

**Meeting:** IAASB  
**Meeting Location:** Lima, Peru  
**Meeting Date:** March 13–17, 2017

## Agenda Item

# 6

### **Quality Control (Firm Level) – Eligibility of the Engagement Quality Control Reviewer — Issues and Task Force Recommendations**

#### **Objective of Agenda Item**

1. The objective of this Agenda Item is to obtain the IAASB's input on the Quality Control Task Force (QCTF's) recommendations in relation to the eligibility of the engagement quality control (EQC) reviewer, in response to the IAASB's feedback at the September 2016 meeting.

#### **QCTF**

2. The QCTF comprises the following members:
  - Karin French, IAASB Member and Chair of the WG (supported by Sara Ashton, IAASB Technical Advisor)
  - Bob Dohrer, IAASB Member (supported by Ahava Goldman, IAASB Technical Advisor)
  - Brendan Murtagh, IAASB Member
  - Imran Vanker, IAASB Member
  - Josephine Jackson, IAASB Technical Advisor
  - Denise Weber, IAASB Technical Advisor
  - Dawn McGeachy, IFAC Small and Medium Practices Committee Representative (correspondent member)
  - Keith Wilson, United States Public Company Accounting Oversight Board (official observer)

#### **Activities of the QCTF**

3. The QCTF has had two physical meetings and two teleconferences since the December 2016 IAASB meeting. The discussions of the QCTF included various topics related to quality management, such as governance and leadership, information and communication and monitoring and remediation. While the QCTF continues to make good progress on the project, it was determined that the issues and Task Force recommendations would not be presented to the IAASB at their upcoming March 2017 meeting. This was largely due to the QCTF's view that in order for the IAASB to provide effective feedback, the IAASB would need a full understanding of the various components comprising the firm's system of quality management. Furthermore, due to the integrated nature of the components, the QCTF agreed that more time is needed to develop the proposals in relation to each of the components.
4. In addition to these topics, the QCTF also considered how the standards could address circumstances when functions are performed at a network level that may help support the firm's

system of quality management. These considerations were undertaken in conjunction with the Group Audits Task Force and ISA 220 Task Force and the recommendations will be presented to the IAASB at a later stage. The Task Forces will continue to coordinate on this and other topics that affect all three projects, through Staff liaison and the common membership of Task Force members on the respective Task Forces.

5. As highlighted in **Agenda Item 6–A**, the objectivity of the EQC reviewer is closely related to the International Ethics Standards Board for Accountants (IESBA) *Code of Ethics for Professional Accountants* (the Code), given that objectivity is one of the fundamental principles addressed in the IESBA Code. Accordingly, since the December 2016 IAASB meeting, the IAASB Staff, IESBA Staff, Chair of the QCTF and certain members of the IESBA Board have coordinated on how the IESBA Code addresses the objectivity of the EQC reviewer and the various threats to the objectivity that may arise in the context of the EQC reviewer's role.

### **Matters for IAASB Consideration**

6. **Agenda Item 6-A** presents the discussions and views of the QCTF, 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 QCTF in progressing the changes to EQC reviews.

### **Material Presented**

Agenda Item 6-A

*Eligibility of the Engagement Quality Control Reviewer — Issues and Task Force Recommendations*