



AUASB Agenda Paper

Project:	Quality Management Suite Standards	Meeting:	19 February 2021
Topic:	Australian Modifications	Agenda Item:	2
Strategic Objective:	Issue Australian Auditing and Assurance Standards based on IAASB equivalent standards in accordance with AUASB functions and mandate from the Financial Reporting Council (FRC).	Decision-Making:	For Discussion
ATG Staff:	Rene Herman, Marina Michaelides, Tim Austin	Project Status:	In Progress
AUASB Sponsor:	None		

A. Action Required and Decisions to be Made

- 1 The **objective of this meeting agenda item is for the AUASB to agree on Australian Amendments to the Quality Management (QM) suite of standards.** Proposed amendments are where the compelling reasons test is triggered. The compelling reason test for modifications in the public interest is triggered where the international standard does not reflect, or is not consistent with:
 - a. Australian regulatory arrangements; or
 - b. Principles and practices that are considered appropriate in Australia.
- 2 The **AUASB is requested to review the potential Australian amendments tables** included at Appendices 1-3 and outlined in Section G of this paper and provide feedback.
- 3 The **ATG's position is that there are no subjective or judgemental amendments to made to these standards.** The amendments are more procedural in nature – refer Section G of this Agenda Paper. The ATG recommends that the amendments as suggested in Appendices 1-3 of this paper are all accepted by the AUASB, these will then be processed into the final IAASB Standards to be brought to the March AUASB meeting for approval to issue.
- 4 The ATG has not provided full versions of the final IAASB standards as review by members of the full standards is not required to meet the objectives of this Agenda Item. For ease of reference and for any members that may want to reference the final standards, **links** have been provided here:
 - [ISQM 1](#)
 - [ISQM 2](#)
 - [ISA 220](#)

B. ATG Recommendations Overview and Questions for the Board

Question No.	Question for the Board	ATG Recommendation Overview
Question 1	Does the AUASB agree with the ATG's comments and recommendation in the tables included in Appendices 1-3?	Approve the AUS amendments as recommended.

C. Background

- 5 The IAASB approved the Quality Management suite of standards at the September 2020 IAASB meeting. These standards include a revised ISQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, a new ISQM 2 *Engagement Quality Reviews* and a revised ISA 220 *Quality Management for an Audit of Financial Statements*.
- 6 The Quality Management Standards were approved by the PIOB in December 2020 and will become effective on 15 December 2022.
- 7 The ATG considers that the IAASB has addressed the substantive matters raised by the AUASB through the development of these proposed standards. At the December 2020 AUASB meeting, the AUASB was provided a summary of all AUASB matters raised and where the final standard landed. The AUASB also considered the expected nature of modifications (Aus paragraphs) contained within extant ASQC 1 and ASA 220.

D. Previous Discussions on Topic

- 8 Over the past year, the AUASB has been tracking the progress of the updates to the QM standards against the key matters raised in the AUASB's submission to the IAASB and throughout the updated progress of the standard. This tracking is reflected in the following AUASB meeting papers:
 - (a) 11 September 2019 (ISQM 1 Agenda Item 4.4, ISQM 2 Agenda item 4.5, ISA 220 Agenda Item 4.6)
 - (b) 3 December 2019 (ISQM 1 Agenda Item 16.3, Agenda Item 16.4 ISQM 2, ISA 220 Agenda Item 16.5)
 - (c) 10 March 2020 (ISQM 1 Agenda Item 3, ISQM 2 Agenda Item 4, ISA 220 Agenda Item 3)
 - (d) 9 June 2020 (ISQM 1 Agenda Item 8.1, ISA 220 Agenda Item 8.1)
 - (e) 9 September 2020 (ISQM 1 Agenda Items 9.1.0, ISQM 2 Agenda item 9.1.1, ISA 220 Agenda Item 9.3)
 - (f) 1 December 2020 (Agenda Item 8 Quality Management Standards - Rollout Plan and initial consideration of compelling reasons)

E. Matters for Discussion and ATG Recommendations

- 9 In line with the AUASB / NZAuASB Policy and Process for International Conformance and Harmonisation of Standards there are terms that will automatically be amended throughout the suite of QM standards and will not be reflected as AUS paragraphs for example ISQM to ASQM,

professional accountant to assurance practitioner (or member where appropriate in context) and financial statements to financial report.

- 10 The AUASB is requested to review the compelling reason trigger tables included at Appendices 1 – 3 and provide feedback. All proposed Australian changes are highlighted in green. The paragraphs below describe the contents of the tables in Appendices 1-3. Part G of this paper summarises all proposed Australian amendments.

Appendix 1 (ISQM 1)

- (a) Table 1 reflects the existing AUS paragraphs within extant ASQC 1 and determines whether these paragraphs are still necessary in the context of the proposed ASQM 1. Green highlight represents suggested amendment.
- (b) Table 2 reflects paragraphs within ISQM 1 that the ATG considers may need to be modified for the Australian environment. The paragraphs relate to ethical requirements and application material. Green highlight represents suggested amendment.
- (c) Table 3 reflects proposed amendments to ISQM 1 to meet Australian jurisdictional requirements.

Appendix 2 (ISQM 2)

- (a) Table 1 reflects the extant Australian modifications to extant ASA 220 that relate to EQR and hence need to be considered in line with ASQM 2. Refer to Table 1, Appendix 2.
- (b) Table 2 reflects paragraphs within ISQM 2 that the ATG considers may need to be modified for the Australian environment. The paragraphs relate to relevant ethical requirements and application material. Green highlight represents suggested amendments.

Appendix 3 (ISA 220)

- (a) Table 1 reflects the existing AUS paragraphs within extant ASA 220 and determines whether these paragraphs are still necessary in the context of the proposed ASA 220. Green highlight represents suggested amendments.
- (b) Table 2 reflects paragraphs within ASA 220 that the ATG considers may need to be modified for the Australian environment. The paragraphs relate to ethical requirements and application material.

F. Collaboration with NZAuASB and other standard setters

- 11 The NZAuASB had a first consideration of potential modifications to the international suite of QM standards at the 21 October 2020 NZAUASB meeting, and again at their February 2021 meeting. The NZAuASB will be exposing the standards for public comment but the exposure questions will be directed to the NZ amendments. The Board provided the following thoughts on compelling reason changes for the New Zealand exposure drafts.
- (a) While scalability concerns remain, the NZAuASB agreed that the standard has now landed and the NZAuASB will monitor implementation guidance the IAASB issues and the need to supplement those for smaller and medium sized firms in New Zealand.

- (b) The Board agreed to continue to change references from listed entities to FMC reporting entities considered to have a higher level of public accountability (for both the scope of the engagement quality review requirement and to require communication with those charged with governance regarding the firms system of quality management).
- (c) The Board also considered the carry forward of extant NZ paragraphs related to the Public Sector. The NZAuASB technical staff proposed no carry forward of such NZ paragraphs based on them being 'nice to have' but not meeting the compelling reason triggers. The Board has requested a specific question be asked on exposure.

12 The APESB issues APES 320 *Quality Control for Firms* and APES 325 *Risk Management for Firms*. The ATG has met with the Chief Executive of the APESB and has begun discussions regarding the revised QM series, particularly ISQM 1. The ATG will work with the technical team of the APESB in Q1 2021 regarding the alignment of these standards with a revised ASQM 1.

G. "Compelling Reasons" Assessment – Australian amendment considerations

13 Refer Tables in Appendices 1-3.

14 With reference to ASQM 1, the proposed Australian amendments fall into the following categories:

- (a) Modification to definitions for the following reasons:
 - (i) The definitions may not appear in any other legislative instruments and therefore, to give the definitions force of law, was included in ASQC 1. Examples of this include definitions of assurance practitioner and assurance engagement not included in extant ISQC 1 but included in ASQC 1 (refer item numbers 4, 5, 12 and 13 in Appendix 1, Table 1).
 - (ii) The definitions are not in the IAASB standards for example the definition of 'Date of Report' but are considered essential in Australia (refer item number 6 in Appendix 1, Table 1).
 - (iii) The definitions as included in extant ISQC 1 do not work in the Australian jurisdiction for example reference to internal audit direct assistance which is prohibited in Australia (refer item number 9 in Appendix 1, Table 1 and item number 2 in Appendix 1, Table 3). Also, the term engagement standards is not used in Australia, but rather the AUASB Preface defines AUASB Standards (refer item number 14 in Appendix 1, Table 1).
- (b) Reference to Ethical Requirements and the hook into ASA 102 Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements (refer item number 15 in Appendix 1, Table 1 and item numbers 1 and 2 in Appendix 1, Table 2).
- (c) Specific references to the *Corporations Act 2001* or ASIC regulatory requirements or other specific regulatory matters, for example around documentation retention or around independence references in the Act (refer item numbers 18, 24, 27, 28, and 29 in Appendix 1, Table 1 and item numbers 9 and 15 in Appendix 1, Table 2).
- (d) Auditors-General specific guidance (refer item numbers 20 and 32 in Appendix 1, Table 1)

15 With reference to ASQM 2, the proposed Australian amendments fall into the following categories:

- (a) Reference to Ethical Requirements and the hook into *ASA 102 Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*. (refer item number 1-2 in Appendix 2, Table 2).
- 16 With reference to ASA 220, the proposed Australian amendments fall into the following categories:
- (a) Modification to definitions for the following reasons:
 - (i) Definitions in ISA 220 (Revised) which do not reflect Australian principles and practices or a definition that does not work in Australia, for example, references to internal audit direct assistance which is prohibited in Australia (refer item numbers 3, 5 and 6 in Table 1, Appendix 3).
 - (ii) Definition of “relevant ethical requirements” in ISA 220 (Revised) to be amended to reference *ASA 102 Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*, in line with AUASB practice (refer item number 7 in Table 1, Appendix 3).
 - (b) Specific references to the *Corporations Act 2001* with regard to audit partner rotation requirements and independence (refer to items 12 and 13 in Appendix 3, Table 1).

H. Next steps/Way Forward

- 17 Subject to the resolution of the matters for discussion at the February 2021 AUASB meeting, the ATG will process the feedback from AUASB and bring proposed final standards with proposed Australian Amendments to the March 2021 AUASB meeting for the AUASB to review and approve the standards for issuance in Australia.

TABLE 1 – AUS PARAGRAPHS FROM EXTANT ASQC 1

Australian modifications from extant ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagement and Related Services Engagements.*

No.	Extant ASQC 1 Paragraph number	IAASB Text (if applicable) from Extant ISQC 1	Australian text	ATG recommendation to retain/include an AUS specific paragraph
Introduction				
1	Aus 1.1	<p>Extant ISQC 1 paragraph 1</p> <p>This International Standard on Quality Control (ISQC) deals with a firm’s responsibilities for its system of quality control for audits and reviews of financial statements, and other assurance and related services engagements. This ISQC is to be read in conjunction with relevant ethical requirements.</p>	<p>Replaced by Aus 1.1 in extant ASQC 1</p> <p>This Auditing Standard, ASQC 1 (the Standard), deals with the firm’s responsibilities for its system of quality control for audits and reviews of financial reports and other financial information, other assurance engagements and related services engagements. This Standard is to be read in conjunction with relevant ethical requirements. Relevant ethical requirements are defined in ASA 102.*</p> <p>Footnote * See ASA 102 <i>Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements.</i></p>	No Australian paragraph proposed.
		<p>ISQM 1 paragraph 1</p> <p>This International Standard on Quality Management (ISQM) deals with a firm’s responsibilities to design, implement and operate a system of quality management for audits or reviews of financial statements, or other assurance or related services engagements.</p>	<p>Proposed ASQM 1</p> <p>“financial statements” will need to change to: financial reports and other financial information.</p>	
Authority of this Auditing Standard				

AUASB Agenda Paper

No.	Extant ASQC 1 Paragraph number	IAASB Text (if applicable) from Extant ISQC 1	Australian text	ATG recommendation to retain/include an AUS specific paragraph
2	Aus 4.1	<p>Extant ISQC 1 paragraph 4</p> <p>This ISQC applies to all firms of professional accountants in respect of audits and reviews of financial statements, and other assurance and related services engagements. The nature and extent of the policies and procedures developed by an individual firm to comply with this ISQC will depend on various factors such as size and operating characteristics of the firm, and whether it is part of a network.</p>	<p>Replaced by Aus 4.1 in extant ASQC 1</p> <p>This Standard applies to all firms of assurance practitioners in respect of audits and reviews of financial reports and other financial information, other assurance engagements and related services engagements. The nature and extent of the policies and procedures developed by an individual firm to comply with this Standard will depend on various factors such as the size and operating characteristics of the firm, and whether it is part of a network.</p>	No Australian paragraph proposed.
		<p>ISQM 1 paragraph 5</p> <p>This ISQM applies to all firms performing audits or reviews of financial statements, or other assurance or related services engagements (i.e., if the firm performs any of these engagements, this ISQM applies and the system of quality management that is established in accordance with the requirements of this ISQM enables the consistent performance by the firm of all such engagements).</p>	<p>Proposed ASQM 1</p> <p>“financial statements” will need to change to: financial reports and other financial information and references to ISQM will change to ASQM. These changes will run throughout the full ASQM 1</p>	
3	Aus 4.2	N/A – additional material	<p>Aus 4.2 in extant ASQC 1</p> <p>The requirements of this Standard apply to a firm, not to the individual auditor(s) within the firm.</p>	N – standard is clear enough in the scope ISQM 1 paragraph 5.
			<p>Proposed ASQM 1</p> <p>No amendment required.</p>	
Definitions				
4	Aus 12.1	N/A – additional definition	<p>Aus 12.1 in extant ASQC 1</p> <p>Assurance engagement means an engagement in which an assurance practitioner expresses a conclusion</p>	Y – ASQM 1 is a legislative instrument – suggest including

AUASB Agenda Paper

No.	Extant ASQC 1 Paragraph number	IAASB Text (if applicable) from Extant ISQC 1	Australian text	ATG recommendation to retain/include an AUS specific paragraph
			<p>designed to enhance the degree of confidence of the intended users, other than the responsible party, about the outcome of the evaluation or measurement of a subject matter against criteria.</p> <p>Proposed ASQM 1</p> <p>Assurance engagement means an engagement in which an assurance practitioner expresses a conclusion designed to enhance the degree of confidence of the intended users, other than the responsible party, about the outcome of the evaluation or measurement of a subject matter against criteria. Placeholder at ASQM 1 paragraph 16.</p>	<p>definitions that are not contained within the ASAs.</p>
5	Aus 12.2	N/A – additional definition	<p>Aus 12.2 in extant ASQC 1</p> <p>Assurance practitioner means an individual, firm, or other organisation, whether in public practice, industry and commerce, or the public sector conducting assurance engagements, or related services engagements (including engagements to perform agreed-upon procedures).</p> <p>Proposed ASQM 1</p> <p>Assurance practitioner means an individual, firm, or other organisation, whether in public practice, industry and commerce, or the public sector conducting assurance engagements, or related services engagements (including engagements to perform agreed-upon procedures). The term ‘assurance practitioner’ is referred to in ASRS 4400 as ‘practitioner’.</p>	<p>Y – ASQM 1 is a legislative instrument – suggest including definitions that are not contained within the ASAs.</p> <p>ASQM 1 will need to use assurance practitioner or member (context dependent) in place of professional accountant used in the IESBA Code and ISQM 1 due to the AUASB’s mandate and the APES Code terminology. Such terminology changes will occur throughout ASQM 1.</p> <p>Example of change of term professional accountant to assurance practitioner is</p>

AUASB Agenda Paper

No.	Extant ASQC 1 Paragraph number	IAASB Text (if applicable) from Extant ISQC 1	Australian text	ATG recommendation to retain/include an AUS specific paragraph
			Placeholder at ASQM 1 paragraph 16.	reflected in issue 10 below. Change of term professional accountant to member is reflected in table 2.
6	Aus 12.3	Extant ISQC 1 paragraph 12(a) Date of report – The date selected by the practitioner to date the report.	Replaced by Aus 12.3 in extant ASQC 1 Date of report means the date the assurance practitioner signs the report.	Y – ASQM 1 is a legislative instrument – suggest including definitions. Definition is representative of Principles and practices that are considered appropriate in Australia to improve quality and is to prevent forward/backdating of reports.
		ISQM 1 does not contain a definition of date of report.	Proposed ASQM 1 Date of report means the date the assurance practitioner signs the report. Placeholder at ASQM 1 paragraph 16.	
7	Aus 12.4	Extant ISQC 1 paragraph 12(b) Engagement documentation – The record of work performed, results obtained , and conclusions the practitioner reached (terms such as “working paper” or “workpapers” are sometimes used).	Replaced by Aus 12.4 in extant ASQC 1 Engagement documentation means the record of work performed, relevant evidence obtained , and conclusions the assurance practitioner reached (terms such as “working papers” or “workpapers” are sometimes used).	N – when considering audit quality/practice and legislative circumstances, this is not considered to be a compelling reason amendment.
		ISQM 1 paragraph 16(b) The record of work performed, results obtained, and conclusions the practitioner reached (terms such as “working papers” or “work papers” are sometimes used).	Proposed ASQM 1 No amendment required.	

No.	Extant ASQC 1 Paragraph number	IAASB Text (if applicable) from Extant ISQC 1	Australian text	ATG recommendation to retain/include an AUS specific paragraph
8	Aus 12.5	<p>Extant ISQC 1 paragraph 12(c)</p> <p>Engagement partner – The partner or other person in the firm who is responsible for the engagement and its performance, and for the report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body.</p>	<p>Replaced by Aus 12.5 in extant ASQC 1</p> <p>Engagement partner means the partner or other person in the firm who is responsible for the engagement and its performance, and for the report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body. Engagement partner should be read as referring to a public sector equivalent where relevant.</p>	<p>N – ISQM 1 now references public sector.</p>
		<p>ISQM 1 paragraph 16(c)</p> <p>The partner or other individual, appointed by the firm who is responsible for the engagement and its performance, and for the report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body</p> <p>Footnote to paragraph 16(c): “Engagement partner” and “partner” is to be read as referring to their public sector equivalents where relevant.</p>	<p>Proposed ASQM 1</p> <p>No amendment required.</p>	
9	Aus 12.6	<p>Extant ISQC 1 paragraph 12(f)</p> <p>Engagement team – All partners and staff performing the engagement, and any individuals engaged by the firm or a network firm who perform procedures on the engagement. This excludes an auditor’s external expert engaged by the firm or by a network firm. The term “engagement team” also excludes individuals within the client’s internal audit function who</p>	<p>Replaced by Aus 12.6 in extant ASQC 1</p> <p>Engagement team means all partners and staff performing the engagement, and any individuals engaged by the firm or a network firm who perform procedures on the engagement. This excludes an auditor’s external expert engaged by the firm or by a network firm.</p>	<p>Y – Australia does not allow direct assistance of internal audit. This amendment represents principles and practices that are considered appropriate in Australia.</p> <p>Refer to proposed ASQM 1 wording. The amendment is</p>

No.	Extant ASQC 1 Paragraph number	IAASB Text (if applicable) from Extant ISQC 1	Australian text	ATG recommendation to retain/include an AUS specific paragraph
		<p>provide direct assistance on an audit engagement when the external auditor complies with the requirements of ISA 610 (Revised 2013).³</p> <p>Footnote 3 ISA 610 (Revised 3013), <i>Using the Work of Internal Auditors</i>, establishes limits on the use of direct assistance. It also acknowledges that the external auditor may be prohibited by law or regulation from obtaining direct assistance from internal auditors. Therefore, the use of direct assistance is restricted to situations where it is permitted.</p> <p>ISQM 1 paragraph 16(f)</p> <p>All partners and staff performing the engagement, and any other individuals who perform procedures on the engagement, excluding an external expert and internal auditors who provide direct assistance on an engagement.</p> <p>Footnote to paragraph 16(f): ISA 620, <i>Using the Work of an Auditor's Expert</i>, paragraph 6(a), defines the term "auditor's expert."</p>	<p>Proposed ASQM 1</p> <p>All partners and staff performing the engagement, and any other individuals who perform procedures on the engagement, excluding an external expert.</p>	<p>only to remove the reference to direct assistance.</p>
10	Aus 12.7	<p>Extant ISQC 1 paragraph 12(g)</p> <p>Firm – A sole practitioner, partnership or corporation or other entity of professional accountants.</p>	<p>Replaced by Aus 12.7 in extant ASQC 1</p> <p>Firm means a sole practitioner, partnership or corporation or other entity of assurance practitioners. Firm should be read as referring to a public sector equivalent where relevant.</p>	<p>N – Public sector now referenced in ISQM 1. However, the term professional accountant will change to assurance practitioner as described in issue 5 above.</p>

No.	Extant ASQC 1 Paragraph number	IAASB Text (if applicable) from Extant ISQC 1	Australian text	ATG recommendation to retain/include an AUS specific paragraph
		<p>ISQM 1 paragraph 16(i)</p> <p>A sole practitioner, partnership or corporation or other entity of professional accountants, or public sector equivalent.</p>	<p>Proposed ASQM 1</p> <p>No amendment required.</p>	
11	Aus 12.8	N/A – additional definition	<p>Replaced by Aus 12.8 in extant ASQC 1</p> <p>Limited assurance engagement means an assurance engagement where the assurance practitioner’s objective is a reduction in assurance engagement risk to a level that is acceptable in the circumstances of the assurance engagement, but where that risk is greater than that for a reasonable assurance engagement, as the basis for a negative form of expression of the assurance practitioner’s conclusion. A limited assurance engagement is commonly referred to as a review.</p> <p>Proposed ASQM 1</p> <p>No amendment required.</p>	N – The term “limited assurance engagement” is not used within ISQM 1.
12	Aus 12.9	N/A – additional definition	<p>Replaced by Aus 12.9 in extant ASQC 1</p> <p>Other financial information means historical financial information and information other than historical financial information (for example, prospective financial information).</p> <p>Proposed ASQM 1</p> <p>Other financial information means historical financial information and information other than historical financial information (for example, prospective financial information).</p>	Y – ASQM 1 is a legislative instrument – suggest including definitions that are not included in the ASAs.

No.	Extant ASQC 1 Paragraph number	IAASB Text (if applicable) from Extant ISQC 1	Australian text	ATG recommendation to retain/include an AUS specific paragraph
			Placeholder at ASQM 1 paragraph 16.	
13	Aus 12.10	<p>Extant ISQC 1 paragraph 12(m)</p> <p>Partner – Any individual with authority to bind the firm with respect to the performance of a professional services engagement.</p>	<p>Replaced by Aus 12.10 in extant ASQC 1</p> <p>Partner means any individual with authority to bind the firm with respect to the performance of an audit, review, other assurance engagement or related services engagement. Partner should be read as referring to a public sector equivalent where relevant.</p>	<p>Y – professional services engagement is a non-defined term. Australian definition provides clarity and therefore aids consistency of application.</p> <p>Refer to proposed ASQM 1 wording.</p> <p>Note: No reference to public sector is required here as the definition of firm contains this reference.</p>
14	Aus 12.11	<p>Extant ISQC 1 paragraph 12(o)</p> <p>Professional Standards – IAASB Engagement Standards, as defined in the <i>IAASB’s Preface to the International Quality Control, Auditing Review, Other Assurance and Related Services Pronouncements</i>, and relevant ethical requirements.</p> <p>[Note: IAASB’s Engagement Standards include ISAs, ISREs, ISAEs, ISRSs]</p>	<p>Replaced by Aus 12.11 in extant ASQC 1</p> <p>AUASB Standards means standards issued by the AUASB, comprising:</p> <p>(a) Australian Auditing Standards, which means the suite of auditing standards issued by the AUASB, comprising:</p> <ul style="list-style-type: none"> • Auditing Standards made under section 336 of the <i>Corporations Act 2001</i>; • <i>ASA 805 Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement</i>; and • <i>ASA 810 Engagements to Report on Summary Financial Statements</i>. 	<p>Y – ASQM 1 is a legislative instrument – suggest including definitions within the standard. “Engagement standards” is not an Australian term, rather the AUASB Preface defines AUASB Standards.</p>

AUASB Agenda Paper

No.	Extant ASQC 1 Paragraph number	IAASB Text (if applicable) from Extant ISQC 1	Australian text	ATG recommendation to retain/include an AUS specific paragraph
			(b) Standards on Review Engagements; (c) Standards on Assurance Engagements; and (d) Standards on Related Services.	
		ISQM 1 paragraph 16(p) IAASB Engagement Standards, as defined in the IAASB’s <i>Preface to the International Quality Management, Auditing, Review, Other Assurance, and Related Services Pronouncements</i> , and relevant ethical requirements.	Proposed ASQM 1 Same text as above.	
15	Aus 12.12	Extant ISQC 1 paragraph 12(q) Relevant ethical requirements – Ethical requirements to which the engagement team and engagement quality control reviewer are subject, which ordinarily comprise Parts A and B of the International Ethics Standards Board for Accountants’ <i>Code of Ethics for Professional Accountants</i> (IESBA Code) together with national requirements that are more restrictive.	Replaced by Aus 12.12 in extant ASQC 1 Relevant ethical requirements mean relevant ethical requirements as defined in ASA 102.	Y – definition to hook to ASA 102 to give force of law to the ethical standards.

No.	Extant ASQC 1 Paragraph number	IAASB Text (if applicable) from Extant ISQC 1	Australian text	ATG recommendation to retain/include an AUS specific paragraph
		<p>ISQM 1 paragraph 16(t)</p> <p>Principles of professional ethics and ethical requirements that are applicable to professional accountants when undertaking engagements that are audits or reviews of financial statements or other assurance or related services engagements. Relevant ethical requirements ordinarily comprise the provisions of the IESBA Code related to audits or reviews of financial statements, or other assurance or related services engagements, together with national requirements that are more restrictive.</p>	<p>Proposed ASQM 1</p> <p>Relevant ethical requirements mean relevant ethical requirements as defined in ASA 102 <i>Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements</i>.</p>	
16	Aus 12.13	<p>Extant ISQC 1 paragraph 12(s)</p> <p>Suitably qualified external person – An individual outside the firm with the competence and capabilities to act as an engagement partner, for example, a partner of another firm, or an employee (with appropriate experience) of either a professional accountancy body whose members may perform audits and reviews of historical financial information, or other assurance or related services engagements, or of an organization that provides relevant quality control services.</p>	<p>Replaced by Aus 12.13 in extant ASQC 1</p> <p>Suitably qualified external person means an individual outside the firm with the competence and capabilities to act as an engagement partner. For example:</p> <ul style="list-style-type: none"> • a partner of another firm, or • a member (with appropriate experience) of a professional accountancy body whose members may perform audits and reviews of financial reports and other financial information, other assurance engagements or related services engagements, or • a member (with appropriate experience) of an organisation that provides relevant quality control services. <p>Footnote* For example, Chartered Accountants Australia and New Zealand, CPA Australia and the Institute of Public Accountants.</p>	<p>N.</p> <p>Note, ISQM 1 does not contain definition and the standard only references the term ‘suitably qualified’ in application material paragraph A50. Not considered to be a compelling reason trigger.</p>

AUASB Agenda Paper

No.	Extant ASQC 1 Paragraph number	IAASB Text (if applicable) from Extant ISQC 1	Australian text	ATG recommendation to retain/include an AUS specific paragraph
		ISQM 1 does not contain definition and only references the term ‘suitably qualified’ in application material paragraph A50 in the context of an example of a firm response to address quality risks. The reference to suitably qualified is in reference to engagement team consultations.	<p>Proposed ASQM 1</p> <p>No amendment required.</p>	
Relevant Ethical Requirements				
17	Aus 21.1	N/A – additional material	<p>Aus 21.1 in extant ASQC 1</p> <p>Where multiple threats to independence are identified, which individually might not be significant, the significance of those threats in aggregate and the safeguards applied or in place to eliminate some or all of the threats or reduce them to an acceptable level in aggregate, shall be evaluated.</p> <p>Proposed ASQM 1</p> <p>No amendment required.</p>	<p>N – this paragraph was added through Amending Standard ASA 2020-2 as a result of changes to the ethics code. The change was in the context of granular requirements in relation to independence in ISQC 1. This level of granularity on independence and safeguards is not contained in the requirements of ISQM 1. Rather ISQM 1 has a broader quality objective and response that addresses the fulfilment of relevant ethical requirements including those related to independence.</p>

AUASB Agenda Paper

No.	Extant ASQC 1 Paragraph number	IAASB Text (if applicable) from Extant ISQC 1	Australian text	ATG recommendation to retain/include an AUS specific paragraph
18	Aus 24.1	<p>Extant ISQC 1 paragraph 24</p> <p>At least annually, the firm shall obtain written confirmation of compliance with its policies and procedures on independences from all firms personnel required to be independent by relevant ethical requirements. (Ref: Para A10-A11)</p>	<p>Replaced by Aus 24.1 in extant ASQC 1</p> <p>At least annually, the firm shall obtain written confirmation of compliance with its policies and procedures on independence from all firm personnel required to be independent by relevant ethical requirements, and applicable legal and regulatory requirements. (Ref: Para. A10-A11)</p>	<p>Y – to include reference to applicable legal and regulatory requirements.</p>
		<p>ISQM 1 paragraph 34(b)</p> <p>The firm obtains, at least annually, a documented confirmation of compliance with independence requirements from all personnel required by relevant ethical requirements to be independent.</p>	<p>Proposed ASQM 1</p> <p>The firm obtains, at least annually, a documented confirmation of compliance with independence requirements from all personnel required by relevant ethical requirements to be independent, and applicable legal and regulatory requirements.</p>	
Engagement Performance				
19	Aus 34.1	N/A – additional material	<p>Aus 34.1 in extant ASQC 1</p> <p>The reasons alternative courses of action from consultations were undertaken, are documented. (Ref: Para. A36-A40)</p> <p>Proposed ASQM 1</p> <p>A76 contains examples of direction, supervision and review. The review of work may consider whether appropriate consultations have been undertaken and the resulting conclusions have been documented and implemented.</p>	<p>N – consider that A76 deals with review of conclusions and documentation which is expected to address the matter from Aus 34.1 of extant ASQC 1.</p>
Applying, and Complying with, Relevant Requirements				
<i>Considerations specific to Public Sector Entities</i>				

No.	Extant ASQC 1 Paragraph number	IAASB Text (if applicable) from Extant ISQC 1	Australian text	ATG recommendation to retain/include an AUS specific paragraph
20	Aus A1.1	N/A – additional material	<p>Aus A1.1 in extant ASQC 1</p> <p>For assurance engagements conducted in the public sector by Auditors-General pursuant to legislation, public sector auditors should have regard to the relevant public sector mandate and address any threats in that context. Requirements relating to independence (paragraphs 21-25), acceptance and continuance of client relationships and specific engagements (paragraphs 26-28), and complaints and allegations (paragraphs 55-56) may not be consistent with the Auditors-General legislative mandate in all circumstances.</p> <p>Proposed ASQM 1</p> <p>For assurance engagements conducted in the public sector by Auditors-General pursuant to legislation, public sector auditors should have regard to the relevant public sector mandate and address any threats in that context. Requirements relating to independence (paragraph 29), acceptance and continuance of client relationships and specific engagements (paragraph 30), and complaints and allegations (paragraph 34) may not be consistent with the Auditors-General legislative mandate in all circumstances.</p>	<p>Y – This paragraph is specific to Australia and not covered in ISQM 1.</p> <p>Placeholder at proposed ASQM 1 Aus A29.1.</p> <p>Note: The NZAuASB in its February 2021 meeting papers suggested that guidance for the Auditor-General was “nice to have” but not a compelling reason to change.</p>
Relevant Ethical Requirements				
21	Aus A7.1	<p>Extant ISQC 1 paragraph A7</p> <p>The IESBA Code establishes the fundamental principles of professional ethics, which include:</p> <ul style="list-style-type: none"> (a) Integrity ; (b) Objectivity; (c) Professional competence and due care; 	<p>Replaced by Aus A7.1 in extant ASQC 1</p> <p>The firm is required to comply with relevant ethical requirements, including those pertaining to independence, when performing audits and reviews, other assurance engagements and related services engagements, as defined in ASA 102.</p>	<p>N – the format and content of ISQM 1 in relation to ethics is different to that of ISQC 1.</p>

AUASB Agenda Paper

No.	Extant ASQC 1 Paragraph number	IAASB Text (if applicable) from Extant ISQC 1	Australian text	ATG recommendation to retain/include an AUS specific paragraph
		<p>(d) Confidentiality; and (e) Professional behavior</p>		
		<p>ISQM 1 contains considerable ethical requirements and application material. Refer paragraphs 4, 16(t), 29 and application material paragraphs – see Table 2.</p>	<p>Proposed ASQM 1 Refer to Table 2.</p>	
22	A8	<p>Extant ISQC 1 paragraph A8 Part B of the IESBA Code illustrates how the conceptual framework is to be applied in specific situations. It provides examples of safeguards that may be appropriate to address threats to compliance with the fundamental principles and also provides examples of situations where safeguards are not available to address the threats.</p>	<p>Paragraph deleted by the AUASB [Deleted by the AUASB. Refer ASA 102]</p>	N – the format and content of ISQM 1 in relation to ethics is different to that of ISQC 1.
		<p>ISQM 1 contains considerable ethical requirements and application material. Refer paragraphs 4, 16(t), 29 and application material paragraphs – see Table 2.</p>	<p>Proposed ASQM 1 Refer to Table 2.</p>	
23	A9	<p>Extant ISQC 1 paragraph A9 The fundamental principles are reinforced in particular by:</p> <ul style="list-style-type: none"> • The leadership of the firm; • Education and training • Monitoring; and • A process for dealing with non-compliance 	<p>Paragraph deleted by the AUASB [Deleted by the AUASB. Refer ASA 102]</p>	N – the format and content of ISQM 1 in relation to ethics is different to that of ISQC 1.

No.	Extant ASQC 1 Paragraph number	IAASB Text (if applicable) from Extant ISQC 1	Australian text	ATG recommendation to retain/include an AUS specific paragraph
		<p>ISQM 1 contains considerable ethical requirements and application material. Refer paragraphs 4, 16(t), 29 and application material paragraphs – see Table 2.</p>	<p>Proposed ASQM 1 Refer to Table 2.</p>	
24	Aus A10.1	<p>Extant ISQC 1 paragraph A10</p> <p>The definitions of “firm”, “network” or “network firm” in relevant ethical requirements may differ from those set out in this ISQC. For example, the IESBA Code defines the “firm” as:</p> <ul style="list-style-type: none"> (a) A sole practitioner, partnership or corporation of professional accountants; (b) An entity that controls such parties through ownership, management or other means; and (c) An entity controlled by such parties through ownership, management or other means. <p>The IESBA Code also provides guidance in relation to the terms “network” and “network firm”.</p> <p>In complying with the requirements in paragraphs 20-25, the definitions used in the relevant ethical requirements apply in so far as is necessary to interpret those ethical requirements.</p>	<p>Replaced by Aus A10.1 in extant ASQC 1</p> <p>Independence (Ref: Para. 21)</p> <p>Examples of independence requirements that may be applicable are addressed in the <i>Corporations Act 2001</i> Part 2M.3 Division 3, and relevant ethical requirements.*</p> <p>Footnote * See ASA 102.</p>	<p>Y – Corporations Act 2001 specific.</p>

No.	Extant ASQC 1 Paragraph number	IAASB Text (if applicable) from Extant ISQC 1	Australian text	ATG recommendation to retain/include an AUS specific paragraph
		<p>ISQM 1 contains considerable ethical requirements and application material. Refer paragraphs 4, 16(t), 29 and application material paragraphs – see Table 2.</p>	<p>Proposed ASQM 1</p> <p>Modification to A117 – Aus A117.1</p> <p>Relevant ethical requirements may contain provisions regarding the identification and evaluation of threats and how they are to be addressed. For example, the IESBA Code provides a conceptual framework for this purpose and, in applying the conceptual framework, requires that the firm use the reasonable and informed third party test. <u>Examples of independence requirements that may be applicable are addressed in the Corporations Act 2001 Part 2M.3 Division 3, and relevant ethical requirements.*</u></p>	
25	Aus A12.1	<p>Extant ISQC 1 paragraph A12</p> <p>The IESBA Code discusses the familiarity threat that may be created by using the same senior personnel on an assurance engagement over a long period of time and the safeguards that might be appropriate to address such threats.</p> <p>ISQM 1 contains considerable ethical requirements and application material. Refer paragraphs 4, 16(t), 29 and application material paragraphs – see Table 2.</p>	<p>Replaced by Aus A12.1 in extant ASQC 1</p> <p>A threat may be created as a result of an individual’s long association with:</p> <ul style="list-style-type: none"> • The entity and its operations; • The entity’s senior management; or • The underlying subject matter and subject matter information of the assurance engagement. <p>Proposed ASQM 1</p> <p>No amendment required.</p>	<p>N – ISQC 1 contained granular requirements with respect to long association. This level of granularity is not contained in ISQM 1. Rather ISQM 1 has a broader quality objective and response that addresses the fulfilment of relevant ethical requirements including those related to independence.</p>

No.	Extant ASQC 1 Paragraph number	IAASB Text (if applicable) from Extant ISQC 1	Australian text	ATG recommendation to retain/include an AUS specific paragraph
26	Aus A13.1	<p>Extant ISQC 1 paragraph A13</p> <p>Determining appropriate criteria to address familiarity threats may include matters such as:</p> <ul style="list-style-type: none"> • The nature of the engagement, including the extent to which it involves a matter of public interest; and • The length of service of the senior personnel on the engagement. <p>Examples of safeguards include rotating the senior personnel or requiring an engagement quality control review.</p> <p>ISQM 1 contains considerable ethical requirements and application material. Refer paragraphs 4, 16(t), 29 and application material paragraphs – see Table 2.</p>	<p>Replaced by Aus A13.1 in extant ASQC 1</p> <p>Relevant ethical requirements include examples of factors that are relevant to evaluating the level of a threat that may arise when an individual is involved in an assurance engagement over a long period of time. Relevant ethical requirements also provide examples of actions to address threats, including:</p> <ul style="list-style-type: none"> • Eliminating the threat by rotating the individual off the engagement team; or • Applying safeguards to reduce the threat to an acceptable level, for example by performing regular independent internal or external quality reviews of the engagement. <p>Proposed ASQM 1</p> <p>Refer to Table 2.</p>	<p>N – ISQC 1 contained granular requirements with respect to long association. This level of granularity is not contained in ISQM 1. Rather ISQM 1 has a broader quality objective and response that addresses the fulfilment of relevant ethical requirements including those related to independence.</p>
27	Aus A14.1	<p>Extant ISQC 1 paragraph A13</p> <p>The IESBA Code recognizes that the familiarity threat is particularly relevant in the context of financial statement audits of listed entities. For these audits, the IESBA Code requires the rotation of key audit partners⁴ after a pre-defined period, normally no more than seven years, and provide related standards and guidance. National requirements may establish shorter rotation periods.</p>	<p>Replaced by Aus A14.1 in extant ASQC 1</p> <p>Relevant ethical requirements and the <i>Corporations Act 2001</i> require the rotation of the engagement partner, the engagement quality control reviewer, and other key audit partners in respect of certain engagements.</p>	<p>Y – Corporations Act 2001 requirements. Attach application material after paragraph A63.</p>

AUASB Agenda Paper

No.	Extant ASQC 1 Paragraph number	IAASB Text (if applicable) from Extant ISQC 1	Australian text	ATG recommendation to retain/include an AUS specific paragraph
		Footnote 4 As defined in the IESBA Code		
		ISQM 1 No specific paragraphs on familiarity threats but partner rotation paragraph at paragraph A63.	<p>Proposed ASQM 1</p> <p>Relevant ethical requirements and the <i>Corporations Act 2001</i> require the rotation of the engagement partner, the engagement reviewer, and other key audit partners in respect of certain engagements.</p> <p>Placeholder at proposed ASQM 1 paragraph Aus A63.1.</p>	
Acceptance and Continuance of Client Relationships and Specific Engagements				
28	Aus A22.1	N/A – additional material	<p>Aus A22.1 in extant ASQC 1</p> <p>For example, the firm may be required to obtain consent from the Australian Securities and Investments Commission (ASIC) prior to resigning from certain audits.*</p> <p>Footnote * See, for example, ASIC Regulatory Guide 26 <i>Resignation, removal and replacement of auditors</i> (June 2015).</p> <p>Proposed ASQM 1</p> <p>Same text as above, placeholder at proposed ASQM 1 paragraph A123.</p>	Y – ASIC requirement
Engagement Performance				
Retention of Engagement Documentation (Ref: Para. 47)				

AUASB Agenda Paper

No.	Extant ASQC 1 Paragraph number	IAASB Text (if applicable) from Extant ISQC 1	Australian text	ATG recommendation to retain/include an AUS specific paragraph
29	Aus A61.1	N/A – additional material	<p>Aus A61.1 in extant ASQC 1</p> <p>For audits or reviews of financial reports conducted under the <i>Corporations Act 2001</i> (the Act), section 307B of that Act requires an auditor or member of an audit firm to retain all audit working papers prepared by or for, or considered or used by, the auditor in accordance with the requirements of the Australian Auditing Standards until:</p> <ul style="list-style-type: none"> (a) The end of seven years after the date of the audit report prepared in relation to the audit or review to which the audit working papers relate; or (b) An earlier date determined by the Australian Securities and Investments Commission for the audit working papers. 	<p>Y – <i>Corporations Act 2001</i> specific.</p>
			<p>Proposed ASQM 1</p> <p>Same text as above, placeholder at proposed ASQM 1 paragraph A85.</p>	
30	Aus A61.2	N/A – additional material	<p>Aus A61.2 in extant ASQC 1</p> <p>Relevant law or regulation, other than the <i>Corporations Act 2001</i>, may require the retention of audit working papers for specified periods.</p>	<p>N – already dealt with in issue 29 above.</p>
			<p>Proposed ASQM 1</p> <p>N/A already dealt with above.</p>	
Engagement Performance				
	Ownership of engagement documentation			

No.	Extant ASQC 1 Paragraph number	IAASB Text (if applicable) from Extant ISQC 1	Australian text	ATG recommendation to retain/include an AUS specific paragraph
31	Aus A63.1	<p>Extant ISQC 1 paragraph A63</p> <p>Unless otherwise specified by law or regulation, engagement documentation is the property of the firm. The firm may, at its discretion, make portions of, or extracts from, engagement documentation available to clients, provided such disclosure does not undermine the validity of the work performed, or, in the case of assurance engagements, the independence of the firm or its personnel.</p>	<p>Replaced by Aus A63.1 in extant ASQC 1</p> <p>Unless otherwise specified by law or regulation, engagement documentation remains the property of the firm. The firm may, at its discretion, make portions of, or extracts from, engagement documentation available to clients, provided such disclosure does not undermine the validity of the work performed or the independence of the firm or its personnel.</p>	<p>N – This paragraph no longer exists in ISQM 1.</p>
		<p>ISQM 1 This paragraph no longer exists.</p>	<p>Proposed ASQM 1</p> <p>No amendment required.</p>	
Engagement Performance				
Considerations Specific to Public Sector Organisations				
32	Aus A68.1	N/A – additional material	<p>Aus A68.1 in extant ASQC 1</p> <p>In the public sector, an auditor appointed under statute (for example, an Auditor-General) may delegate responsibility for an engagement. The monitoring process needs to include, on a cyclical basis, inspection of at least one completed engagement of each person with delegated responsibility for an engagement and its performance. This includes an external person engaged as the person responsible for an engagement.</p>	<p>Y – This paragraph is specific to Australia and not covered in ISQM 1.</p> <p>Note: The NZAuASB in its February 2021 meeting papers suggested that guidance for the Auditor-General was “nice to have” but not a compelling reason to change.</p>
			<p>Proposed ASQM 1</p> <p>Same text as above, placeholder at proposed ASQM 1 paragraph A77.</p>	

TABLE 2– ETHICAL REFERENCES FROM ISQM 1 FOR CONSIDERATION IN THE AUSTRALIAN ENVIRONMENT (if not already considered in Table 1 above)

Note that “relevant ethical requirements”, “ethical values” and “professional ethics” are mentioned more than seventy times throughout the whole of ISQM 1, only the paragraphs relevant to ethical requirements and IESBA Code will be listed below.

No.	Paragraph from ISQM 1	IAASB Text from ISQM 1	Audit Technical Group’s comments
1	4	This ISQM is to be read in conjunction with relevant ethical requirements. Law, regulation or relevant ethical requirements may establish responsibilities for the firm’s management of quality beyond those described in this ISQM. (Ref: Para. A2)	<p>Refer to Agenda Item 8 at the December 2020 AUASB Meeting, reference to ASA 102 will be made upfront in ASQM 1.</p> <p>Proposed ASQM 1</p> <p>Aus 4.1 This ASQM is to be read in conjunction with relevant ethical requirements. Relevant ethical requirements are defined in ASA 102.* Law, regulation or relevant ethical requirements may establish responsibilities for the firm’s management of quality beyond those described in this ASQM. (Ref: Para. A2)</p> <p>Footnote * See ASA 102 <i>Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements</i>.</p>
2	16(t)	Relevant ethical requirements – Principles of professional ethics and ethical requirements that are applicable to professional accountants when undertaking engagements that are audits or reviews of financial statements or other assurance or related services engagements. Relevant ethical requirements ordinarily comprise the provisions of the IESBA Code related to audits or reviews of financial statements, or other assurance or related services engagements, together with national requirements that are more restrictive. (Ref: Para. A22–A24, A62)	<p>Proposed ASQM 1 (as per Table 1).</p> <p>Relevant ethical requirements mean relevant ethical requirements as defined in ASA 102 <i>Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements</i>.</p>
3	29	<p>Relevant Ethical Requirements</p> <p>The firm shall establish the following quality objectives that address the fulfillment of responsibilities in accordance with</p>	No amendment required.

No.	Paragraph from ISQM 1	IAASB Text from ISQM 1	Audit Technical Group's comments
		<p>relevant ethical requirements, including those related to independence: (Ref: Para. A62–A64, A66)</p> <p>(a) The firm and its personnel:</p> <ul style="list-style-type: none"> (i) Understand the relevant ethical requirements to which the firm and the firm's engagements are subject; and (Ref: Para. A22, A24) (ii) Fulfill their responsibilities in relation to the relevant ethical requirements to which the firm and the firm's engagements are subject. <p>(b) Others, including the network, network firms, individuals in the network or network firms, or service providers, who are subject to the relevant ethical requirements to which the firm and the firm's engagements are subject:</p> <ul style="list-style-type: none"> (i) Understand the relevant ethical requirements that apply to them; and (Ref: Para. A22, A24, A65) (ii) Fulfill their responsibilities in relation to the relevant ethical requirements that apply to them. 	
4	A2	<p>The IESBA Code⁷ contains requirements and application material for professional accountants that enable professional accountants to meet their responsibility to act in the public interest. As indicated in paragraph 15, in the context of engagement performance as described in this ISQM, the consistent performance of quality engagements forms part of the professional accountant's responsibility to act in the public interest.</p> <p>Footnote 7 The International Ethics Standards Board for Accountants' <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i> (IESBA Code)</p>	<p>As mentioned above, no amendment required apart from converting IESBA Code to APESB Code and amending footnote 7 to the title of APESB Code. All wording and section references will be cross checked to the APESB Code. Additionally, in the context of this paragraph, the term professional accountant will be replaced by member (as per the APES Code).</p>

No.	Paragraph from ISQM 1	IAASB Text from ISQM 1	Audit Technical Group's comments
5	A22	<p><i>Relevant Ethical Requirements</i> (Ref: Para. 16(t), 29)</p> <p>The relevant ethical requirements that are applicable in the context of a system of quality management may vary, depending on the nature and circumstances of the firm and its engagements. The term “professional accountant” may be defined in relevant ethical requirements. For example, the IESBA Code defines the term “professional accountant” and further explains the scope of provisions in the IESBA Code that apply to individual professional accountants in public practice and their firms.</p>	<p>No amendment required apart from converting references to IESBA Code to APESB Code and checking wording and section references. Additionally, in the context of this paragraph, the term professional accountant will be replaced by member (as per the APES Code).</p>
6	A23	<p>The IESBA Code addresses circumstances when law or regulation precludes the professional accountant from complying with certain parts of the IESBA Code. It further acknowledges that some jurisdictions might have provisions in law or regulation that differ from or go beyond those set out in the IESBA Code and that professional accountants in those jurisdictions need to be aware of those differences and comply with the more stringent provisions, unless prohibited by law or regulation.</p>	<p>No amendment required apart from converting references to IESBA Code to APESB Code and checking wording and section references. Additionally, in the context of this paragraph, the term professional accountant will be replaced by member (as per the APES Code).</p>
7	A24	<p>Various provisions of the relevant ethical requirements may apply only to individuals in the context of the performance of engagements and not the firm itself. For example:</p> <ul style="list-style-type: none"> • Part 2 of the IESBA Code applies to individuals who are professional accountants in public practice when they are performing professional activities pursuant to their relationship with the firm, whether as a contractor, employee or owner, and may be relevant in the context of the performance of engagements. • Certain requirements in Parts 3 and 4 of the IESBA Code also apply to individuals who are professional accountants in public practice when they are performing professional activities for clients. 	<p>No amendment required apart from converting references to IESBA Code to APESB Code and checking wording and section references. Additionally, in the context of this paragraph, the term professional accountant will be replaced by member (as per the APES Code).</p>

No.	Paragraph from ISQM 1	IAASB Text from ISQM 1	Audit Technical Group's comments
		<p>Compliance with such relevant ethical requirements by individuals may need to be addressed by the firm's system of quality management.</p> <p><i>Example of relevant ethical requirements that are applicable only to individuals and not the firm, and which relate to the performance of engagements</i></p> <p>Part 2 of the IESBA Code addresses pressure to breach the fundamental principles, and includes requirements that an individual shall not:</p> <ul style="list-style-type: none"> • Allow pressure from others to result in a breach of compliance with the fundamental principles; or • Place pressure on others that the accountant knows, or has reason to believe, would result in the other individuals breaching the fundamental principles. <p>For example, circumstances may arise when, in performing an engagement, an individual considers that the engagement partner or another senior member of the engagement team has pressured them to breach the fundamental principles.</p>	
8	A62	<p>Relevant Ethical Requirements (Ref: Para. 16(t), 29)</p> <p>The IESBA Code sets out the fundamental principles of ethics that establish the standards of behaviour expected of a professional accountant and establishes the International Independence Standards. The fundamental principles are integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IESBA Code also specifies the approach that a professional accountant is</p>	<p>No amendment required apart from converting references to IESBA Code to APESB Code and checking wording and section references. Additionally, in the context of this paragraph, the term professional accountant will be replaced by member (as per the APES Code).</p>

No.	Paragraph from ISQM 1	IAASB Text from ISQM 1	Audit Technical Group's comments
		<p>required to apply to comply with the fundamental principles and, when applicable, the International Independence Standards. In addition, the IESBA Code addresses specific topics relevant to complying with the fundamental principles. Law or regulation in a jurisdiction may also contain provisions addressing ethical requirements, including independence, such as privacy laws affecting the confidentiality of information.</p>	
9	A63	<p>In some cases, the matters addressed by the firm in its system of quality management may be more specific than, or additional to, the provisions of relevant ethical requirements.</p> <p><i>Examples of matters that a firm may include in its system of quality management that are more specific than, or additional to, the provisions of relevant ethical requirements</i></p> <ul style="list-style-type: none"> • The firm prohibits the acceptance of gifts and hospitality from a client, even if the value is trivial and inconsequential. • The firm sets rotation periods for all engagement partners, including those performing other assurance or related services engagements, and extends the rotation periods to all senior engagement team members. 	<p>Proposed placeholder at A63</p> <p>Relevant ethical requirements and the <i>Corporations Act 2001</i> require the rotation of the engagement partner, the engagement quality reviewer, and other key audit partners in respect of certain engagements. Refer already item 27 from table 1 above.</p>
10	A64	<p>Other components may affect or relate to the relevant ethical requirements component.</p> <p><i>Examples of relationships between the relevant ethical requirements component and other components</i></p> <ul style="list-style-type: none"> • The information and communication component may address the communication of various matters related to relevant ethical requirements, including: <ul style="list-style-type: none"> ○ The firm communicating the independence requirements to all 	No amendment required.

No.	Paragraph from ISQM 1	IAASB Text from ISQM 1	Audit Technical Group's comments
		<p>personnel and others subject to independence requirements.</p> <ul style="list-style-type: none"> ○ Personnel and engagement teams communicating relevant information to the firm without fear of reprisals, such as situations that may create threats to independence, or breaches of relevant ethical requirements. ● As part of the resources component, the firm may: <ul style="list-style-type: none"> ○ Assign individuals to manage and monitor compliance with relevant ethical requirements or to provide consultation on matters related to relevant ethical requirements. ○ Use IT applications to monitor compliance with relevant ethical requirements, including recording and maintaining information about independence. 	
11	A65	<p>The relevant ethical requirements that apply to others depend on the provisions of the relevant ethical requirements and how the firm uses others in its system of quality management, or in the performance of engagements.</p> <p><i>Examples of relevant ethical requirements that apply to others</i></p> <ul style="list-style-type: none"> ● Relevant ethical requirements may include requirements for independence that apply to network firms or employees of network firms, for example, the IESBA Code includes independence requirements that apply to network firms. 	No amendment required apart from converting references to IESBA Code to APESB Code and checking wording and section references.

No.	Paragraph from ISQM 1	IAASB Text from ISQM 1	Audit Technical Group's comments
		<ul style="list-style-type: none"> • Relevant ethical requirements may include a definition of engagement team or other similar concept, and the definition may include any individual who performs assurance procedures on the engagement (e.g., a component auditor or a service provider engaged to attend a physical inventory count at a remote location). Accordingly, any requirements of the relevant ethical requirements that apply to the engagement team as defined in the relevant ethical requirements, or other similar concept, may also be relevant to such individuals. • The principle of confidentiality may apply to the firm's network, other network firms or service providers, when they have access to client information obtained by the firm. 	
12	A66	<p><i>Public Sector Considerations</i></p> <p>In achieving the quality objectives in this ISQM related to independence, public sector auditors may address independence in the context of the public sector mandate and statutory measures.</p>	No amendment required apart from converting references to ISQM to ASQM.
13	A71	<p>Professional standards or applicable legal and regulatory requirements may include specific provisions that need to be addressed before accepting or continuing a client relationship or specific engagement and may also require the firm to make inquiries of an existing or predecessor firm when accepting an engagement. For example, when there has been a change of auditors, ISA 300¹² requires the auditor, prior to starting an initial audit, to communicate with the predecessor auditor in compliance with relevant requirements. The IESBA Code also includes requirements for the consideration of conflicts of interests in accepting or continuing a client relationship or specific engagement and communication with the</p>	No amendment required apart from replacing “professional standards” with “AUASB standards”, converting references to IESBA Code to APESB Code and checking wording and section references.

No.	Paragraph from ISQM 1	IAASB Text from ISQM 1	Audit Technical Group's comments
		<p>existing or predecessor firm when accepting an engagement that is an audit or review of financial statements.</p> <p>Footnote 12 ISA 300, <i>Planning an Audit of Financial Statements</i>, paragraph 13(b)</p>	
14	A74	<p>There may be other circumstances when the fee quoted for an engagement is not sufficient given the nature and circumstances of the engagement, and it may diminish the firm's ability to perform the engagement in accordance with professional standards and applicable legal and regulatory requirements. The IESBA Code addresses fees and other types of remuneration, including circumstances that may create a threat to compliance with the fundamental principle of professional competence and due care if the fee quoted for an engagement is too low.</p>	<p>No amendment required apart from replacing "professional standards" with "AUASB standards", converting references to IESBA Code to APESB Code and checking wording and section references.</p>
15	A117	<p><i>Relevant Ethical Requirements</i> (Ref: Para. 34(a))</p> <p>Relevant ethical requirements may contain provisions regarding the identification and evaluation of threats and how they are to be addressed. For example, the IESBA Code provides a conceptual framework for this purpose and, in applying the conceptual framework, requires that the firm use the reasonable and informed third party test.</p>	<p>Refer item 24 from table 1 above. A117 will be amended as follows:</p> <p>Relevant ethical requirements may contain provisions regarding the identification and evaluation of threats and how they are to be addressed. For example, the IESBA Code provides a conceptual framework for this purpose and, in applying the conceptual framework, requires that the firm use the reasonable and informed third party test. <u>Examples of independence requirements that may be applicable are addressed in the <i>Corporations Act 2001</i> Part 2M.3 Division 3, and relevant ethical requirements.*</u></p>
16	A118	<p>Relevant ethical requirements may specify how the firm is required to respond to a breach. For example, the IESBA Code sets out requirements for the firm in the event of a breach of the IESBA Code and includes specific requirements addressing breaches of the International Independence Standards, which includes requirements for communication with external parties.</p>	<p>No amendment required apart from converting references to IESBA Code to APESB Code and checking wording and section references.</p>

No.	Paragraph from ISQM 1	IAASB Text from ISQM 1	Audit Technical Group's comments
17	A119	<p>Matters the firm may address relating to breaches of the relevant ethical requirements include:</p> <ul style="list-style-type: none"> • The communication of breaches of the relevant ethical requirements to appropriate personnel; • The evaluation of the significance of a breach and its effect on compliance with relevant ethical requirements; • The actions to be taken to satisfactorily address the consequences of a breach, including that such actions be taken as soon as practicable; • Determining whether to report a breach to external parties, such as those charged with governance of the entity to which the breach relates or an external oversight authority; and • Determining the appropriate actions to be taken in relation to the individual(s) responsible for the breach. 	No amendment required.
18	A204	<p>In some instances, an external oversight authority may establish documentation requirements, either formally or informally, for example, as a result of the outcome of external inspection findings. Relevant ethical requirements may also include specific requirements addressing documentation, for example, the IESBA Code requires documentation of particular matters, including certain situations related to conflicts of interest, non-compliance with laws and regulations and independence.</p>	No amendment required apart from converting references to IESBA Code to APESB Code and checking wording and section references.

TABLE 3– PROPOSED AMENDMENTS TO ISQM 1 TO MEET AUSTRALIAN JURISDICTIONAL REQUIREMENTS

No.	Paragraph from ISQM 1	IAASB Text from ISQM 1	Audit Technical Group’s comments
1	10	<p><i>Scalability</i></p> <p>In applying a risk-based approach, the firm is required to take into account:</p> <ul style="list-style-type: none"> (a) The nature and circumstances of the firm; and (b) The nature and circumstances of the engagements performed by the firm. <p>Accordingly, the design of the firm’s system of quality management, in particular the complexity and formality of the system, will vary. For example, a firm that performs different types of engagements for a wide variety of entities, including audits of financial statements of listed entities, will likely need to have a more complex and formalized system of quality management and supporting documentation, than a firm that performs only reviews of financial statements or compilation engagements.</p>	<p>The paragraph requires amendment as “compilation engagements” is referred to an example of a related services engagement. In Australia, compilation engagements are part of the APESB suite of standards but rather form part of the APESB suite, the ATG proposes using agreed-upon procedures as the example.</p> <p>Proposed amendment</p> <p>In applying a risk-based approach, the firm is required to take into account:</p> <ul style="list-style-type: none"> (a) The nature and circumstances of the firm; and (b) The nature and circumstances of the engagements performed by the firm. <p>Accordingly, the design of the firm’s system of quality management, in particular the complexity and formality of the system, will vary. For example, a firm that performs different types of engagements for a wide variety of entities, including audits of financial statements of listed entities, will likely need to have a more complex and formalized system of quality management and supporting documentation, than a firm that performs only reviews of financial statements or compilation agreed-upon procedures engagements.</p>
2	A96	<p>ISA 220 (Revised)¹⁶ addresses the responsibility of the engagement partner to determine that members of the engagement team, and any auditor’s external experts and internal auditors who provide direct assistance who are not part of the engagement team, collectively have the appropriate competence and capabilities, including sufficient time, to perform the engagement.....</p> <p>Footnote 16 ISA 220 (Revised), paragraph 26</p>	<p>The paragraph requires amendment as Australia prohibits the use of direct assistance of internal audit.</p> <p>Proposed amendment</p> <p>ISA 220 (Revised)¹⁶ addresses the responsibility of the engagement partner to determine that members of the engagement team, and any auditor’s external experts and internal auditors who provide direct assistance who are not part of the engagement team,</p>

No.	Paragraph from ISQM 1	IAASB Text from ISQM 1	Audit Technical Group's comments
			collectively have the appropriate competence and capabilities, including sufficient time, to perform the engagement. Footnote 16 ASA 220 (Revised), paragraph 26

Table 1

Australian Modifications in Extant ASA 220 Quality Control for an Audit of a Financial Report and Other Historical Financial Information related to ASQM 2

No.	Para #	International Text	Australian Text	ATG Recommendation
Requirements				
<i>Engagement Quality Control Review</i>				
1	<p>Aus 21.1 <i>In principle as included in extant ASA 220</i></p>	<p>Deleted paragraph 21 from extant ISA 220:</p> <p>For audits of financial statements of listed entities, the engagement quality control reviewer, on performing an engagement quality control reviewer, shall also consider the following:</p> <ul style="list-style-type: none"> (a) The engagement team’s evaluation of the firm’s independence in relation to the audit engagement; (b) Whether appropriate consultation has taken place on matters involving differences of opinion or other difficult or contentious matters, and the conclusions arising from those consultations; and (c) Whether audit documentation selected for review reflects the work performed in relation to the significant judgments made and supports the conclusions reached. 	<p><i>Australian text Aus 21.1 from extant ASA 220</i></p> <p><i>Engagement Quality Control Review</i></p> <p>For audits of financial reports of listed entities, and those other audit engagements, if any, for which the firm has determined that an engagement quality control review is required, the engagement quality control reviewer, on performing an engagement quality control review, shall also consider the following:</p> <ul style="list-style-type: none"> (a) The engagement team’s evaluation of the firm’s independence in relation to the audit engagement; (b) Whether appropriate consultation has taken place on matters involving differences of opinion or other difficult or contentious matters, and the conclusions arising from those consultations; and (c) Whether audit documentation selected for review reflects the work performed in relation to the significant judgements made and supports the conclusions reached. (Ref: Para. A28-A31) 	<p>N – This Aus paragraph does not need to be carried forward as these requirements have been adequately covered in ASQM 2 in paragraphs 25(e) and 25(c)(i),(ii) and (iii).</p>

TABLE 2– ETHICAL REFERENCES FROM ISQM 2 FOR CONSIDERATION IN THE AUSTRALIAN ENVIRONMENT

Note that “relevant ethical requirements”, “ethical values” and “professional ethics” are mentioned more than twenty times throughout the whole of ISQM 2, only the paragraphs relevant to ethical requirements and IESBA Code will be listed below.

No.	Paragraph from proposed ISQM 2	IAASB Text from proposed ISQM 2	Audit Technical Group’s comments
1	2	<p>This ISQM applies to all engagements for which an engagement quality review is required to be performed in accordance with ISQM 1.¹ This ISQM is premised on the basis that the firm is subject to ISQM 1 or to national requirements that are at least as demanding. This ISQM is to be read in conjunction with relevant ethical requirements.</p> <p>Footnote 1 International Standard on Quality Management (ISQM) 1 (Previously International Standard on Quality Control 1), <i>Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements</i>, paragraph 34(f)</p>	<p>Proposed ASQM 2 This ASQM applies to all engagements for which an engagement quality review is required to be performed in accordance with ASQM 1.¹ This ASQM is premised on the basis that the firm is subject to ASQM 1 or to national requirements that are at least as demanding. This ASQM is to be read in conjunction with relevant ethical requirements. Relevant ethical requirements are defined in ASA 102.</p> <p>Footnote 1 Australian Standard on Quality Management (ASQM) 1 (Previously Australian Standard on Quality Control 1), <i>Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements</i>, paragraph 34(f)</p> <p>Footnote * See ASA 102 Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements.</p>
2	13(c)	<p>Relevant ethical requirements – Principles of professional ethics and ethical requirements that are applicable to a professional accountant when undertaking the engagement quality review. Relevant ethical requirements ordinarily comprise the provisions of the International Ethics Standards Board for Accountants’ <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i> (IESBA Code) related to audits or reviews of financial statements, or other assurance or related services engagements, together with national requirements that are more restrictive. (Ref: Para. A12–A15)</p>	<p>Proposed ASQM 2 Relevant ethical requirements mean relevant ethical requirements as defined in ASA 102 Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements.</p>

No.	Paragraph from proposed ISQM 2	IAASB Text from proposed ISQM 2	Audit Technical Group's comments
3	18(b)	<p>The firm shall establish policies or procedures that set forth the criteria for eligibility to be appointed as an engagement quality reviewer. Those policies or procedures shall require that the engagement quality reviewer not be a member of the engagement team, and: (Ref: Para. A4)</p> <ul style="list-style-type: none"> (a) Has the competence and capabilities, including sufficient time, and the appropriate authority to perform the engagement quality review; (Ref: Para. A5–A11) (b) Complies with relevant ethical requirements, including in relation to threats to objectivity and independence of the engagement quality reviewer; and (Ref: Para. A12–A15) (c) Complies with provisions of law and regulation, if any, that are relevant to the eligibility of the engagement quality reviewer. (Ref: Para. A16) 	<p>No amendments required apart from converting IESBA Code to APESB Code. All wording and section references will be cross checked to the APESB Code.</p>
4	A12	<p>Relevant Ethical Requirements (Ref: Para. 13(c), 18(b))</p> <p>The relevant ethical requirements that are applicable when undertaking an engagement quality review may vary, depending on the nature and circumstances of the engagement or the entity. Various provisions of relevant ethical requirements may apply only to individual professional accountants, such as an engagement quality reviewer, and not the firm itself.</p>	<p>No amendments required apart from converting IESBA Code to APESB Code. All wording and section references will be cross checked to the APESB Code. Additionally, in the context of this paragraph, the term professional accountant will be replaced by member (as per the APES Code).</p>
5	A13	<p>Relevant ethical requirements may include specific independence requirements that would apply to individual professional accountants, such as an engagement quality reviewer. Relevant ethical requirements may also include provisions that address threats to independence created by long association with an audit or assurance client. The application of any such provisions dealing with long association is distinct from, but may need to be taken into consideration in applying, the required cooling-off period in accordance with paragraph 19.</p>	<p>No amendments required apart from converting IESBA Code to APESB Code. All wording and section references will be cross checked to the APESB Code.</p>

No.	Paragraph from proposed ISQM 2	IAASB Text from proposed ISQM 2	Audit Technical Group's comments
6	A14	<p>Threats to the objectivity of the engagement quality reviewer</p> <p>Threats to the engagement quality reviewer's objectivity may be created by a broad range of facts and circumstances. For example:</p> <ul style="list-style-type: none"> • A self-review threat may be created when the engagement quality reviewer previously was involved with significant judgments made by the engagement team, in particular as the engagement partner or other engagement team member. • A familiarity or self-interest threat may arise when the engagement quality reviewer is a close or immediate family member of the engagement partner or another member of the engagement team, or through close personal relationships with members of the engagement team. • An intimidation threat may be created when actual or perceived pressure is exerted on the engagement quality reviewer (e.g., when the engagement partner is an aggressive or dominant individual, or the engagement quality reviewer has a reporting line to the engagement partner). 	<p>No amendments required apart from converting IESBA Code to APESB Code. All wording and section references will be cross checked to the APESB Code.</p>
7	A15	<p>Relevant ethical requirements may include requirements and guidance to identify, evaluate and address threats to objectivity. For example, the IESBA Code provides specific guidance, including examples of:</p> <ul style="list-style-type: none"> • Circumstances where threats to objectivity may be created when a professional accountant is appointed as an engagement quality reviewer; • Factors that are relevant in evaluating the level of such threats; and 	<p>No amendments required apart from converting IESBA Code to APESB Code. All wording and section references will be cross checked to the APESB Code.</p>

No.	Paragraph from proposed ISQM 2	IAASB Text from proposed ISQM 2	Audit Technical Group's comments
		<ul style="list-style-type: none">• Actions, including safeguards, that might address such threats.	

TABLE 1 – AUS PARAGRAPHS FROM EXTANT ASA 220

Australian modifications from extant ASA 220 *Quality Control for an Audit of a Financial Report and Other Historical Financial Information*

No.	Extant ASA 220 Paragraph number	IAASB Text (if applicable) from Extant ISA 220	ASA 220 (compiled June 2020) Australian Text	ATG recommendation to retain/include AUS paragraph
Definitions				
1	Aus 7.1	N/A – Aus. only definition.	<p>Aus 7.1 inserted in extant ASA 220</p> <p>Assurance practitioner means a person or an organisation, whether in public practice, industry, commerce or the public sector, providing assurance services.</p>	<p>N – No Australian paragraph proposed.</p> <p>Extant ASA 220 “assurance practitioner” definition was inserted and all references to “professional accountant” were replaced with “assurance practitioner”.</p> <p>Professional accountant is a term used within IAASB suite but not in Australia.</p> <p>As “professional accountant” is only used twice in proposed ASA 220 and “assurance practitioner” is already defined in</p>

No.	Extant ASA 220 Paragraph number	IAASB Text (if applicable) from Extant ISA 220	ASA 220 (compiled June 2020) Australian Text	ATG recommendation to retain/include AUS paragraph
				proposed ASQM 1, ATG view that no insertion is needed in proposed ASA 220.
2	Aus 7.2	<p>Extant ISA 220 7(a)</p> <p>Engagement partner² – The partner or other person in the firm who is responsible for the audit engagement and its performance, and for the auditor’s report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body.</p> <p><i>Footnote 2</i></p> <p>“Engagement partner,” “partner,” and “firm” should be read as referring to their public sector equivalents.</p>	<p>7(a) and Aus 7.2 in extant ASA 220</p> <p>Engagement partner² means the partner or other person in the firm who is responsible for the audit engagement and its performance, and for the auditor’s report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal or regulatory body.</p> <p><i>Aus 7.2</i></p> <p>Engagement partner should be read as referring to a public sector equivalent where relevant.</p> <p><i>Footnote 2</i></p> <p>[Footnote deleted by the AUASB. Refer Aus 7.2, Aus 7.3 and Aus 7.4.]</p>	<p>N – No Australian paragraph proposed.</p> <p>Amendment to extant was to include public sector specifically in the definition. View that reference to public sector only in the footnote was not sufficient.</p> <p>Definition of “Firm” in ISA 220 (Revised) now explicitly includes a public sector reference.</p>
		<p>ISA 220 (Revised)</p> <p>Engagement partner³ – The partner or other individual, appointed by the firm, who is responsible for the audit engagement and its performance, and for the auditor’s report that is issued on behalf of the firm, and who, where required, has the appropriate</p>	<p>Proposed ASA 220</p> <p>No amendment required.</p>	<p>ATG view that change to “firm” sufficiently includes Public Sector in the definition and not solely in a footnote.</p>

No.	Extant ASA 220 Paragraph number	IAASB Text (if applicable) from Extant ISA 220	ASA 220 (compiled June 2020) Australian Text	ATG recommendation to retain/include AUS paragraph
		<p>authority from a professional, legal or regulatory body.</p> <p><i>Footnote 3</i> “Engagement partner,” “partner,” and “firm” is to be read as referring to their public sector equivalents where relevant.</p>		
3	7(d)	<p>Extant ISA 220 7(d)</p> <p>Engagement team – All partners and staff performing the engagement, and any individuals engaged by the firm or a network firm who perform audit procedures on the engagement. This excludes an auditor’s expert engaged by the firm or a network firm.³ The term “engagement team” also excludes individuals within the client’s internal audit function who provide direct assistance on an audit engagement when the external auditor complies with the requirements of ISA 610 (Revised 2013).⁴</p>	<p>Extant ASA 220 7(d)</p> <p>Engagement team means all partners and staff performing the engagement, and any individuals engaged by the firm or a network firm who perform audit procedures on the engagement. This excludes an auditor’s external expert engaged by the firm or a network firm.³</p>	<p>Y – Australian paragraph proposed.</p> <p>Extant ASA 220 modified definition of engagement team to remove references to direct assistance. Marking of AUS paragraph was removed in error during 2015 compilations.</p> <p>Additionally, extant ASA 220 deleted footnote 4 entirely resulting in footnotes of ISA 220 not aligning with ASA 220.</p> <p>ATG proposes modifying the definition</p>
		<p>ISA 220 (Revised) paragraph 12(d)</p> <p>Engagement team – All partners and staff performing the audit engagement, and any other individuals who perform audit procedures on the engagement, excluding an auditor’s external expert⁴ and internal auditors who provide direct assistance on an engagement.⁵ (Ref: Para. A15–A25)</p>	<p>Proposed ASA 220</p> <p>Engagement team – All partners and staff performing the audit engagement, and any other individuals who perform audit procedures on the engagement, excluding an auditor’s external expert⁴ and internal auditors who provide direct assistance on an engagement.⁵ (Ref: Para. A15–A25)</p>	

No.	Extant ASA 220 Paragraph number	IAASB Text (if applicable) from Extant ISA 220	ASA 220 (compiled June 2020) Australian Text	ATG recommendation to retain/include AUS paragraph
				to exclude direct assistance which is consistent with the proposed approach in ASQM 1 (see ASQM 1 issue 9). Proposed ASA 220 application paragraph A21 will also be modified inline with these changes.
4	Aus 7.3	<p>Extant ISA 220 paragraph 7(e)</p> <p>Firm – A sole practitioner, partnership or corporation or other entity of professional accountants.</p>	<p>Aus 7.3 in extant ASA 220</p> <p>Firm means a sole practitioner, partnership, or corporation or other entity of assurance practitioners. Firm should be read as referring to a public sector equivalent where relevant.</p>	<p>N – No Australian paragraph proposed.</p> <p>Definition now explicitly includes public sector equivalent. The amendment in extant ASA 220 was to move public sector references from a footnote to the definitions.</p> <p>Inline with proposed ASQM 1 issue 10, reference to “professional</p>
		<p>ISA 220 (Revised) paragraph 12(e)</p> <p>Firm – A sole practitioner, partnership or corporation or other entity of professional accountants, or public sector equivalent.</p>	<p>Proposed ASA 220</p> <p>Firm – A sole practitioner, partnership or corporation or other entity of assurance practitioners, or public sector equivalent.</p>	

AUASB Agenda Paper

No.	Extant ASA 220 Paragraph number	IAASB Text (if applicable) from Extant ISA 220	ASA 220 (compiled June 2020) Australian Text	ATG recommendation to retain/include AUS paragraph
				<p>accountant” will be amended to “assurance practitioner”.</p> <p>The ATG does not consider the change of “professional account” to “assurance practitioner” to be a “significant terminology” change and inline with para 16 of the AUASB/NZAuASB Policy, the change will not be marked with an AUS paragraph.</p>
5	Aus 7.4	<p>Extant ISA 220 paragraph 7(k)</p> <p>Partner – Any individual with authority to bind the firm with respect to the performance of a professional services engagement.</p>	<p>Aus 7.4 in extant ASA 220</p> <p>Partner means any individual with authority to bind the firm with respect to the performance of an audit of a financial report or historical financial information. Partner should be read as referring to a public sector equivalent where relevant.</p>	<p>Y – Australian paragraph proposed.</p> <p>“Professional services engagement” is not used in AUASB standards. ATG proposes deleting “professional services engagement” and inserting the specific engagement types of</p>
		<p>ISA 220 (Revised) paragraph 12(h)</p>	<p>Proposed ASA 220</p> <p>Partner means any individual with authority to bind the firm with respect to the performance of an audit,</p>	

AUASB Agenda Paper

No.	Extant ASA 220 Paragraph number	IAASB Text (if applicable) from Extant ISA 220	ASA 220 (compiled June 2020) Australian Text	ATG recommendation to retain/include AUS paragraph
		Partner – Any individual with authority to bind the firm with respect to the performance of a professional services engagement.	review, other assurance engagement or related services engagement.	<p>AUASB Standards to provide clarity.</p> <p>The increased clarity of the proposed amendment is considered by the ATG to be a “significant terminology” change and in line with para 16 of the AUASB/NZAuASB policy will be marked as an AUS para.</p> <p>Refer to proposed ASQM 1 wording (issue 13).</p> <p>Consistent with “firm” and “engagement partner”, no reference to public sector is proposed as the definition of “firm” contains this reference.</p>
6	Aus 7.5	<p>Extant ISA 220 paragraph 7(m)</p> <p>Professional standards – International Standards on Auditing (ISAs) and relevant ethical requirements.</p>	<p>Aus 7.5 in extant ASA 220</p> <p>Australian Auditing Standards means the suite of auditing standards issued by the AUASB, and includes <i>ASA 805 Special Considerations—Audits of</i></p>	<p>Y – Australian paragraph proposed.</p>

No.	Extant ASA 220 Paragraph number	IAASB Text (if applicable) from Extant ISA 220	ASA 220 (compiled June 2020) Australian Text	ATG recommendation to retain/include AUS paragraph
			<p><i>Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement, and ASA 810 Engagements to Report on Summary Financial Statements.</i></p>	<p>In line with amendment in extant, ATG proposes explicitly stating the standards to improve clarity.</p>
		<p>ISA 220 (Revised) paragraph 12(j)</p> <p>Professional standards – International Standards on Auditing (ISAs) and relevant ethical requirements.</p>	<p>Proposed ASA 220</p> <p>Australian Auditing Standards means the suite of auditing standards issued by the AUASB, comprising:</p> <ul style="list-style-type: none"> • Auditing Standards made under section 336 of the <i>Corporations Act 2001</i>; • <i>ASA 805 Special Considerations—Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement</i>; and • <i>ASA 810 Engagements to Report on Summary Financial Statements.</i> 	<p>Reference to relevant ethical requirements within this definition is removed as relevant ethical requirements are captured as part of the first bullet point through ASA 102 which made under the <i>Corporations Act 2001</i>.</p> <p>ATG views this is a significant terminology change and will be marked as an AUS para.</p> <p>Proposed definition aligns with ASA 101 <i>Preamble to Australian Auditing Standards</i> definition of “Australian Auditing Standards”.</p>

No.	Extant ASA 220 Paragraph number	IAASB Text (if applicable) from Extant ISA 220	ASA 220 (compiled June 2020) Australian Text	ATG recommendation to retain/include AUS paragraph
7	Aus 7.6	<p>Extant ISA 220 paragraph 7(n)</p> <p>Relevant ethical requirements – Ethical requirements to which the engagement team and engagement quality control reviewer are subject, which ordinarily comprised Parts A and B of the International Ethics Standards Board for Accountants’ <i>Code of Ethics for Professional Accountants</i> (IESBA Code) related to an audit of financial statements together with national requirements that are more restrictive.</p>	<p>Aus 7.6 in extant ASA 220</p> <p>Relevant ethical requirements means relevant ethical requirements as defined in ASA 102.*</p> <p>Footnote* See ASA 102 <i>Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements</i>.</p>	<p>Y – Australian paragraph proposed.</p> <p>Definition is amended to reference ASA 102 which gives force of law to relevant ethical requirements.</p>
		<p>ISA 220 (Revised) definition, paragraph 12(k)</p> <p>Relevant ethical requirements – Principles of professional ethics and ethical requirements that are applicable to professional accountants when undertaking the audit engagement. Relevant ethical requirements ordinarily comprise the provisions of the International Ethics Standards Board for Accountants’ <i>International Code of Ethics for Professional Accountants (including International Independence Standards)</i> (IESBA Code) related to audits of</p>	<p>Proposed ASA 220</p> <p>Relevant ethical requirements mean relevant ethical requirements as defined in ASA 102 <i>Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements</i>.</p>	

No.	Extant ASA 220 Paragraph number	IAASB Text (if applicable) from Extant ISA 220	ASA 220 (compiled June 2020) Australian Text	ATG recommendation to retain/include AUS paragraph
		financial statements, together with national requirements that are more restrictive.		
Requirements				
8	Aus 21.1	<p>Extant ISA 220 paragraph 21</p> <p>For audits of financial statements of listed entities, the engagement quality control reviewer, on performing an engagement quality control review, shall also consider the following:</p> <ul style="list-style-type: none"> (d) The engagement team’s evaluation of the firm’s independence in relation to the audit engagement; (e) Whether appropriate consultation has taken place on matters involving differences of opinion or other difficult or contentious matters, and the conclusions arising from those consultations; and (f) Whether audit documentation selected for review reflects the work performed in relation to the significant judgments made and supports the conclusions reached. 	<p>Aus 21.1 in extant ASA 220</p> <p>For audits of financial reports of listed entities, and those other audit engagements, if any, for which the firm has determined that an engagement quality control review is required, the engagement quality control reviewer, on performing an engagement quality control review, shall also consider the following:</p> <ul style="list-style-type: none"> (a) The engagement team’s evaluation of the firm’s independence in relation to the audit engagement; (b) Whether appropriate consultation has taken place on matters involving differences of opinion or other difficult or contentious matters, and the conclusions arising from those consultations; and (c) Whether audit documentation selected for review reflects the work performed in relation to the 	<p>N – No Australian paragraph proposed.</p> <p>Amendment relates to Engagement Quality Control Reviews which is no longer in ASA 220. Consideration of the extant ASA 220 amendment has been included in the ASQM 2 table.</p>

No.	Extant ASA 220 Paragraph number	IAASB Text (if applicable) from Extant ISA 220	ASA 220 (compiled June 2020) Australian Text	ATG recommendation to retain/include AUS paragraph
			significant judgements made and supports the conclusions reached. (Ref: Para. A30-A33)	
		<p>ISA 220 (Revised)</p> <p>Does not contain requirements on EQCR/EQR. EQCR/EQR paragraphs have moved to ISQM 2.</p>	<p>Proposed ASA 220</p> <p>No amendment required.</p>	
Application and Other Explanatory Material				
System of Quality Control and Role of Engagement Teams				
9	Aus A2.1	N/A – additional Aus material	<p>Aus A2.1 in extant ASA 220</p> <p><i>Reliance on the Firm’s System of Quality Control</i></p> <p>Notwithstanding reliance by the engagement team on the firm’s system of quality control, for audits undertaken in accordance with the <i>Corporations Act 2001</i> (the Act), the engagement partner is required to comply with the auditing standards under section 307A of that Act.</p>	<p>N – No Australian paragraph proposed.</p> <p>Paragraph inserted in extant ASA 220 references section of <i>Corporations Act 2001</i> that the engagement partner or lead</p>

No.	Extant ASA 220 Paragraph number	IAASB Text (if applicable) from Extant ISA 220	ASA 220 (compiled June 2020) Australian Text	ATG recommendation to retain/include AUS paragraph
			<p>Proposed ASA 220 No amendment proposed.</p>	<p>engagement partner has strict liability for complying with auditing standards. ATG view that this reference is no longer required in proposed ASA 220 as the amendments to the standards have given great weighting to the engagement partner's overall responsibility for the engagement.</p>
Relevant Ethical Requirements				
10	Aus A4.1	<p>Extant ISA 220 paragraph A4</p> <p>The IESBA Code established the fundamental principles of professional ethics, which include:</p> <ul style="list-style-type: none"> (a) Integrity; (b) Objectivity; (c) Professional competence and due care; (d) Confidentiality; and (e) Professional behaviour. 	<p>Aus A4.1 in extant ASA 220</p> <p><i>Compliance with Relevant Ethical Requirements</i></p> <p>The auditor is subject to relevant ethical requirements, including those pertaining to independence, relating to audit engagements as defined in ASA 102.*</p> <p>Footnote* See ASA 102 <i>Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements</i>.</p>	<p>N – No Australian paragraph proposed. In line with the proposed approach to ASQM 1, references to relevant ethical requirements will not be deleted and referenced purely to ASA 102. This</p>

No.	Extant ASA 220 Paragraph number	IAASB Text (if applicable) from Extant ISA 220	ASA 220 (compiled June 2020) Australian Text	ATG recommendation to retain/include AUS paragraph
		<p>ISA 220 (Revised) contains considerable ethical requirements and application material. Refer paragraphs 16 - 21 and application material paragraphs A38 - A48 – see Table 2.</p>	<p>Proposed ASA 220 Refer to Table 2.</p>	<p>is further discussed in ASA 220 Table 2.</p>
11	Aus A5.1	<p>Extant ISA 220 paragraph A5</p> <p>The definition of “firm,” “network” or “network firm” in relevant ethical requirements may differ from those set out in this ISA. For example, the IESBA Code defines the “firm” as:</p> <ul style="list-style-type: none"> (a) A sole practitioner, partnership or corporation of professional accountants; (b) An entity that controls such parties through ownership, management or other means; and (c) An entity controlled by such parties through ownership, management or other means. <p>The IESBA Code also provides guidance in relation to the terms “network” and “network firm”.</p> <p>In complying with the requirements in paragraphs 9–11, the definitions used in the relevant ethical requirements apply in so far as is necessary to interpret those ethical requirements.</p> <p>ISA 220 (Revised) paragraph A27</p> <p>The definitions of “network” or “network firm” in relevant ethical requirements may differ from those set out in this ISA. The IESBA Code also provides guidance in relation to the terms “network” and</p>	<p>Paragraph A5 in extant ASA 220</p> <p>[Deleted by the AUASB. Refer ASA 102]</p> <p>Proposed ASA 220</p> <p>No amendment proposed.</p>	<p>N – No Australian paragraph proposed.</p> <p>In line with the proposed approach to ASQM 1, references to relevant ethical requirements will not be deleted and referenced purely to ASA 102. This is further discussed in ASA 220 Table 2.</p>

No.	Extant ASA 220 Paragraph number	IAASB Text (if applicable) from Extant ISA 220	ASA 220 (compiled June 2020) Australian Text	ATG recommendation to retain/include AUS paragraph
		<p>“network firm.” Networks and the other network firms may be structured in a variety of ways, and are in all cases external to the firm. The provisions in this ISA in relation to networks also apply to any structures or organizations that do not form part of the firm, but that exist within the network.</p>		
12		N/A – additional Aus material	<p>Aus A5.1 in extant ASA 220</p> <p><i>Independence</i></p> <p>Examples of independence requirements that may be applicable are addressed in the <i>Corporations Act 2001</i>, Part 2M.3 Division 3, and relevant ethical requirements in ASA 102.</p>	<p>Y – Australian paragraph proposed.</p> <p>Reference to independence requirements in the <i>Corporations Act 2001</i> are still applicable. Proposed AUS paragraph does not reference relevant ethical requirements as ATG views this has been appropriately addressed in ISA 220 (Revised) paragraph A38.</p>
		<p>ISA 220 (Revised) paragraph A38</p> <p>ISA 200²⁸ requires that the auditor comply with relevant ethical requirements, including those pertaining to independence, relating to financial statement audit engagements. Relevant ethical requirements may vary depending on the nature and circumstances of the engagement. For example, certain requirements related to independence may be applicable only when performing audits of listed entities. ISA 600 includes additional requirements and guidance to those in this ISA regarding communications about relevant ethical requirements with component auditors.</p>	<p>Proposed ASA 220</p> <p>Examples of independence requirements that may be applicable are also addressed in the <i>Corporations Act 2001</i>, Part 2M.3 Division 3.</p>	
13	Aus A6.1	N/A – Inserted Aus application material.	<p>Aus A6.1 in extant ASA 220</p> <p><i>Threats to Independence</i></p>	Y – Australian paragraph proposed.

No.	Extant ASA 220 Paragraph number	IAASB Text (if applicable) from Extant ISA 220	ASA 220 (compiled June 2020) Australian Text	ATG recommendation to retain/include AUS paragraph
			<p>The familiarity threat is particularly relevant in the context of financial report audits of listed entities. For these audits, relevant ethical requirements† and the <i>Corporations Act 2001</i> specify the partner rotation requirements.</p> <p>Footnote† See ASA 102.</p> <hr/> <p>Proposed ASA 220 <i>Insert after proposed ASA 220 para A44</i></p> <p>The familiarity threat is particularly relevant in the context of financial report audits of listed entities. For these audits, relevant ethical requirements† and the <i>Corporations Act 2001</i> specify the partner rotation requirements.</p> <p>Footnote† See ASA 102.</p>	<p>Reference to <i>Corporations Act 2001</i> rotation is still required as they differ to those in the APES Code.</p>

TABLE 2 – ETHICAL REFERENCES FROM ASA 220 FOR CONSIDERATION IN THE AUSTRALIAN ENVIRONMENT (if not already considered in Table 1 above)

Note that “relevant ethical requirements”, “ethical values” and “professional ethics” are mentioned in total more than fifty times throughout the whole of ISA 220 (Revised), only the paragraphs relevant to ethical requirements and IESBA Code will be listed below.

No.	Paragraph from ISA 220	IAASB Text from ISA 220	Audit Technical Group’s Recommendation
Introduction			
1	1	This International Standard on Auditing (ISA) deals with the specific responsibilities of the auditor regarding quality management at the engagement level for an audit of financial statements, and the related responsibilities of the engagement partner. This ISA is to be read in conjunction with relevant ethical requirements. (Ref: Para. A1, A38)	No amendment required. Definition of “relevant ethical requirements” is proposed to be amended to refer to ASA 102.
Definitions			
2	12	References to “relevant ethical requirements” within the definitions section of ISA 220 (Revised) have been addressed as part of Table 1.	
Requirements			
3	16	<p>Relevant Ethical Requirements, Including Those Related to Independence</p> <p>The engagement partner shall have an understanding of the relevant ethical requirements, including those related to independence, that are applicable given the nature and circumstances of the audit engagement. (Ref: Para. A38–A42, A48)</p>	No amendment required. Definition has been amended to reference ASA 102.
	17	The engagement partner shall take responsibility for other members of the engagement team having been made aware of relevant ethical requirements that are applicable given the nature and circumstances of the audit engagement, and the firm’s related policies or procedures, including those that address: (Ref: Para. A23–A25, A40–A44)	No amendment required. Definition has been amended to reference ASA 102.

No.	Paragraph from ISA 220	IAASB Text from ISA 220	Audit Technical Group's Recommendation
		<p>(a) Identifying, evaluating and addressing threats to compliance with relevant ethical requirements, including those related to independence;</p> <p>(b) Circumstances that may cause a breach of relevant ethical requirements, including those related to independence, and the responsibilities of members of the engagement team when they become aware of breaches; and</p> <p>(c) The responsibilities of members of the engagement team when they become aware of an instance of non-compliance with laws and regulations by the entity.⁶</p> <p>Footnote 6 – ISA 250 (Revised), <i>Consideration of Laws and Regulations in an Audit of Financial Statements</i></p>	
18		If matters come to the engagement partner's attention that indicate that a threat to compliance with relevant ethical requirements exists, the engagement partner shall evaluate the threat through complying with the firm's policies or procedures, using relevant information from the firm, the engagement team or other sources, and take appropriate action. (Ref: Para. A43–A44)	No amendment required. Definition has been amended to reference ASA 102.
19		The engagement partner shall remain alert throughout the audit engagement, through observation and making inquiries as necessary, for breaches of relevant ethical requirements or the firm's related policies or procedures by members of the engagement team. (Ref: Para. A45)	No amendment required. Definition has been amended to reference ASA 102.
20		If matters come to the engagement partner's attention through the firm's system of quality management, or from other sources, that indicate that relevant ethical requirements applicable to the nature and circumstances of the audit engagement have not been fulfilled, the engagement partner, in consultation with others in the firm, shall take appropriate action. (Ref: Para. A46)	No amendment required. Definition has been amended to reference ASA 102.
21		Prior to dating the auditor's report, the engagement partner shall take responsibility for determining whether relevant ethical	No amendment required. Definition has been amended to reference ASA 102.

No.	Paragraph from ISA 220	IAASB Text from ISA 220	Audit Technical Group's Recommendation
		requirements, including those related to independence, have been fulfilled. (Ref: Para. A38 and A47)	
4	41	<p>In applying ISA 230, the auditor shall include in the audit documentation: (Ref: Para. A117–A120)</p> <p>(a) Matters identified, relevant discussions with personnel, and conclusions reached with respect to:</p> <ol style="list-style-type: none"> i. Fulfillment of responsibilities relating to relevant ethical requirements, including those related to independence. ii. The acceptance and continuance of the client relationship and audit engagement. <p>(b) The nature and scope of, and conclusions resulting from, consultations undertaken during the audit engagement and how such conclusions were implemented.</p> <p>(c) If the audit engagement is subject to an engagement quality review, that the engagement quality review has been completed on or before the date of the auditor's report.</p>	No amendment required. Definition has been amended to reference ASA 102.
Application and Other Explanatory Material			
5	A38	<p>Relevant Ethical Requirements, Including Those Related to Independence (Ref: Para. 16–21)</p> <p><i>Relevant Ethical Requirements</i> (Ref: Para. 1, 16–21)</p> <p>ISA 200²⁸ requires that the auditor comply with relevant ethical requirements, including those pertaining to independence, relating to financial statement audit engagements. Relevant ethical requirements may vary depending on the nature and circumstances of the engagement. For example, certain requirements related to independence may be applicable only when performing audits of listed entities. ISA 600 includes additional requirements and guidance to those in this ISA regarding communications about relevant ethical requirements with component auditors.</p> <p>Footnote 28 – ISA 200, paragraphs 14 and A16–A19</p>	No amendment required. Definition has been amended to reference ASA 102.

No.	Paragraph from ISA 220	IAASB Text from ISA 220	Audit Technical Group's Recommendation
	A39	Based on the nature and circumstances of the audit engagement, certain law, regulation or aspects of relevant ethical requirements, such as those pertaining to non-compliance with laws or regulations, may be relevant to the engagement, for example laws or regulations dealing with money laundering, corruption, or bribery.	No amendment required. Definition has been amended to reference ASA 102.
	A40	<p>The firm's information system and the resources provided by the firm may assist the engagement team in understanding and fulfilling relevant ethical requirements applicable to the nature and circumstances of the audit engagement. For example, the firm may:</p> <ul style="list-style-type: none"> • Communicate the independence requirements to engagement teams. • Provide training for engagement teams on relevant ethical requirements. • Establish manuals and guides (i.e., intellectual resources) containing the provisions of the relevant ethical requirements and guidance on how they are applied in the nature and circumstances of the firm and its engagements. • Assign personnel to manage and monitor compliance with relevant ethical requirements (e.g., ISQM 1 requires that the firm obtains, at least annually, a documented confirmation of compliance with the independence requirements from all personnel required by relevant ethical requirements to be independent) or provide consultation on matters related to relevant ethical requirements. • Establish policies or procedures for engagement team members to communicate relevant and reliable information to appropriate parties within the firm or to the engagement partner, such as policies or procedures for engagement teams to: <ul style="list-style-type: none"> ○ Communicate information about client engagements and the scope of services, including non-assurance services, to enable the firm to identify threats to independence during 	No amendment required. Definition has been amended to reference ASA 102.

No.	Paragraph from ISA 220	IAASB Text from ISA 220	Audit Technical Group's Recommendation
		<p>the period of the engagement and during the period covered by the subject matter.</p> <ul style="list-style-type: none"> ○ Communicate circumstances and relationships that may create a threat to independence, so that the firm can evaluate whether such a threat is at an acceptable level and if it is not, address the threat by eliminating it or reducing it to an acceptable level. ○ Promptly communicate any breaches of the relevant ethical requirements, including those related to independence. 	
	A41	The engagement partner may take into account the information, communication, and resources described in paragraph A40 when determining whether the engagement partner may depend on the firm's policies or procedures in complying with relevant ethical requirements.	No amendment required. Definition has been amended to reference ASA 102.
	A42	<p>Open and robust communication between the members of the engagement team about relevant ethical requirements may also assist in:</p> <ul style="list-style-type: none"> • Drawing the attention of engagement team members to relevant ethical requirements that may be of particular significance to the audit engagement; and • Keeping the engagement partner informed about matters relevant to the engagement team's understanding and fulfillment of relevant ethical requirements and the firm's related policies or procedures. 	No amendment required. Definition has been amended to reference ASA 102.
6	A43	<p><i>Identifying and Evaluating Threats to Compliance with Relevant Ethical Requirements</i> (Ref: Para. 17–18)</p> <p>In accordance with ISQM 1, the firm's responses to address the quality risks in relation to relevant ethical requirements, including those related to independence for engagement team members, include policies or procedures for identifying, evaluating and</p>	No amendment required. Definition has been amended to reference ASA 102. Reference to ISQM 1 will be updated.

No.	Paragraph from ISA 220	IAASB Text from ISA 220	Audit Technical Group's Recommendation
		addressing threats to compliance with the relevant ethical requirements .	
	A44	<p>Relevant ethical requirements may contain provisions regarding the identification and evaluation of threats and how they are to be dealt with. For example, the IESBA Code explains that a self-interest threat to compliance with the fundamental principle of professional competence and due care may arise if the fee quoted for an audit engagement is so low that it might be difficult to perform the engagement in accordance with professional standards.²⁹</p> <p>Footnote 29 IESBA Code, paragraph 330.3 A2</p>	No amendment required. Definition has been amended to reference ASA 102, reference to IESBA Code will be updated to APESB Code.
7	A45	<p><i>Breaches of Relevant Ethical Requirements</i> (Ref: Para. 19)</p> <p>In accordance with ISQM 1, the firm is required to establish policies or procedures for identifying, communicating, evaluating and reporting of any breaches of relevant ethical requirements and appropriately responding to the causes and consequences of the breaches in a timely manner.</p>	No amendment required.
8	A46	<p><i>Taking Appropriate Action</i> (Ref: Para. 20)</p> <p>Appropriate actions may include, for example:</p> <ul style="list-style-type: none"> • Following the firm's policies or procedures regarding breaches of relevant ethical requirements, including communicating to or consulting with the appropriate individuals so that appropriate action can be taken, including as applicable, disciplinary action(s). • Communicating with those charged with governance. • Communicating with regulatory authorities or professional bodies. In some circumstances, communication with regulatory authorities may be required by law or regulation. 	No amendment required.

No.	Paragraph from ISA 220	IAASB Text from ISA 220	Audit Technical Group's Recommendation
		<ul style="list-style-type: none"> • Seeking legal advice. • Withdrawing from the audit engagement, when withdrawal is possible under applicable law or regulation. 	
9	A47	<p><i>Prior to Dating the Auditor's Report</i> (Ref: Para. 21)</p> <p>ISA 700 (Revised) requires that the auditor's report include a statement that the auditor is independent of the entity in accordance with the <u>relevant ethical requirements</u> relating to the audit, and that the auditor has fulfilled the auditor's other ethical responsibilities in accordance with these requirements.³⁰ Performing the procedures required by paragraphs 16–21 of this ISA provides the basis for these statements in the auditor's report.</p> <p>Footnote 30 ISA 700 (Revised), paragraph 28(c)</p>	No amendment required.
10	A48	<p><i>Considerations Specific to Public Sector Entities</i></p> <p>Statutory measures may provide safeguards for the independence of public sector auditors. However, public sector auditors or audit firms carrying out public sector audits on behalf of the statutory auditor may, depending on the terms of the mandate in a particular jurisdiction, need to adapt their approach to promote compliance with paragraph 16. This may include, where the public sector auditor's mandate does not permit withdrawal from the audit engagement, disclosure through a public report of circumstances that have arisen that would, if they were in the private sector, lead the auditor to withdraw.</p>	No amendment required.