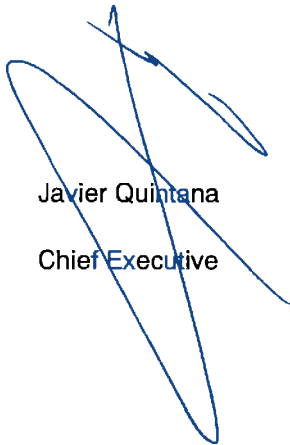
### **General Comments on Proposed ISQM 2**

The Instituto de Censores Jurados de Cuentas de España (hereinafter ICJCE) is pleased to provide its comments to the IAASB proposed International Standard on ISQM2 Engagement Quality Reviews.

As stated in our answers to the specific questions below, we see the split of the ISQC1 y two standards an answer to political pressures more than a real need. In fact, separate those requirements to perform an engagement quality review from the requirements applicable to the engagement quality reviewer and the documentation requirements, may generate confusion.

Should you have any question, please contact [avila@icjce](mailto:avila@icjce), we will be very pleased to clarify any issue regarding the content of this letter

Sincerely,



Javier Quintana  
Chief Executive

## 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? It looks more a political than a real need. In our opinion requirements in ISQM2 could be included in ISQM 1. In fact, separating those requirements to perform an engagement quality review from the requirements applicable to the engagement quality reviewer and the documentation requirements, may generate confusion.

We understand that ISQCM 2 should not be used as a standard applicable only to PIE or high-risk entities auditors but to all firms and it is a procedure to implement in the circumstances detailed in ISQCM 1 and those set by the firm (based on ISQC1 Para 37 e))

- 2) Are the linkages between the requirements for engagement quality reviews in ED-ISQM 1 and ED-ISQM 2 clear?

No comments.

- 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?

No comments.

- 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?

- (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?

Criteria for eligibility as an engagement quality reviewer or an assistant to the engagement quality reviewer (ISQM 2 Para 16 and 17) seem reasonable.

The engagement quality reviewer should be a professional qualified to act as a statutory auditor.

We consider appropriate to establish a cooling off period as a measure to deal with the threats to the objectivity of the engagement quality reviewer when previously it has performed as an engagement partner. We believe that the minimum cooling off period should be a requirement instead of a guidance.

- (b) If you support such guidance, do you agree that it should be located in proposed ISQM 2 as opposed to the IESBA Code?

We consider that aspects related to the objectivity of the engagement quality reviewer should be developed in the ISQM2 itself.

- 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)?

Procedures to be performed by the engagement quality reviewer are described in ISQM 2 Para 22 and 23 and we understand that there is no overlapping with the responsibilities of the engagement partner according to ED ISA 220

- 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?

No comments.

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

No comments.

- 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?

No comments.

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

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