

**Meeting:** IAASB  
**Meeting Location:** New York  
**Meeting Date:** December 5–9, 2016

## Agenda Item

# 6

### Quality Control (ISQC 1)<sup>1</sup> – Quality Management – Issues and Working Group Views

#### Objective of Agenda Item

1. The objective of this Agenda Item is to obtain the IAASB's input on the Quality Management Approach Working Group's (QMAWG) proposals in relation to the structure and scalability of ISQC 1 as a result of incorporating a quality management approach (QMA). The input from the IAASB on these matters will assist the QMAWG in further exploring the revision of ISQC 1.
2. Appendix A of **Agenda Item 6–A** includes a summary of the responses to the IAASB's Invitation to Comment (ITC), *Enhancing Audit Quality in the Public Interest: A Focus on Professional Skepticism, Quality Control and Group Audits*. The names of the respondents to the ITC are presented in Appendix 1 of this cover note.

#### QMAWG<sup>2</sup>

3. The QMAWG comprises the following members:
  - Karin French IAASB Member and Chair of the WG (supported by Sara Ashton)
  - Brendan Murtagh, IAASB Member
  - Ahava Goldman, IAASB Technical Advisor
  - Josephine Jackson, IAASB Technical Advisor
  - Dawn McGeachy, IFAC Small and Medium Practices Committee Representative
  - Stefan Schmidt, National Standard Setter Representative (Germany) (supported by Wolf Böhm, IAASB Technical Advisor)
  - Keith Wilson, United States Public Company Accounting Oversight Board (official observer)

#### Activities of the QMAWG

4. The QMAWG has had one physical meeting and two teleconferences to develop **Agenda Item 6-A** since the September 2016 IAASB meeting.

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<sup>1</sup> ISQC 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements and Related Services Engagements*

<sup>2</sup> The issues and views of the Quality Control Other Working Group on discrete topics in ISQC 1 are set out in Agenda Item 7.

5. The Chair of the QMAWG and Staff will participate a teleconference with the International Forum of International Independent Audit Regulators (IFIAR) Standards Coordination Working Group in late November 2016 to provide feedback on the responses to the ITC and discuss the way forward.

### **Matters for IAASB Consideration**

6. **Agenda Item 9-A** sets out the project proposal for a project to revise ISQC 1, and sets out the interconnectivity between the projects to revise the quality control standards (ISQC 1 and ISA 220)<sup>3</sup> and the project to revise ISA 600.<sup>4</sup>
7. **Agenda Item 6-A** presents the discussions and views of the QMAWG, as well as the matters for IAASB consideration. The IAASB is asked to consider the matters as set out in the agenda item and provide input to assist the QMAWG in progressing the changes to ISQC 1.

### **Material Presented**

Agenda Item 6-A                      *Quality Control (ISQC 1) – Quality Management – Issues and Working Group Views*

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<sup>3</sup> ISA 220, *Quality Control for an Audit of Financial Statements*

<sup>4</sup> ISA 600, *Special Considerations—Audits of Group Financial Statements (Including the Work of Component Auditors)*

Appendix 1

**List of Respondents to the ITC**

**Note:** Members of the Monitoring Group are shown in bold below.

#	Abbrev.	Respondent (87)	Region
<b>Investors and Analysts (7)</b>			
1.	CalPERS	California Public Employees' Retirement System	NA
2.	CalSTRS	California State Teachers' Retirement System	NA
3.	CFA	CFA Institute	GLOBAL
4.	IA	The Investment Association	EU
5.	ICGN	International Corporate Governance Network	GLOBAL
6.	NZSA	New Zealand Shareholders Association	AP
7.	SAAJ	The Securities Analysts Association of Japan	AP
<b>Those Charged with Governance (1)</b>			
8.	AICD	The Australian Institute of Company Directors	AP
<b>Regulators and Audit Oversight Authorities (12)</b>			
<b>9.</b>	<b>BCBS</b>	<b>Basel Committee on Banking Supervision</b>	<b>GLOBAL</b>
10.	CPAB	Canadian Public Accountability Board	NA
11.	EAIG	European Audit Inspection Group (21 European Audit Regulators)	EU
12.	EBA	European Banking Authority	EU
13.	ESMA	European Securities and Markets Authority	EU
14.	H3C	Haut conseil du commissariat aux comptes	EU
<b>15.</b>	<b>IAIS</b>	<b>International Association of Insurance Supervisors</b>	<b>GLOBAL</b>
<b>16.</b>	<b>IFIAR</b>	<b>International Forum of Independent Audit Regulators</b>	<b>GLOBAL</b>
<b>17.</b>	<b>IOSCO</b>	<b>International Organization of Securities Commissions</b>	<b>GLOBAL</b>
18.	IRBA	Independent Regulatory Board for Auditors (South Africa)	MEA
19.	MAOB	Securities Commission of Malaysia - Audit Oversight Board	AP
20.	UKFRC	Financial Reporting Council – UK	EU
<b>National Auditing Standard Setters (9)</b>			
21.	AUASB	Australian Auditing and Assurance Standards Board	AP
22.	CAASB	Canadian Auditing and Assurance Standards Board	NA
23.	CNCC- CSOEC	Compagnie Nationale des Commissaires aux Comptes and the Conseil Supérieur de l'Ordre des Experts-Comptables	EU
24.	HKICPA	Hong Kong Institute of Certified Public Accountants	AP
25.	IDW	Institut der Wirtschaftsprüfer	EU
26.	JICPA	The Japanese Institute of Certified Public Accountants	AP

#	Abbrev.	Respondent (87)	Region
27.	MAASB	Auditing and Assurance Standards Board of Malaysian Institute of Accountants	AP
28.	NBA	Nederlandse Beroepsorganisatie van Accountants (Royal NBA)	EU
29.	NZAuASB	New Zealand Auditing and Assurance Standards Board	AP
<b>Accounting Firms (10)</b>			
30.	BDO	BDO International Limited	GLOBAL
31.	CHI	Crowe Horwath International	GLOBAL
32.	DTT	Deloitte Touche Tohmatsu Limited	GLOBAL
33.	EYG	Ernst & Young Global Limited	GLOBAL
34.	GTI	Grant Thornton International Ltd	GLOBAL
35.	KPMG	KPMG IFRG Limited (Network)	GLOBAL
36.	PWC	PricewaterhouseCoopers International Limited	GLOBAL
37.	RBI	Russell Bedford International	GLOBAL
38.	RSM	RSM International	GLOBAL
39.	SRA	SRA (Samenwerkende Register Accountants) (Netherlands Network)	EU
<b>Public Sector Organizations (4)</b>			
40.	AGC	Auditor General Canada	NA
41.	AGSA	Auditor General South Africa	MEA
42.	GAO	United States Government Accountability Office	NA
43.	INTOSAI	Financial Audit Subcommittee of INTOSAI	MEA
<b>Preparers of Financial Statements (1)</b>			
44.	PAIB	IFAC Professional Accountants in Business Committee	GLOBAL
<b>Member Bodies and Other Professional Organizations (32)</b>			
45.	AAT	Association of Accounting Technicians	GLOBAL
46.	ACCA	Association of Chartered Certified Accountants	GLOBAL
47.	AIC	Asociación Interamericana de Contabilidad	SA
48.	AICPA	The American Institute of Certified Public Accountants	NA
49.	APESB	Accounting Professional & Ethical Standards Board Limited	AP
50.	CAANZ	Chartered Accountants Australia and New Zealand	AP
51.	CAI	Chartered Accountants Ireland – Audit and Assurance Committee	EU
52.	CAQ	Center for Audit Quality	NA
53.	CIIPA	Cayman Islands Institute of Professional Accountants	NA
54.	CIMA	Chartered Institute of Management Accountants	GLOBAL
55.	CPAA	CPA Australia	AP
56.	DnR	Den norske Revisorforening (DnR) – Norwegian Institute of Public Accountants	EU

#	Abbrev.	Respondent (87)	Region
57.	EFAA	European Federation of Accountants and Auditors for SMEs	EU
58.	FACPCE	Federación Argentina de Consejos Profesionales de Ciencias Económicas (Argentine Federation of Professionals Councils of Economic Sciences)	SA
59.	FEE	Fédération des Experts comptables Européens - Federation of European Accountants	EU
60.	FSR	Foreningen af Statsautoriserede Revisorer (Danish Institute of Accountants)	EU
61.	IBA	International Bar Association – Capital Markets Forum	GLOBAL
62.	IBRACON	Instituto dos Auditores Independentes do Brasil	SA
63.	IRE-IBR	Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren	EU
64.	ICAEW	Institute of Chartered Accountants in England and Wales	EU
65.	ICAP	Institute of Chartered Accountants of Pakistan	AP
66.	ICAS	Institute of Chartered Accountants of Scotland	EU
67.	ICAZ	Institute of Chartered Accountants of Zimbabwe	MEA
68.	ICPAK	Institute of Certified Public Accountants of Kenya	MEA
69.	ICPAU	Institute of Certified Public Accountants of Uganda	MEA
70.	INCPC	Instituto Nacional de Contadores Públicos de Colombia	SA
71.	ISCA	Institute of Singapore Chartered Accountants	AP
72.	KICPA	Korean Institute of Certified Public Accountants	AP
73.	MICPA	The Malaysian Institute of Certified Public Accountants	AP
74.	SAICA	South African Institute of Chartered Accountants	MEA
75.	SMPC	IFAC Small and Medium Practices Committee	GLOBAL
76.	WPK	The Wirtschaftsprüferkammer	EU
<b>Academics (4)</b>			
77.	AAA	American Accounting Association – Auditing Section	NA
78.	AH	Andrew Higson	EU
79.	Glover-Prawitt	Professors Steven Glover and Douglas Prawitt - Brigham Young University	NA
80.	TRay	Thomas Ray	NA
<b>Individuals and Others (7)</b>			
81.	CBarnard	Chris Barnard	EU
82.	CK	Constance Kawelenga (ZUVA)	MEA
83.	DAHughes	Dianne Azoor Hughes	AP
84.	JGrant	JEC Grant	EU
85.	JK	John Kelly	NA

#	Abbrev.	Respondent (87)	Region
86.	KKTuraga	Krishna Kumar Turaga	AP
87.	SDeViney	Scott DeViney, CPA	NA