

Meeting: IAASB
Meeting Location: New York
Meeting Dates: June 16–20, 2014

Agenda Item 6

Quality Control

Objective of Agenda Item

1. To obtain the IAASB's initial views on areas for possible consideration as part of a project on quality control, including a planned future revision of ISQC 1.¹

Background

2. The IAASB's Consultation Paper (CP) on its *Proposed Work Program for 2015–2016* signaled the need for work to commence on the topic of quality control on a priority basis. Various IAASB activities, including findings from the ISA Implementation Monitoring Project, work on the development of the Framework for Audit Quality, outreach to understand inspection findings, and dialogue with national auditing standard setters (NSS) and others have highlighted a number of issues to be addressed in such a project. As respondents to the CP supported work on this topic, the Steering Committee is recommending the immediate commencement of a project (see paragraph 51 and Appendix 1 of **Agenda Item 5-A**).
3. Staff has therefore prepared **Agenda Item 6-A**, which sets out certain aspects of ISQC 1 warranting further consideration by the IAASB, in light of significant changes in the environment in the past decade in which the standard operates, and the related issues identified through outreach activities noted above. In particular, it considers:
 - Engagement Quality Control Reviews (EQCRs) – including the appointment of the reviewer, the timing and depth of the review, and the potential to develop a separate standard;
 - A comparison of ISQC 1 and the recently issued *Framework for Audit Quality* in respect of values, ethics and attitudes at the firm level;
 - Other aspects of quality control – including re-issuance of engagement reports; monitoring, evaluating and remedying engagement deficiencies; and quality control in off-shoring situations; and
 - Proportionate application of ISQC 1 and the applicability of ISQC 1 to review, other assurance and related service engagements.

¹ 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*

4. To advance the project, a discussion was held at the recent IAASB-NSS Liaison Group meeting on the topic, and this session with the IAASB will provide a similar opportunity for the Board to share its initial views to inform the development of a project proposal for approval at the September 2014 IAASB meeting and further discussions in 2014.

Action Requested

5. The IAASB is asked to share its views on the matters noted in **Agenda Item 6-A** and highlight any other matters that should be considered in the Board's work on the topic of quality control.

Material Presented

Agenda Item 6-A Initial Discussion on the IAASB's Future Project Addressing Quality Control