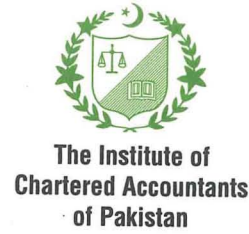


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CA
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Circular No. 04/2024

March 20, 2024

ALL MEMBERS OF THE INSTITUTE

Dear Member,

Implementation of ISQM Standards and Consequential impact on the Assurance and AUP Reports: Replacement of term ISQC 1 with ISQM 1

ICAP has adopted the Quality Management Standards (i.e. ISQM 1, ISQM 2, and ISA 220 (Revised) issued by the International Auditing and Assurance Standards Board (IAASB) through its Circular 06/2022 (dated November 25, 2022). The Quality Management Standards have become effective for the firms performing the audits of public interest companies from December 15, 2023 and for others will become effective from December 15, 2024.

With the implementation of Quality Management Standards for the firms performing the audits of public interest companies, the International Standard on Quality Control (ISQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Assurance and Related Services Engagements*, and ISA 220 have been superseded by the new Quality Management Standards.


In view of above, members are advised to consider the consequential impact in the Quality Management section of the assurance reports issued under ISAE 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and reports issued under International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*, and accordingly, use the term 'International Standard on Quality Management 1' instead of ISQC 1 in the quality management section of the reports.

For reference, the relevant statement for the assurance reports and agreed-upon reports issued under aforementioned standards regarding applicable Quality Management Standard's requirements is reproduced below:

"The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements."

Members are advised to take note of the above.

Yours truly


Muhammad Imran Khan
Director Technical

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