

Meeting: IAASB

Meeting Location: New York

Meeting Date: December 7–11, 2015

Agenda Item

2

Enhancing Audit Quality in the Public Interest—A Focus on Quality Control, Group Audits and Professional Skepticism

Objective of Agenda Item

1. To approve¹ the proposed:
 - Overview of the Invitation to Comment (ITC), *Enhancing Audit Quality in the Public Interest—A Focus on Professional Skepticism, Quality Control and Group Audits* (Overview); and
 - ITC, *Enhancing Audit Quality in the Public Interest—A Focus on Professional Skepticism, Quality Control and Group Audits*.

Working Groups

Audit Quality Enhancements Coordination Group (Enhancements Group)

- Megan Zietsman, Overall Chair and Chair of the Group Audits Working Group (GAWG) (supported by Dora Burzenski)
- Karin French, Chair of the Quality Control Working Group (QCWG)
- Annette Köhler, Chair of the Professional Skepticism Working Group (PSWG) (supported by Wolf Böhm)
- Rich Sharko, Chair of the Financial Institutions Working Group
- Brendan Murtagh, IAASB Member, serving as the Liaison to the International Ethics Standards Board for Accountants (IESBA) and the IFAC Small and Medium Practices (SMP) Committee
- Correspondent Member: Merran Kelsall, IAASB Member, currently the Audit Quality Liaison as a former member of the Audit Quality Task Force

This group is responsible for coordinating the development of the Overview and ITC, and was supported by Beverley Bahlmann and other members of IAASB Staff supporting the individual working groups.

¹ In terms of the Board's due process and working procedures, the IAASB is not required to formally vote to approve the issuance of consultations like the Overview and ITC. However, in the context of seeking the IAASB's approval of these documents, Board members will be asked to indicate whether they are supportive of their issuance for public consultation (subject to any final comments that may be necessary for IAASB staff to address under the oversight of the Enhancements Group, and in consultation with the IAASB Chairman and Technical Director).

Professional Skepticism Working Group	Quality Control Working Group	Group Audits Working Group
<ul style="list-style-type: none"> • Annette Köhler, IAASB Member and Chair of the WG (supported by Wolf Böhm) • Susan Jones, IAASB Technical Advisor • Richard Fleck, International Ethics Standards Board for Accountants (IESBA) Member • Tone Sakshaug, IESBA Technical Advisor • Dave Simko, International Accounting Education Standards Board (IAESB) Member • Laine Katzin, IAESB Member 	<ul style="list-style-type: none"> • Karin French, IAASB Member and Chair of the WG (supported by Rick Wood) • Rich Sharko, IAASB Member • Jennifer Burns, IAASB Technical Advisor • Ahava Goldman, IAASB Technical Advisor • Inge Van Beveren, IAASB Technical Advisor • Stefan Schmidt, NSS Representative (Germany) (supported by Wolf Böhm) • Dawn McGeachy, IFAC SMP Committee Representative 	<ul style="list-style-type: none"> • Megan Zietsman, IAASB Member and Chair of the WG (supported by Dora Burzenski) • Robert Dohrer, IAASB Member • Brendan Murtagh, IAASB Member • Wolf Böhm, IAASB Technical Advisor • Josephine Jackson, IAASB Technical Advisor • Derek Broadley, National Standard Setters Representative (NSS) (Hong Kong) • Len Jui, NSS Representative (China)
<i>IAASB Staff:</i> Diane Jules	<i>IAASB Staff:</i> Bradley Williams; Vijyata Kirpalani	<i>IAASB Staff:</i> Beverley Bahlmann

Activities since the Last IAASB Discussion

2. Feedback from the September 2015 IAASB and Consultative Advisory Group (CAG) meetings suggested that it might be more effective to progress two separate but related publications to solicit feedback on the priority topics. Accordingly, the various working groups agreed to two separate documents: the Overview and ITC. The content of each publication is further explained in **Agenda Item 2-A** (which also contains matters for IAASB consideration).
3. An initial draft of the Overview was discussed with the IAASB on its teleconference on October 29th, 2015. The ITC has not been discussed with the IAASB since the September 2015 Board meeting.
4. In relation to the activities of the Enhancements Group, the group met immediately before the October 29th Board teleconference, and has had two teleconferences to finalize the materials for the Board discussions in December 2015.
5. In relation to the topics of quality control and group audits, the following WG activities have taken place since the September 2015 Board Meeting:
 - QCWG – One physical meeting and two teleconferences to finalize the materials relevant to quality control in the Overview and the ITC.
 - GAWG – One physical meeting and two teleconferences to finalize the materials relevant to group audits in the Overview and the ITC.

6. The PSWG has met once by teleconference since the September 2015 IAASB meeting to finalize the professional skepticism section of the Overview and ITC.

Format of the Sessions

7. The IAASB discussions will first focus on the ITC, specifically the individual sections relating to professional skepticism, quality control and group audits. Certain paragraphs in the ITC will be the same as those in the Overview; accordingly changes in these paragraphs will be carried across, as relevant to the corresponding paragraphs in the ITC.
8. The Overview will subsequently be discussed and any changes made to this document will be carried across, as relevant, to the corresponding paragraphs in the ITC.
9. The IAASB will be asked to approve the Overview and ITC for publication with a 150-day comment period.

Matters for IAASB Consideration

10. **Agenda Items 2-B and 2-C** present the proposed Overview and ITC developed by the various working groups. The IAASB is asked to consider the documents and provide input to finalize **Agenda Items 2-B and 2-C**, and to approve for public consultation.
11. If IAASB members have editorial changes to the proposed Overview or ITC, they are kindly requested to share suggested changes with IAASB Staff in advance of the meeting.

Material Presented

Agenda Item 2-A	<i>Overview and Invitation to Comment: Enhancing Audit Quality in the Public Interest—A Focus on Professional Skepticism, Quality Control and Group Audits—Issues and Working Group Discussion</i>
Agenda Item 2-B	<i>Overview to the Invitation to Comment—Enhancing Audit Quality in the Public Interest—A Focus on Professional Skepticism, Quality Control and Group Audits</i>
Agenda Item 2-C	<i>Invitation to Comment— Enhancing Audit Quality in the Public Interest—A Focus on Professional Skepticism, Quality Control and Group Audits</i>