

# ISQM Workshop 2



# Where are we now?



# Governance and leadership

Adapted from ISQC 1

- 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

# Governance and leadership

- 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

# Governance and leadership

- 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, influence and authority within firm, and sufficient time, to perform their assigned responsibility

# Governance and leadership

- 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)