

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

## Agenda Item

# 7

### Quality Control (ISQC 1)<sup>1</sup> – Recommendations on the Proposed Way Forward for Engagement Quality Control Reviews

#### Objective of Agenda Item

1. The objective of this Agenda Item is to discuss the Quality Control Other Working Group's (QCOWG) proposals in respect of:
  - Setting the objective of an engagement quality control (EQC) review;
  - Revising the definition of an EQC review;
  - Determining the scope of the engagements subject to an EQC review; and
  - The execution of an EQC review.
2. The input from the Board on these matters will assist the QCOWG in further progressing the enhancements to the requirements of ISQC 1 in relation to EQC reviews.
3. In developing their recommendations set out in **Agenda Item 7–A**, the QCOWG has taken into consideration the deliberations of the Quality Management Approach Working Group in relation to quality management.<sup>2</sup>

#### QCOWG

4. The QCOWG comprises the following members:
  - Karin French IAASB Member and Chair of the WG (supported by Sara Ashton, IAASB Technical Advisor)
  - Rich Sharko, IAASB Member
  - Sayaka Sumida, IAASB Member (supported by Sachiko Kai, IAASB Technical Advisor)
  - Imran Vanker, IAASB Member (supported by Nikki Bester, IAASB Technical Advisor)
  - Denise Weber, IAASB Technical Advisor

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<sup>1</sup> International Standard on Quality Control (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> See paragraph 7 of **Agenda Item 6–A** regarding the co-ordination between the QCOWG and QMAWG.

### Activities of the QMAWG

5. The QCOWG has had three teleconferences to develop **Agenda Item 7–A** since the September 2016 IAASB meeting.
6. The Chair of the QCOWG and Staff will participate in 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 IAASB’s Invitation to Comment (ITC), *Enhancing Audit Quality in the Public Interest: A Focus on Professional Skepticism, Quality Control and Group Audits*, and discuss the way forward.

### Matters for IAASB Consideration

7. **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>
8. **Agenda Item 7–A** presents the recommendations of the QCOWG, as well as the matters for IAASB Consideration. The IAASB is asked to consider the agenda item and provide input to assist the QCOWG in moving forward.

### Material Presented

Agenda Item 7–A                      *Quality Control (ISQC 1) — Recommendations on the Proposed Way Forward for Engagement Quality Control Review*

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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)*