



Meeting: IAASB Consultative Advisory Group
Meeting Location: New York, USA
Meeting Date: March 11–12, 2014

Agenda Item

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Audit Quality

Objectives of Agenda Item

1. The objectives of this Agenda Item are to provide a report back to the Representatives on their comments at the September 2013 CAG meeting.

Project Status and Timeline

2. The final version of the Audit Quality Framework, *A Framework for Audit Quality: Key Elements that Create an Environment for Audit Quality* (the Framework), was approved at the IAASB’s December 2013 meeting, and released in February 2014. A link to the Framework is included as a CAG Reference Paper, as is the IAASB Feedback Statement, which provides an overview of key issues that have been raised during the IAASB consultation process and how the IAASB has responded.
3. This CAG paper makes reference to the most pertinent paragraphs / pages in the Framework. The Appendix to this CAG paper provides a project history, including links to the relevant CAG documentation.

September 2013 CAG Discussion

4. Below are extracts from the draft minutes of the September 2013 CAG meeting,¹ and an indication of how the project Task Force or IAASB has responded to the Representatives’ comments.

Representatives’ Comments	Task Force/IAASB Response
FINALIZATION OF THE CURRENT FRAMEWORK – LENGTH, STATUS AND BALANCE	
Mr. Peyret, speaking on behalf of the Audit Quality CAG WG, complimented and thanked the Task Force for the work done on audit quality. He expressed support for the Task Force’s approach to have a separate guide as a way of streamlining the document. He added that the approach simplified the document, thereby making it and the stand-alone guide a more helpful tool for	Support noted.

¹ The minutes will be approved at the March 2014 IAASB CAG meeting.

Representatives' Comments	Task Force/IAASB Response
users. Mmes. Blomme and Lang agreed.	
Mr. Bluhm was of a view that the length of the document is not relevant, noting that those who will read the document will read it regardless of its length. He noted that the important thing was for the Framework to focus instead on those matters that the IAASB determined needed to be included. Mr. Ahmed agreed, noting that by comparison, the Framework was significantly shorter in length compared to the IFSB's 140-page draft.	Support noted.
<p>Ms. Molyneux expressed a contrary view, disagreeing with the Task Force's recommendation to move the detailed descriptions of the various input factors to one or more subsidiary guides. She noted that moving such detail out of the Framework would not be appropriate, because it could potentially diminish the perceived importance/value of the information in those guides. She added that the detailed descriptions about the input factors, especially those relating to time and experience, in her view were very important, and that her preference would be to retain this information prominently in the Framework. Messrs. Hansen, Hemus, Hines, Kocktvedgaard, Morris, and White agreed.</p> <p>Messrs. Hansen and Kocktvedgaard challenged the Task Force to explore different way to shorten the Framework, while Mr. White explained that keeping all the material in one place formed a better basis for discussion.</p> <p>Ms. Lang suggested that the Task Force give consideration to the fact that there is a direct relationship between the length of the document and its usefulness – with a shorter document being more user-friendly.</p>	<p>Points taken into account.</p> <p>Mr. Grant reminded the Representatives that the Framework would be non-authoritative, with the IAASB's objective for it to stimulate debate and further action aimed at improving audit quality from all stakeholder groups. On this basis, Mr. Grant noted that neither the Framework, nor separate guides describing the input factors, would have an authoritative status. Mr. Grant then suggested that a possible solution might be to return the detailed descriptions of the input factors into the Framework in the form of an appendix. Messrs. Hansen, Hemus, and Hines expressed support for this approach. Prof. Schilder added that the use of an appendix for the detailed descriptions of inputs would also help streamline the framework.</p> <p>In finalizing the Framework, the IAASB explored a number of options for shortening the document, and concluded that the best approach would be to move the detailed descriptions of the input and process factors to an appendix to the Framework. This change, together with further editorial changes to simplify some text, had the positive effect of substantively reducing the length of the main body of the Framework, while retaining important content within one document. The IAASB also noted that the use and promotion of different vehicles on the IAASB website to communicate the main elements of the</p>

Representatives' Comments	Task Force/IAASB Response
	<p>Framework to different stakeholders can be pursued.</p> <p><i>See Appendix 2 starting on page 39 of the Framework.</i></p>
<p>Mr. Peyret indicated that the Framework appropriately highlighted the fact that audit quality results from the effective interaction of three key groups – preparers, auditors and regulators. He also noted that each of those three groups had an important role to play in improving audit quality. He also noted that audit quality indicators would be helpful, particularly to regulators.</p>	<p>Support for describing interactions noted.</p> <p>Point regarding the need to develop audit quality indicators not accepted (see also the more detailed feedback in this regard in section “Definition of Audit Quality” in this Report Back with the comments on measurement).</p> <p><i>See paragraphs 4–7 of the Framework, which describe the intent of the Framework.</i></p>
<p>Mr. Ahmed congratulated the Task Force on the work that had been done on the Framework, but suggested that the Task Force re-consider the wording of the section on broader cultural factors and further refine the language and tone. He suggested that the Task Force look to the recent Basel Committee’s publication in revisiting the language and tone of the Framework, focusing in particular on the section that addresses professional skepticism. Mr. Ahmed also emphasized the need for the proper resourcing of audits, in particular bank audits.</p>	<p>Point taken into account.</p> <p>This point was taken into account and the section on broader cultural factors was entirely revised, including taking into account scientific research and any sensitivity that may exist in the language and tone.</p> <p><i>See Section 5.6 Broader Cultural Factors, starting on page 32 of the Framework.</i></p>
<p>Mr. Ratnayake suggested that the Task Force consider including more references to the role played by financial reporting regulators in enhancing audit quality in terms of the influence they have on ensuring that the auditor does a good job. He drew reference to the paragraphs within the Framework that addressed audit regulators and suggested that a similar explicit reference be made to financial reporting regulators.</p>	<p>Point accepted.</p> <p>Mr. Grant noted that the Task Force would consider revisions to ensure that appropriate emphasis is given to the role of financial reporting regulators, and the IAASB agreed revision was necessary.</p> <p><i>See paragraphs 61 and 73 of the Framework.</i></p>
FINALIZATION OF THE CURRENT FRAMEWORK – DEFINITION OF AUDIT QUALITY	
<p>Ms. Blomme expressed support for the description rather than definition of audit quality in the Framework, but suggested that the Task Force revisit the use of the word “concept” as used in the sentence that reads “The <i>concept</i> of</p>	<p>Support on definition of audit quality noted. Point regarding use of the word concept accepted.</p> <p>Mr. Grant acknowledged the suggestion, noting that the Task Force had intended for the sentence in question to mean that “audit quality are those</p>

Representatives' Comments	Task Force/IAASB Response
<p>audit quality captures the key elements..."</p> <p>Ms. Blomme indicated a preference for Mr. Grant's verbal explanation.</p>	<p>conditions that exist in an environment that will increase the likelihood of high-quality audits being performed consistently."</p> <p>The word "concept" has been changed to "term" and further editorial changes have been made to paragraph 1 on audit quality.</p> <p>See paragraph 1 of the Framework.</p>
<p>Mr. Bluhm expressed a contrary view, noting that describing the concepts of audit quality, a high-quality audit, and a quality audit was preferable to trying to define the terms. He acknowledged that they are not all the same thing, for some (e.g. SMPs) the performance of a quality audit (rather than a high-quality audit) is probably sufficient.</p> <p>Messrs. Hansen, N. James, Koktvedgaard and Molyneux expressed support for the improvements made to the Framework but suggested that there was still considerable work to be done to enhance audit quality in practice. Mr. Koktvedgaard asked for clarification about whether the Framework would allow for the determination of whether an audit is of "high quality". He asked whether the starting assumption would always be that an audit is "high-quality." Messrs. Hansen and N. James agreed.</p> <p>Mr. Hansen suggested that the wording of the Framework could better reflect the fact that a "high-quality" audit is achieved when certain features are present by deleting the word "likely" in the first paragraph of the Framework.</p> <p>Mr. N. James added that the focus on "high-quality audit" is fundamental to what audit quality is about and suggested that the Framework, as presented, was really just a description of the current elements of an audit, but did not address what distinguishes an audit from a "high-quality audit." Ms. Molyneux added that it was important</p>	<p>Points noted.</p> <p>Mr. Grant responded that it would be rash to assume that all audits are high quality and noted that:</p> <ul style="list-style-type: none"> • The Framework would be used as a starting point for making an assessment of the quality of an individual audit and that for a quality audit to be performed all of the elements described in the Framework would need to be in place. He added that in his view by describing the elements, the Framework essentially describes what constitutes a high-quality audit. • Though the Framework deals with generalities about matters such as business knowledge and judgments, it would be necessary to drill down to specifics, and make assessments about individual (e.g. judgments) to get a good feel for the quality of each audit, in the same way that regulators do when undertaking inspections, to assess the quality of an individual audit. • The suggestions in the IOSCO comment letter with respect to enhancing audit quality in the future are being considered as part of the Board's consideration of its future strategy and work program. • Specific to Mr. Hansen's suggestion to delete the word "likely" as noted above, Mr. Grant explained that the wording in the referenced paragraph as used in the Framework reflected the diversity in stakeholder perspectives about the

Representatives' Comments	Task Force/IAASB Response
<p>to do more to spotlight the need for “high-quality audits.”</p>	<p>relevance of the individual factors – i.e. not all the factors are essential.</p> <ul style="list-style-type: none"> • He also noted that some users are of a view that the presence of certain factors may compensate for the absence of others in evaluating whether a high-quality audit was performed. Mr. Grant added that, in his view, a universal definition of audit quality was not possible, because “a high-quality audit” meant different things to different people. <p>The IAASB agreed some revision to the Framework would be helpful to draw out these points. Accordingly, the ordering of paragraphs 1 and 2 have been changed, so that there is first a discussion about audit quality, followed by a more elaborated discussion about on quality audits.</p> <p><i>See paragraphs 1–2 of the Framework.</i></p>
<p>Messrs. N. James, Uchino and Baumann were of the view that the IAASB should reconsider its position taken in the consultation paper and develop a definition of audit quality. Mr. N. James added that further consideration be given to the PCAOB’s ongoing project to develop audit quality indicators, given that more than 20 of the 76 respondents to the consultation paper suggested that the IAASB develop a definition of audit quality. Mr. Uchino added that the development of a measurement system for audit quality could help auditors gain the confidence of investors.</p>	<p>Point not accepted.</p> <p>Also see more elaborated discussion in response to Mr. Bauman’s suggestion that the Framework support the measurement of audit quality in the next row below.</p>
<p>Mr. Baumann recommended that the Framework seek to support the measurement of audit quality. He acknowledged the difficulty in defining audit quality and was of a view that determining indicators to measure it would be useful. Mr. N. James agreed. Mr. Baumann added that he was surprised that the idea to explore ways to measure audit quality was not included in the consultation paper, at least in the <i>Areas to Explore</i> section, in light of his suggestion to do so at previous CAG meetings. He reiterated that the</p>	<p>Point not accepted.</p> <p>Mr. Grant acknowledged the points, but added that most of the respondents who suggested that a definition of audit quality be developed did not provide specific suggestions as to how this could be done. He indicated that the Task Force considered the suggestions and the few examples that had been provided, and determined that they were flawed. Prof. Schilder noted that in finalizing the consultation paper, the IAASB spent a considerable amount of time exploring whether</p>

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<p>PCAOB was undertaking such a project and intends to issue a concept release.</p>	<p>the Framework should include a definition of audit quality, and what such a definition should be, thus he anticipates having those discussions again in light of the feedback on the consultation paper. He referred to the basic thought about audit being a process, and that audit quality is related to how people think they have received that process. Prof. Schilder also noted that audit quality is a combination of the efforts of the preparer, the auditor, and the regulator, and it was important for all of those stakeholders to contribute.</p> <p>Prof. Schilder also referred to the presentation the previous day by Mr. Baumann where he highlighted the work of the PCAOB in developing measures of audit quality. He indicated that the work of the PCAOB was of great interest to the IAASB, but there were still some fundamental questions about how the measurement assessments would be made, and by whom. He noted that, at the end of the day, determining a measure for audit quality includes looking at people, judgments, and perceptions. Prof. Schilder added that the awareness of these complexities is the reason for the IAASB's reluctance to take further efforts in determining a definition for audit quality.</p> <p>In relation to the measurement of audit quality, the IAASB acknowledged that it is an area of interest to others exploring the topic. However, given the broad support received for the objectives of the Framework, the IAASB remains focused on: raising awareness of key elements of audit quality; encouraging key stakeholders to explore ways to improve audit quality; and facilitating greater dialogue among key stakeholders.</p> <p>The IAASB concluded that describing audit quality in a holistic way, including qualitative factors with respect to inputs, processes and outputs, as well as interactions and contextual factors, is in and of itself an important contribution to the debate on audit quality. Such an approach reflects that, while the primary responsibility for performing</p>

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	<p>quality audits rests with auditors, audit quality is best achieved in an environment where there is support from other participants in the financial reporting supply chain. However, the holistic approach lends itself less to direct measurement.</p> <p>Further the IAASB noted that measuring audit quality would require a precise definition of audit quality. Appendix 1 of the Framework explains why this is inherently complex.</p> <p><i>See pages 1–2 and Appendix 1 (The Complexity of Defining Audit Quality) starting on page 36 of the Framework.</i></p>
<p>Mr. Baumann commented that he would be concerned if the Framework was used as an excuse by auditors for poor quality work. He made reference to certain areas within the <i>Contextual Factors</i> section of the Framework which together implied that audit fees may have a direct impact on audit quality. He expressed a view that audit quality should not be dependent on the audit fee and that auditors should not accept, or should resign from engagements where the audit fee is determined to be insufficient. Messrs. Ahmed and Koktvedgaard agreed. Mr. Ahmed suggested that the Framework make a stronger statement that audit quality should not be constrained by fees.</p> <p>Mr. Koktvedgaard added that there are a number of factors that affect audit fees and the question about whether audit firms are prepared to provide the necessary resources to service audits.</p>	<p>Points taken into account.</p> <p>Mr. Grant agreed that audit quality should not be constrained by the audit fee. He noted that, however, the IAASB had received a considerable number of comments in response to the consultation paper, particularly from developing nations, that indicate that the fee pressure is so intense that it is impacting audit quality. In light of this feedback, the Task Force thought it was necessary to acknowledge these concerns.</p> <p><i>Paragraph 110 of the Framework</i> within the Contextual factors was revised to reflect that a low audit fee can never be a justification for failure to adequately resource an audit and obtain sufficient appropriate audit evidence. No further revisions were made in the text that already addressed the relationship between fees and audit quality (<i>see paragraphs 25 and 27 of Appendix 2 of the Framework</i>).</p>
<p>Mr. Baumann acknowledged Mr. Grant's response, noting the diversity in the relative importance placed on audits across jurisdictions. He noted that, though he did not know the answer for jurisdictions where audits were not as important, for jurisdictions where audits are important, it is critical for auditors to assess the reputational risks to audits and the profession, of not addressing this issue.</p>	<p>Point taken into account in revising the broader cultural factors in Section 5.6 of the Framework. However, the audit firm's reputation is not specifically addressed in the Framework as it is not an element of audit quality but something that may emerge from sustained delivery of quality audits.</p> <p><i>See Section 5.6 starting on page 32 of the Framework.</i></p>

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<p>Mr. Koktvedgaard drew a relationship between audit quality and the auditor report, noting that as long as the auditor's report was merely a pass/fail auditor's report, then audit would be treated like a commodity, and therefore priced as such. He noted that a more informative auditor's report with signals for users is a critical indicator that a high-quality audit has been performed.</p>	<p>Point in relation to a more informative auditor's report noted, but no further revisions were made. The Task Force was of the view that this was sufficiently covered in paragraph 20 and 21 of Appendix 1 of the Framework.</p> <p>The IAASB's separate project on Auditor Reporting is aimed at making the auditor's report more informative.</p>
<p>Mr. Dalkin was of the view that discussion of audit quality and audit fees should be de-linked as they are two mutually exclusive ideas. He suggested that a way to address the fee issue might be to add/revise wording relating to engagement acceptance and the risk assessment standards for when considering a new or continuing an engagement.</p>	<p>Point in relation to relation audit quality and audit fees taken into account. See response above.</p> <p>Point in relation to future standard setting noted. In relation to engagement acceptance the Task Force notes that Framework addresses this in paragraph 109 of the Framework and no further changes have been made.</p>
<p>FINALIZATION OF THE CURRENT FRAMEWORK – OTHER AREAS</p>	
<p>Ms. Blomme asked about the IAASB's plan in relation to the audit quality project going forward, including clarification about whether the finalization of the Framework in December 2013 would signal the end of work on audit quality.</p>	<p>Point accepted.</p> <p>Mr. Grant responded that the discussions on the IAASB's future strategy and work program were intended to seek Representatives' and Observers' views about whether, and what, future work the IAASB should pursue relating to audit quality.</p> <p>The IAASB's proposed Work Program for 2015–2016 notes that discussions and dialogue about how to improve audit quality, as well as identifying new areas to explore in relation to assurance and related services engagements, are essential in the public interest. As such, audit quality will be a prominent theme in the IAASB's future outreach, and the IAASB plans to undertake activities to support the use of the <i>Framework for Audit Quality</i> by audit firms and other stakeholders. It will also explore, in collaboration with others, how the <i>Framework for Audit Quality</i> can be used to stimulate improvements in audit quality.</p> <p>See page 37 of Agenda Item J.1.</p>
<p>Mr. Koktvedgaard asked how the Framework would feed into the auditor reporting process. He noted that it would be useful to see the points</p>	<p>Point noted.</p> <p>The IAASB will consider feedback from the Auditor Reporting in further refining the proposed</p>

Representatives' Comments	Task Force/IAASB Response
outlined in the Framework being reflected in the auditor report in terms of the description of what the auditor does.	description of the auditor's responsibilities in the auditor's report.
SUPPORTING THE USE OF THE FINAL AND PUBLISHED FRAMEWORK	
Mr. Waldron indicated that the matters raised within the Framework are important areas for investors. He suggested that the IAASB explore ways to further educate investors, adding that many investors could benefit from having a better understanding of an audit is, what an auditor does, what an audit failure represents, and what is being done in the area of enforcement. He suggested that once the Framework was finalized, it would be important to promote it and further educate investors on the topics areas above, through the use of for example webcasts.	Point noted and taken into account in the future work in relation to the Framework for Audit Quality. The IAASB has already launched a separate website to promote its work on audit quality, which includes overviews and detailed presentations on the Framework. https://www.ifac.org/auditing-assurance/focus-audit-quality
Mr. Waldron thanked the IAASB for the work done with respect to audit quality, and noted that already the auditor reporting project went a long way in helping investors better understand an audit, but that more could be done. Messrs. Bluhm and Peyret agreed with the importance of educating users.	Support noted. As part of the auditor reporting project, the IAASB intends to consider how best to educate investors, as well as preparers and those charged with governance about the intent of the auditor reporting proposals and what other initiatives could be undertaken to ensure the final standards are achieving their intended objectives, including in relation to guidance and training for auditors.
Mr. Bluhm noted that there is confusion among some as to the meaning of the terms "audit deficiencies" with "audit failures" and reiterated that the two terms are not synonymous. He then suggested that it would be useful to obtain views from other Representatives and Observers, in particular regulators, on this topic. Mr. Baumann responded that there are varied views on the correlation between audit failures and financial reporting failure. He observed that there is a view that if a post-audit material misstatement resulted in a restatement, then the audit failed. Mr. Baumann clarified that an audit failure is not just an audit deficiency; there can be a number of deficiencies identified in an audit, but that does not necessarily result in an audit failure. He	Point noted.

Representatives' Comments	Task Force/IAASB Response
<p>reiterated that the PCAOB defines an audit failure as the failure by the auditor to obtain sufficient appropriate audit evidence to support the opinion on the financial statements.</p>	
<p>Ms. Molyneux suggested that the IAASB take steps, including organizing outreach to users, to raise awareness of the Framework and promote its contents. She further suggested that the IAASB host roundtables and forums involving directors and investors in this regard. Messrs. Ahmed and Hemus agreed.</p>	<p>Point accepted. Prof. Schilder noted that the ICGN had already held two events to discuss audit quality, providing the IAASB with the opportunity to promote the work that it had done to date. He encouraged the Representatives and Observers to consider whether they can host similar events.</p> <p>As noted in the IAASB's future strategy and work program, audit quality will be a prominent theme in the IAASB's future outreach, and the IAASB plans to undertake activities to support the use of the <i>Framework for Audit Quality</i> by audit firms and other stakeholders. As an example, the topic of audit quality will be featured in the 2014 World Congress of Accountants.</p>
<p>Mr. Hemus suggested that IFAC could assist in promoting the Framework, perhaps by developing a standard presentation that could be distributed to IFAC member bodies for use in their countries. Mr. Bluhm expressed support for the suggestion of utilizing standard presentations made available via the IFAC website and made available to member bodies. However, he identified a challenge resulting from the lack of clarity around how the Framework would be used, particularly by SMPs.</p>	<p>Point accepted.</p> <p>Prof. Schilder acknowledged the work of organizations such as the WB and the IMF in promoting the work done by the IAASB, and indicated that the IAASB would consider approaching IFAC to explore ways to further promote the Framework.</p> <p>As noted above, the IAASB's new audit quality webpage includes standard presentations about the Framework, its objectives, and expected use, which can be downloaded for free and used as suggested by the Representatives.</p>
<p>Mr. Thompson suggested that the IAASB put in place a process for obtaining feedback about the use of the Framework from groups such as audit committees and regulators. He also suggested that the IAASB explore whether feedback from the</p>	<p>Point noted.</p> <p>Prof. Schilder noted that this could be considered as part of revising ISQC 1, which is an important element of the draft IAASB's future strategy and work program.</p>

Representatives' Comments	Task Force/IAASB Response
consultation paper indicates a need for revisions to ISQC 1. ² Mr. Koktvedgaard suggested an audit committee self-evaluation form could be developed in an attempt to measure audit quality.	
<p>Mr. Ratnayake discussed some of the issues relating to the difficult judgments and valuations that need to be made in relation to fair values. He noted the need for auditors to further challenge the work of management's specialists, particularly regarding the assumptions made to support the valuations ultimately recorded by management, suggesting the need for auditors to consider whether they need to bring on their own independent specialists to appropriately do so.</p> <p>Mr. Ratnayake suggested the need to add a section in the <i>Contextual Factors</i> section of the Framework to deal with the use of independent experts use by management in determining fair value measurements.</p>	<p>Point noted.</p> <p>Mr. Grant acknowledged the point, adding that, in his view, the Framework adequately addressed the concerns that were raised; both in the <i>Contextual Factors</i> section dealing with the financial reporting framework, and as part of the discussion in the inputs section relating to the auditors' use of experts. He then suggested that the issues raised are also addressed in ISAs 540³ and 620.⁴ Mr. Grant continued by expressing his personal view that there seems to be an expectations gap with respect to the level of assurance that can be provided as financial reporting moves from the factual to the more judgmental.</p> <p>The audit challenges in relation to fair value measurements are addressed in <i>paragraph 93 of in the section applicable financial reporting framework in the Contextual Factors</i> and no further text was added.</p> <p>The IAASB intends to prioritize a project relating to special considerations related to banks and other financial institutions, which includes consideration of issues related to fair value.</p> <p><i>See the table on page 27, as well as paragraphs 27–31 on pages 32–33 of Agenda Item J.1. in relation to the project to address special audit considerations relating to financial institutions.</i></p>
Mr. Bollmann expressing agreement with the remarks raised by Mr. Ratnayake regarding the use by external specialists by entities, noted that	<p>Point taken into account, but no further revisions made to the Framework.</p> <p>The sections that address the responsibility of the</p>

² 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*

³ ISA 540, *Auditing Accounting Estimates, Including Fair Value Accounting Estimates, and Related Disclosures*

⁴ ISA 620, *Using the Work of an Auditor's Expert*

Representatives' Comments	Task Force/IAASB Response
<p>notwithstanding how well the Framework was written, it may not have adequately picked up that point. He suggested that there were two questions for the Task Force to consider in this area:</p> <ul style="list-style-type: none"> • How much reliance can the auditor place on his own work to appropriately challenge the work of management's specialist; and • How qualified/competent is management's specialist to carry out their responsibilities. <p>Mr. Bollmann suggested that further discussion on this aspect of an auditor's work could be addressed as part of the section of the Framework dealing with <i>Audit Process and Quality Control Procedures</i>.</p>	<p>audit engagement partner for the competence of the engagement team was revised considerably in the September Draft Framework compared to the Consultation Paper, including a reference to the International Education Standards. This was considered to be sufficient and therefore no further revisions were made.</p> <p><i>See paragraphs 42–44, 89, 90 and 98 of Appendix 2 of the Framework.</i></p> <p>The IAASB's planned future work on the topic of quality control envisages a review of clarity of provisions relating to using the work of a specialist and an auditor's expert, as well as consideration of areas where further attention in relation to ISQC 1 may be appropriate, for example in regard to: further emphasizing the importance of promoting and maintaining an internal culture of quality; further criteria or guidance in relation to auditor and engagement team competencies and capabilities and how they are obtained; and the importance of partners and staff having access to high-quality technical support and sufficient resources and time to address difficult issues.</p>

Matters for CAG Consideration

5. The Representatives are asked to note the Report Back above.
6. This Report Back serves as a status update to the CAG. There are no issues being raised at this time, as the Framework has now been finalized.

Material Presented – For IAASB CAG Reference Purposes Only

A Framework for Audit Quality: *Key Elements that Create an Environment for Audit Quality*

<https://www.ifac.org/sites/default/files/publications/files/A-Framework-for-Audit-Quality-Key-Elements-that-Crete-an-Environment-for-Audit-Quality-2.pdf>

Feedback Statement: *A Framework for Audit Quality*

<https://www.ifac.org/sites/default/files/publications/files/Audit-Quality-Feedback-Statement.pdf>

Appendix

Project History

Project: Audit Quality

Summary

	CAG Meeting	IAASB Meeting
Project commencement	September 2010	December 2009 June 2010 December 2010
Issues Paper and IAASB Working Group Proposals	March 2011	March 2011
Development of Proposed Consultation Paper	September 2011 September 2012	June 2011 September 2011 December 2011 September 2012 December 2012
Consideration of Comments on the Proposed AQ Framework and Revised AQ Framework	April 2013 September 2013	September 2013
Finalization of Framework		December 2013

CAG Discussions: Detailed References

Project Commencement	<p><u>September 2010</u></p> <p>See IAASB CAG meeting material: http://www.ifac.org/sites/default/files/meetings/files/5665.pdf</p> <p>See CAG meeting minutes (in Agenda Item P of the following): http://www.ifac.org/sites/default/files/meetings/files/6186.pdf</p> <p>See report back on September 2010 CAG meeting (in paragraph 7 of the following): http://www.ifac.org/sites/default/files/meetings/files/6085.pdf</p>
Issues Paper and IAASB Working Group Proposals	<p><u>March 2011</u></p> <p>See IAASB CAG meeting material: http://www.ifac.org/sites/default/files/meetings/files/6085_0.pdf</p> <p>See CAG meeting minutes (in Agenda Item F of the following): http://www.ifac.org/sites/default/files/meetings/files/20110912-IAASBCAG-AgendaItemA-Final_March_2011_Public_Minutes_APPROVED-v1-03.pdf</p>

	<p>See report back on March 2011 CAG meeting (in paragraph 8 of the following): http://www.ifac.org/sites/default/files/meetings/files/20110912-IAASBCAG-AgendaItemC-Audit-Quality-v1-02.pdf</p>
<p>Development of Proposed Consultation Paper</p>	<p><u>September 2011</u> See IAASB CAG meeting material: http://www.ifac.org/sites/default/files/meetings/files/20110912-IAASBCAG-AgendaItemC-Audit-Quality-v1-02.pdf See CAG meeting minutes (in Agenda Item C of the following): http://www.ifac.org/sites/default/files/meetings/files/20120306-IAASBCAG-Agenda Item A-Draft September 2011 Public Minutes-Marked-v3.pdf</p> <p><u>September 2012</u> See IAASB CAG meeting material: http://www.ifac.org/sites/default/files/meetings/files/20120911-IAASBCAG-Agenda Item B-AQ-v3.pdf http://www.ifac.org/sites/default/files/meetings/files/20120911-IAASBCAG-Agenda Item B1-Draft AQ Framework-V1.pdf http://www.ifac.org/sites/default/files/meetings/files/20120911-IAASBCAG-Agenda Item B2-Fwk for Audit Committees-V2.pdf See CAG meeting minutes (in Agenda Item B of the following) http://www.ifac.org/sites/default/files/meetings/files/20130408-IAASB-CAG-Agenda Item A-Public Minutes-final.pdf</p>
<p>Consideration of Comments on the Proposed AQ Framework and Revised AQ Framework</p>	<p><u>April 2013</u> See IAASB CAG meeting materials: http://www.ifac.org/sites/default/files/meetings/files/20120408-IAASB-CAG-Agenda Item C AQ-final.pdf http://www.ifac.org/sites/default/files/meetings/files/20120408-IAASB-CAG-Agenda Item C-1 AQ.pdf See CAG meeting minutes (in Agenda Item C of the following) http://www.ifac.org/sites/default/files/meetings/files/April%202013%20IAASB%20CAG%20Public%20Minutes%20a%20Approved.pdf</p> <p><u>September 2013</u> See IAASB CAG meeting material: http://www.ifac.org/sites/default/files/meetings/files/20130909-IAASB-CAG-Agenda Item H%20-Audit Quality Cover Note-final.pdf http://www.ifac.org/sites/default/files/meetings/files/20130909-IAASB-CAG-Agenda Item H1 AQ-Summary of Comments Received-final.pdf http://www.ifac.org/sites/default/files/meetings/files/20130909-IAASB-CAG-Agenda Item H2-AQ-CLEAN Updated Framework-final.pdf</p>

	<p>http://www.ifac.org/sites/default/files/meetings/files/20130909-IAASB-CAG-Agenda_Item_H3-AQ-MARKED_Updated_Framework-final.pdf</p> <p>http://www.ifac.org/sites/default/files/meetings/files/20130909-IAASB-CAG-Agenda_Item_H4-AQ-Areas_to_Explore-final.pdf</p> <p>See draft September 2013 CAG meeting minutes at Agenda Item A.</p> <p>See report back on September 2013 CAG meeting in paragraph 4 of this CAG paper.</p>
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