

Conforming Amendments: Quality Management

Brett James, Deputy Director
Armand Kotze, Assistant Manager

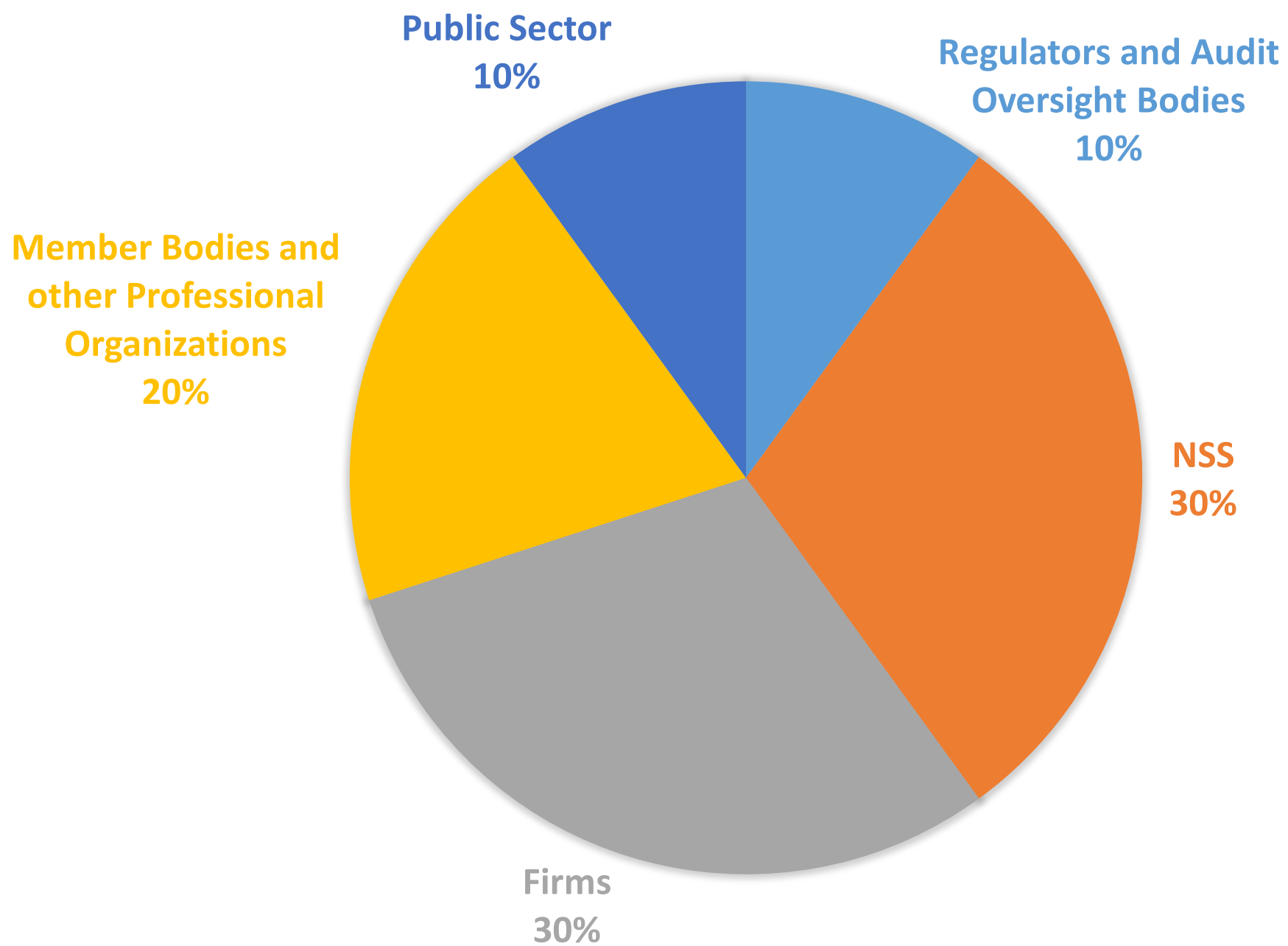
IAASB Meeting
September 15th, 2021

Background

- Purpose:
 - Remove conflicts with the Quality Management standards
 - Ensure that the IAASB's Other Standards and Framework can continue to be applied together with the QM standards
- ED issued Feb 22nd, 2021 for comment by May 2021
- All comments are in Nvivo files (Agenda Items B.1-B.2, C.1-C.2)
- Planned approval in October 2021



Stakeholder Responses



What Did We Hear?

- General support for proposed amendments
- Opposing views: should have revised standards more fully
- Staff response:
 - Limited, narrow scope nature of project
 - Differences with ISAs in these standards is deliberate; different services/different markets
 - Further changes to these standards only via Framework for Activities process



What Did We Hear?

- Comments in four categories:
 - Editorials
 - Improvements to alignment with QM standards
 - Improving internal consistencies
 - Deemed unnecessary or inconsistent with limited nature of the project
- Staff developed responses to comments received
 - Grateful for assistance from NSS



What Did We Hear?

- ISRE 2410
- Definition of Engagement Team
 - Implications of upstream/downstream supply chain audits
 - “excluding a practitioners’ expert engaged by a firm or network firm”
- Engagement Quality Reviews
 - EQRs may not be as widely prevalent, but implications of one may not be obvious



What Did We Hear?

- Other suggestions not adopted:
 - In general:
 - Wording alignments between the Other standards, the QM standards or with ISA 220 (Revised)
 - Comments about the level of detail being added to specific requirements
 - Principle: follow narrow scope approach set by project proposal



Walkthrough Standard by Standard

1. Do members support the proposed changes to the conforming and consequential amendments shown in Agenda Item 3-A?
2. Are other changes warranted to address respondents' comments on the ED?

Effective Date

- ED: aligned with QM standards:
 - Reviews of financial statements for periods beginning on or after December 15, 2022
 - Other assurance and related services engagements beginning on or after December 15, 2022
- General support with two exceptions
 - Understand date, but cautious of burden caused by volume of changes
 - Should use ISQM 1 effective date for changes related to system of quality management



Effective Date

3. Does the IAASB support the effective date as recommended in paragraph 29?

Next Steps

- Approval planned for October
- Written comments – Wednesday 22nd September



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