

## 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: **Yes, we do.**

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

Response: **Yes, plus a simple, practical guide would support the implementation of quality systems easily in the absence of a quality culture.**

- 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: **Yes, we do and also understand there will be no 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: **Yes, we support it, more for small firms and individual practicing professionals without employees, a practical and simple guide would achieve that quality management is implemented.**

- (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: This standard does not provide guidance on what to do in firms that have few (small) partners or individual practicing professionals, without this incurring disproportionate costs. A simple, practical guide to quality management standards should clarify issues such as this.

- (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: It should be included in both.

- 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: Yes, we do.

- 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: Yes, we agree with the reviewer's evaluation. NIGC 2 should address professional skepticism by the quality reviewer in a timely manner.

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

Response: Yes, we do.

- 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: They are scalable, plus a practical and simple guide would clarify in a punctual way the scalability.