

March 2021

Basis for Conclusions
***ASQM 1 Quality Management for Firms
that Perform Audits or Reviews of Financial
Reports and Other Financial Information,
or Other Assurance or Related Services
Engagements***

Prepared by the **Auditing and Assurance Standards Board**



Australian Government

Auditing and Assurance Standards Board

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Basis for Conclusions ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*

Basis for Conclusions ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements* has been prepared by the Technical Staff of the Auditing and Assurance Standards Board (AUASB) to provide the background and rationale for the development and approval of the Standard by the AUASB. The Basis for Conclusions relates to, but does not form part of, ASQM 1.

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CONTENTS

Page

Background 5

Scope 5

Major Issues raised by Respondents on Exposure 6

Conclusion..... 9

Appendix 1 10

BASIS FOR CONCLUSIONS

ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*

This Basis for Conclusions has been prepared by the Technical Staff of the AUASB to provide the background and rationale for the development and approval of ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, by the AUASB. The Basis of Conclusions relates to, but does not form part of ASQM 1, and is not a substitute for reading the Standard.

Background

1. In accordance with its mandates under section 227 of the *Australian Securities and Investments Commission Act 2001* and the Financial Reporting Council's *Strategic Direction*, the AUASB's policy is to adopt the International Auditing and Assurance Standards Board (IAASB) ISAs, unless there is a compelling reason not to do so. In addition the AUASB is required to make such amendments to the ISAs to ensure the Australian Auditing Standards both exhibit and conform to the Australian regulatory environment and statutory requirements. Further amendments are made where there are compelling reasons to do so, and are made with a public interest focus. Refer paragraph 11 of this Basis of Conclusions document for further detail on compelling reason amendments.
2. The IAASB issued ISQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* and conforming and consequential amendments in December 2020.
3. The IAASB's project to update ISQM 1 had an overall objective to strengthen and improve a firm's management of quality for all engagements performed under the IAASB's International Standards by more explicitly incorporating a quality management approach, fostering the ability of the standard to be applied to a wide range of circumstances, and enhancing the requirements and application material.
4. The IAASB released an exposure draft of proposed ISQM 1 in February 2019.
5. In March 2019 the AUASB exposed the IAASB exposure drafts, to gather feedback from Australian stakeholders to inform its submission to the IAASB on proposed ISQM 1. The AUASB received comment letters from 3 stakeholders and held roundtables in Sydney, Melbourne, and Brisbane which were attended by over 50 stakeholders representing assurance providers from a range of audit firms, professional accounting bodies, academics, those charged with governance and preparers of financial statements.
6. Based on the feedback received the AUASB provided a submission to the IAASB in July 2019. Refer to [AUASB's full submission](#).
7. The AUASB monitored the development of ISQM 1 to ensure that the issues included in the submission to the IAASB were appropriately addressed. Further details regarding the development of ISQM 1 and how the IAASB addressed feedback on their exposure draft can be found in [ISQM 1 Basis for Conclusions](#) on the IAASB's website.

Scope

8. This Basis for Conclusions applies to ASQM 1 primarily, but is also relevant to ASA 2021-1 which contains the consequential and conforming amendments to:

Basis for Conclusions ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*

- *ASA 200 Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with Australian Auditing Standards*
- *ASA 210 Agreeing the Terms of Audit Engagements*
- *ASA 230 Audit Documentation*
- *ASA 250 Consideration of Laws and Regulations in an Audit of a Financial Report*
- *ASA 260 Communication with Those Charged with Governance*
- *ASA 300 Planning an Audit of a Financial Report*
- *ASA 315 Identifying and Assessing the Risks of Material Misstatement*
- *ASA 500 Audit Evidence*
- *ASA 540 Auditing Accounting Estimates and Related Disclosures*
- *ASA 600 Special Considerations – Audits of a Group Financial Report*
- *ASA 610 Using the Work of Internal Auditors*
- *ASA 620 Using the Work of an Auditor’s Expert*
- *ASA 700 Forming an Opinion and Reporting on a Financial Report*
- *ASA 701 Communicating Key Audit Matters in the Independent Auditor’s Report*
- *ASA 720 The Auditor’s Responsibilities Relating to Other Information*

Major Issues raised by Respondents on Exposure

9. The adoption of international standards and any changes to adopted standards are governed by the AUASB’s policies regarding convergence with IAASB standards and harmonisation with the standards of the New Zealand Auditing and Assurance Standards Board. The policies and procedures incorporate “compelling reasons” tests which must be used to support changes to the international standards (refer paragraph 1).
10. The AUASB received feedback from respondents on the Australian exposure of ISQM 1 with the major issues included in the submission to the IAASB relating to:
 - the overall length, complexity and level of prescriptiveness of the standard;
 - the level of granularity around the Risk Assessment Process; and
 - the scalability of the standard to firms.

The AUASB included these issues in its submission to the IAASB. Appendix 1 details all major feedback received from Australian stakeholders which was included in the AUASB’s submission to the IAASB and how the issues have been addressed in the final ISQM 1.

Compelling reasons assessment

11. The adoption of international standards and any changes to adopted standards are governed by the AUASB’s policies regarding convergence with IAASB standards and harmonisation with the standards of the NZAuASB. The policies and procedures incorporate “compelling reasons” tests which must be used to support changes to the international standards. Changes are made only when the AUASB is satisfied that there are compelling reasons to do so. Further to paragraph 1 of this Basis of Conclusions document, compelling reasons fall broadly into two

Basis for Conclusions ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*

categories: legal and regulatory; and principles and practices considered appropriate in maintaining or improving audit quality in Australia.

12. In considering ASQM 1, while the AUASB acknowledged that ASQM 1 is still long and complex, and there are potentially a number of challenging implementation issues, the AUASB determined that the significant matters raised in its submission to the IAASB, as well as those identified through review of subsequent drafts of the standard, have been addressed in the final standard (ISQM 1), the AUASB therefore decided to adopt the standard without substantive change. The AUASB does recognise that there are still scalability concerns with the standard and will closely monitor implementation support materials.
13. The AUASB concluded that there were several non-judgemental Australian compelling reason amendments to make to the international equivalent version of the standard. Such amendments are prefixed in ASQM 1 as AUS paragraphs and exist for different reasons as summarised in the tables below.

The following introductory paragraphs and definitions are additional to or have been amended from ISQM 1:

	Summary of Change
1	Paragraph Aus 4.1 replaces ISQM 1 introductory paragraph 4. The purpose of the amendment is to introduce ASA 102 <i>Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements</i> . This change has been made to conform with the Australian regulatory environment and statutory requirements.
2	Paragraph Aus 4.2 is additional to ISQM 1 paragraph Aus 4.1, and has been included to serve as a reminder that it is the responsibility of the firm to ensure compliance with all relevant legal, regulatory or professional obligations. This change has been made to conform with the Australian regulatory environment and statutory requirements.
3	Paragraph Aus 10.1 replaces ISQM 1 paragraph 10 to remove the example of a reference to Compilation Engagements. In Australia, the APESB is the entity that issues the Compilation Engagement standard, accordingly reference to such a standard being issued by the AUASB is not appropriate. This change has been made to conform with the Australian regulatory environment and statutory requirements.
4	Paragraphs Aus 16.1, Aus 16.2 and Aus 16.5 are additional to ISQM 1 in order to include the definitions of ‘Assurance engagement’, ‘Assurance practitioner’ and ‘Other financial information’, within the legislative instrument of ASQM 1. This change has been made to conform with the Australian regulatory environment and statutory requirements.
5	Paragraph Aus 16.3 is additional to ISQM 1 to include the definition of ‘Date of report’. This change has been made in line with an existing principle and practice that is considered appropriate in maintaining audit quality in Australia.
6	Paragraph Aus 16.4 replaces ISQM 1 paragraph 16(f) definition of ‘Engagement team’, to remove the reference to direct assistance of internal audit which is prohibited in Australia, consistent with ASA 610 <i>Using the Work of Internal Auditors</i> . This change has been made in line with an existing principle and practice that is considered appropriate in maintaining audit quality in Australia.
7	Paragraph Aus 16.5 is additional to ISQM 1 to include the definition of ‘Other financial information’. Consistent with ASA 100 <i>Preamble to AUASB Standards</i> , although Auditing Standards are written mainly in the context of an audit of a

Basis for Conclusions ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*

	Summary of Change
	financial report, they apply also, as appropriate, to the audit of other financial information. This change has been made to conform with the Australian regulatory environment and statutory requirements.
8	Paragraph Aus 16.6 replaces ISQM 1 paragraph 16(m) definition of ‘Partner’, which references the term ‘professional services engagements’. The term ‘professional services engagements’ is not defined within Australia and has been replaced with the words audit, review, other assurance engagement or related services engagement. This change has been made to conform with the Australian regulatory environment and statutory requirements.
9	Paragraph Aus 16.7 replaces ISQM paragraph 16(p) definition of ‘Professional standards’. The AUASB Preface defines the term AUASB Standards. This change has been made to conform with the Australian regulatory environment and statutory requirements.
10	Paragraph Aus 16.8 replaces ISQM 1 paragraph 16(t) definition of ‘Relevant ethical requirements’. Relevant ethical requirements are defined in ASA 102 <i>Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements</i> . This change has been made to conform with the Australian regulatory environment and statutory requirements.

The following application and other explanatory material is additional to or amended from ISQM 1:

Paragraph	Summary of Change
1	Paragraph Aus A9.1 replaces ISQM 1 paragraph A9 so as to remove the reference to the IAASB Handbook for which the AUASB does not have a corresponding equivalent. This change has been made to conform with the Australian regulatory environment and statutory requirements.
2	Paragraph Aus A96.1 replaces ISQM 1 paragraph A96 to remove the reference to direct assistance of internal audit which is prohibited in Australia, consistent with ASA 610 <i>Using the Work of Internal Auditors</i> . This change has been made in line with an existing principle and practice that is considered appropriate in maintaining audit quality in Australia.

14. Additionally, the AUASB decided to not carry forward several Australian amendments to application and explanatory material from extant ASQC 1. The nature of the amendments and the reasoning for the AUASB’s decision is outlined in the table below.

Nature of Australian amendments	Reason for AUASB decision
Public Sector specific application material and other explanatory material.	The AUASB determined that the public sector guidance did not need to carry forward to ASQM 1 as ASQM 1 has significantly expanded the application material content on the public sector. Additionally, the AUASB is currently undertaking a separate public sector project whereby if needed, public sector guidance will be addressed.

Basis for Conclusions ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*

<i>Corporations Act 2001</i> specific references	The AUASB determined that there would be an overall specific reference to legal and regulatory requirements in the introductory section of ISQM 1, refer Aus A4.2. The firm or the auditor is required to consider all relevant legislation when designing their system of quality management. Additionally, ASQC 1 references to the <i>Corporations Act 2001</i> are not within the requirements of ASQC 1 and impact application material only, as such these references could be seen as ‘nice to have’ but not compelling.
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15. The IAASB has committed to providing implementation support materials including a first time through guide to assist practitioners with the adoption of ISQM 1. The AUASB will monitor all IAASB implementation support materials to consider if further implementation support is required locally to address implementation issues.
16. Appendix 1 details all major feedback received from Australian stakeholders which was included in the AUASB’s submission to the IAASB and how the issues have been addressed in the final ISQM 1. Further detail on how the IAASB have addressed comments on their exposure draft is included in the [IAASB’s Basis for Conclusion](#).

Conclusion

17. The AUASB voted to approve and issue ASQM 1 on 10 March 2021.
18. In reaching its conclusions the AUASB considered:
 - all stakeholder feedback;
 - the IAASB’s due process and consideration as to whether ISQM 1 should be re-exposed;
 - that the amendments made to the standard by the IAASB since exposure, were in response to ED submissions, and have not changed the fundamental approach and principles on which the standard is based, and it was not necessary to re-expose the standard.

* * *

Appendix 1

How more significant issues raised in the AUASB submission to the IAASB have been addressed

	<i>AUASB Issue</i>	<i>Changes made to ISQM 1</i>
1	Concerns with complexity, prescriptiveness, repetitiveness of information and general length of the standard.	<p>(a) To aid with the complexity, structure and length of the standard, ISQM - 1 has been restructured so that:</p> <ul style="list-style-type: none"> (i) The Risk Assessment Process is now near the front of the requirements, before the governance and leadership component. This has also facilitated a reduction in the introduction section. (ii) The system of quality management at the beginning of the requirements section, has a link into governance and leadership to emphasise the importance of this component and that governance and leadership is a pre-requisite to setting up a System of Quality Management. <p>(b) Refocussed components on the quality objectives by removing duplication between objectives and responses and repurposing responses as objectives where possible and relocating responses to a discrete section ‘specified responses’ where possible – refer 2a below.</p> <p>(c) Drafting and presentation</p> <ul style="list-style-type: none"> (i) Example boxes have been used, with specific signposting to scalable examples. The boxed examples do not create new requirements, they are illustrative only. The examples address less and more complex examples demonstrating the scaling-up and scaling-down of the standard. (ii) As part of the IAASB’s Less Complex Entity (LCE) project, there is an ISA focused workstream, the objective of which is to enable more consistent and effective use of the ISAs through a focus on how the ISAs are written and presented. As part of this workstream the LCE working group would develop and consult on drafting principles and guidelines. It would then be determined how to take these principles forward (i.e. on which standards). (iii) Duplicate information removed e.g.: explanations in the introduction, appendix, repetitive Application Material. (iv) Removal of Application Material that may only be relevant for a first time through with a separate first

Basis for Conclusions ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*

	<i>AUASB Issue</i>	<i>Changes made to ISQM 1</i>
		<p>time through guide expected to be issued by the IAASB.</p> <p>(d) Simplified Risk Assessment Process – refer point 2 below.</p> <p>(e) Clarifying the framework for evaluating findings and identifying deficiencies including a new definition of findings and reducing the complexity of the definition of deficiency – refer point 3 below.</p>
2	<p>Concerns with the level of granularity around the Risk Assessment Process (RAP), particularly the granular and prescriptive approach to quality objectives and responses in the components. Additionally, the AUASB raised concerns regarding the requirement to always establish additional quality objectives over and above the objectives in the standard. Furthermore, the AUASB raised concerns that the pre-determined required responses may not be applicable where a firm has no associated risk.</p>	<p>a) Refined quality objectives and responses by component to be outcome based incorporating some previous responses to quality objectives. This results in a reduction in prescribed responses to quality risks – essentially up to the firm to determine their responses to achieve their quality objectives. Responses that have not been combined with an objective have been moved to separate section ‘specified responses’ (paragraph 34/ASQM 1). The specified responses include responses to address: independence, investigating and resolving complaints, acceptance and continuance, communication with those charged with governance of listed entities and engagement quality review in accordance with ASQM 2, all other required responses have been included within the quality objective.</p> <p>b) Included the conditions, events, circumstances, actions or inactions that the firm needs to understand in identifying and assessing quality risks, which are focused on the nature and circumstances of the firm and the engagements performed by the firm (see paragraph 25/ASQM 1). In doing so, included examples in the application material to demonstrate how conditions, events, circumstances, actions or inactions may give rise to quality risks (see paragraph A46/ASQM 1). The intent of these revisions is to promote proactivity, scalability (upwards and downwards) and tailoring the system of quality management to the firm’s circumstances. The intent is also to assist firms in “thinking through” what quality risks may arise and support a more robust risk identification and assessment process. The standard recognises that not all conditions, events, circumstances will give rise to quality risks. Paragraphs A46 and A48 describes that the firm exercises professional judgment in determining whether a risk is a quality risk.</p> <p>c) Amended the definition of quality risk to include the threshold for identifying quality risks:</p>

Basis for Conclusions ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*

	<i>AUASB Issue</i>	<i>Changes made to ISQM 1</i>
		<p>Quality risks – A risk that has a reasonable possibility of:</p> <ul style="list-style-type: none"> (i) Occurring; and (ii) Individually, or in combination with other risks, adversely affecting the achievement of one or more quality objectives. <p>d) Clarified that quality objectives beyond those set out in the standard may not always been required, however the objectives set out in the standard are all required (refer paragraph 24, A43). Additionally, paragraph 27 clarifies that the firm sets policies or procedures designed to identify information about changes in the nature and circumstances of the firm or its engagements that may indicate that quality risks and responses set out in the standard may be modified.</p>
3	<p>Concerns in relation to monitoring and remediation included:</p> <ul style="list-style-type: none"> ○ The differences between findings and deficiencies was unclear with findings not being defined. ○ The requirement to inspect completed files was supported, but the AUASB considered that the requirement and application material could be more principles focused. ○ Lack of clarity around when root-cause analysis is required and the lack of ‘flexing’ of such analysis. ○ The seemingly disproportional requirements in relation to monitoring and remediation and the associated disproportional documentation requirements. The AUASB considered that that the granularity of the requirements may be onerous on SMPs, especially sole practitioners. 	<p>(a) The definition of Deficiency (paragraph 16(a)) has been clarified by explaining the threshold for a deficiency for each aspect of the system of quality management with examples of deficiencies provided in the application material.</p> <p>(b) Amended the definition of findings to more clearly distinguish between a finding and a deficiency. The intent of introducing the term ‘findings’ is to explain the filtering process the firm would follow to identify deficiencies, so that they can be remediated. The definition ‘findings’ needs to scope the information to facilitate that filtering process. At the time of the ED – findings were broad enough to focus on both positive and negative, but respondents to the ED raised concerns as to how findings then were evaluated to determine whether a deficiency exists. Furthermore, other information that is accumulated from the performance of monitoring activities, external inspections and other relevant sources that does not indicate that a deficiency exists (such as positive outcomes) form part of the firm’s information and communication component and may be used by the firm in multiple ways in the context of the system of quality management. The ISQM 1 Taskforce is of the view that this other information is important, however it does not need to be comingled with the concept of findings. Application material, paragraph A157 has been added to emphasise the point that information accumulated from the performance of monitoring activities, external inspections and other relevant sources may be broader than just findings, i.e., it may include positive outcomes or opportunities for the firm</p>

Basis for Conclusions ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*

	<i>AUASB Issue</i>	<i>Changes made to ISQM 1</i>
		<p>to improve, or further enhance, the system of quality management.</p> <p>(c) The requirement in relation to selection of completed engagements for inspections has been revised and supplemented with application material to focus on a risk based selection and taking into account that the selection is affected by the nature, timing and extent of other monitoring activities undertaken by the firm – thereby providing improved flexibility for firms in determining the appropriate cycle for the inspection of completed engagements. Additionally, in order to improve the focus on the selection of engagements based on risks, there is additional application material paragraph A153 giving examples of how the firm may apply a cyclical basis for inspections – including flexing the period between selections up or down.</p> <p>(d) The IAASB is of the view that monitoring and remediation is fundamental to Quality Management of a Firm. While there are many requirements, there are no requirements that would not apply to all firms regardless of size – however these requirements could be scaled/flexed. There are a few areas where scalability and flexibility are demonstrated in the monitoring and remediation section and this relates to:</p> <ul style="list-style-type: none"> • Flexibility demonstrated by way of examples of how the firm may apply a cyclical basis for the inspection of completed engagements for each engagement partner (A153) • Inclusion of new application material paragraph A156 which explains that firms may use service providers to perform monitoring activities – this was added to respond to application of this section of the standard for smaller firms. • An example demonstrating how monitoring the design of the monitoring and remediation process may be done in a less complex firm (A144).
4	<p>Overall comments from the AUASB in the submission on ED-ISQM 1 supported the proposals addressing service providers in ISQM 1, but recommended that the term ‘service provider’ is more clearly defined within ISQM 1, with examples provided to assist practitioners identify not only who is a service provider</p>	<p>(a) Service Provider is now defined in paragraph 16(v)</p> <p>(b) Paragraph A105 provides examples of resources from a service provider.</p> <p>(c) One of the factors the firm considers when identifying an assessing quality risks is the resources of a firm including service providers (paragraph 25(a)(i)(d). Service providers have been included under the resources component and is no longer a stand-alone section of the standard. The standard (A105-A108) recognises that the nature, timing and extent of the</p>

Basis for Conclusions ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*

	<i>AUASB Issue</i>	<i>Changes made to ISQM 1</i>
	captured under ISQM 1, but also to provide clarity as to who is outside the definition.	firm's responses to address service providers depends on the assessed quality risks identified by the firm i.e. not all resources from service providers will necessitate a response.
5	The AUASB was supportive of guidance around the quality objective of appropriate communications with external parties , however the AUASB was concerned that transparency reports would be a requirement of the standard.	Adjusted the requirement addressing communication externally by: <ul style="list-style-type: none"> • Explicitly requiring firms to communicate with those charged with governance when performing an audit of financial statements of listed entities about how the system of quality management supports the consistent performance of quality engagements (see paragraph 34(e)). • Removing the reference in the requirement to transparency reports, in order to promote innovation and the most effective means of communication (the reference to transparency reports has been retained in application material to highlight that it may be a form of communication). • Enhanced the application material setting out the factors the firm considers in determining when it is appropriate to communicate with external parties, and if so, the nature, timing and extent and appropriate form of such communication (see paragraphs A125, A126, A129 and A131).
6	In the submission on ED-ISQM 1, the AUASB raised a concern in relation to an annual evaluation of the system of quality management , noting that an annual evaluation could be onerous particularly for SMPs or sole practitioners' where their system of quality management is likely to be less onerous.	The ISQM 1 taskforce is of the view that a cyclical evaluation would not achieve the intended purpose of the requirement, i.e., that leadership is aware and conscious of the effectiveness of their system of quality management. An annual evaluation had strong support from IAASB members. The taskforce notes that the way leadership of a small or medium practice may evaluate the system of quality management is likely to be less complex, and this has been emphasised in the example given in the application material paragraph A188. <ul style="list-style-type: none"> (a) Including that the evaluation is taken at a point in time – application material A187 has been included to provide examples of the point in time when the evaluation may be undertaken. (b) Application material A189 has been added to explain the matters that may be considered by leadership in concluding on the system of quality management including: severity and pervasiveness of identified deficiencies, whether the deficiencies have been remediated (or how being addressed), whether the effect of the deficiencies have been corrected. It is

Basis for Conclusions ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*

	<i>AUASB Issue</i>	<i>Changes made to ISQM 1</i>
		<p>intended that leadership considers the combination of these matters.</p> <p>Additionally, in relation to the system of quality management, the standard now clarifies/emphasises:</p> <ul style="list-style-type: none"> • that the firm remains ultimately responsible for the system of quality management and holding individuals responsible and accountable for their assigned roles (see paragraph A33) • that roles related to the system of quality management should be assigned to individuals who have the appropriate influence and authority within the firm (see paragraphs 21 and A34), and added application material to explain that the individuals assigned responsibilities may further assign roles, procedures, tasks or actions to other individuals to assist them in fulfilling their responsibilities (see paragraph A35). • that the individuals assigned operational responsibility for the system of quality management need to have an appropriate understanding of the firm’s strategic decisions and actions and have experience with the firm’s business operations, so that the role is not perceived as a compliance function (see paragraph A38)
7	Overall comments from the AUASB in the submission on ED-ISQM 1 demonstrated concern for the scalability of the standard.	<p>(a) In applying a risk-based approach, a firm takes into account the nature and circumstances of the firm and engagements performed (i.e. complexity and formality of system will vary);</p> <p>(b) Signposting scalability examples in application material;</p> <p>(c) With the examples in the application material, including examples that address less complex and more complex firms to demonstrate the ‘scaling up’ and ‘scaling down’.</p>
8	Overall comments from the AUASB in the submission on ED-ISQM 1 demonstrated concern for the extent of documentation that may be required by the standard.	<p>(a) Application material paragraph A202 enhances the emphasis in the standard on the need for professional judgement in determining documentation. A202 describes factors that may affect the firm’s judgements about the form, content and extent of documentation including how often documentation is updated.</p> <p>(b) A204 clarifies that the firm is not required to document every factor that was considered in identifying and assessing quality risks.</p>

Basis for Conclusions ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*

	<i>AUASB Issue</i>	<i>Changes made to ISQM 1</i>
9	The AUASB did not support the explicit requirement to include ‘significant public interest’ entities in the scope of engagements subject to an engagement quality review. The AUASB supported a risk-based approach to such a determination, where a firm is required to determine whether an engagement quality review is an appropriate response to assessed engagement risks.	The IAASB concluded that the category of engagements for which the firm determines an engagement quality review is an appropriate response to address one or more quality risk(s) and is aligned to a risk based-approach. The IAASB acknowledged the concerns of stakeholders that significant public interest entities could result in inconsistencies in practice across jurisdictions.