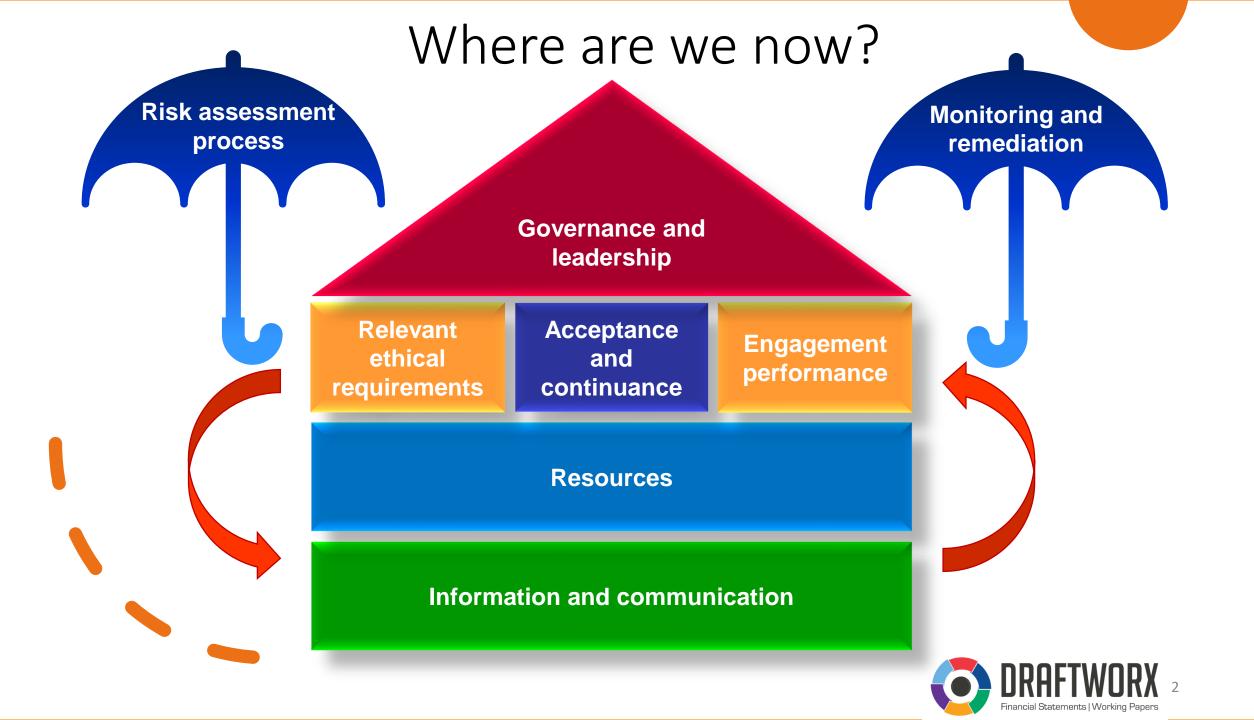
ISQM Workshop 2











- Leadership's accountability for SOQM:
 - Leadership demonstrates commitment to quality through their actions and behaviours
 - Organisational structure and assignment of roles, responsibilities and authority is appropriate to enable design, implementation and operation of firm's SOQM
- Who is required to understand ISQM 1:
 - Responsibility of all personnel for quality relating to performance of engagements / activities within SOQM, and their expected behaviours



- Expanded requirements to assign specific responsibilities related to SOQM:
 - Operational responsibility for SOQM
 - Operational responsibility for compliance with independence requirements
 - Operational responsibility for monitoring and remediation process



- Enhanced requirements addressing qualifications of individuals assigned responsibilities:
 - Includes individual(s) assigned ultimate and operational responsibility and accountability for SOQM
 - Required to have appropriate experience, knowledge, <u>influence</u> and <u>authority</u> within firm, and sufficient time, to perform their assigned responsibility



- New requirement requiring a direct line of communication between:
 - Individual(s) assigned operational responsibility for the SOQM, compliance with independence requirements and monitoring and remediation process
 - Individual(s) assigned ultimate responsibility and accountability for the SOQM



Relevant ethical requirements

- Increased focus on all relevant ethical requirements (not just independence)
- Adjusted to principles-based requirements to establish quality objectives addressing fulfillment of responsibilities per relevant ethical requirements, including those related to independence



Relevant ethical requirements

- Improved clarity regarding extent to which SOQM needs to address the relevant ethical requirements that apply to others outside the firm
 - Firm and personnel
 - Others (including network, network firms, individuals in network / network firms / service providers)

